

Comprehensive Annual Financial Report City of Lynnwood, Washington



Aerial photo of recently renovated Meadowdale Athletic Complex
February, 2018. Photo provided by Realskypics.



For the fiscal year ended December 31, 2017

Cover picture: Meadowdale Athletic Complex

This multi-use facility was developed in phases from 1985 to 1990 as a joint project between the City of Lynnwood, the City of Edmonds, Edmonds School District and Snohomish County. Meadowdale Athletic Complex hosts youth, adult and senior leagues and tournaments in Snohomish and King Counties. A complete renovation of all five sport fields and the park was completed in 2018 with funding from the cities of Lynnwood and Edmonds, Edmonds School District, Snohomish County and Washington State Recreation & Conservation Office.



CITY OF LYNNWOOD, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

December 31, 2017

Prepared by:

Accounting Manager, John C. White, CPA
Finance Director, Sonja Springer, CPA
Senior Manager, Corbitt Loch, AICP
Finance Supervisors Kim Koronko, CPFIM and Sherri Gordon, CPA
Capital Asset/Grant Accounting Accountant, Janella Lewis
Accountant, Julie Stanhope
Deputy City Clerk, Debbie Karber

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CITY OF LYNNWOOD, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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INTRODUCTORY SECTION

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June 29, 2018

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, 2017. 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. Although the State Auditor's Office (SAO) has issued an unqualified ("clean") opinion, it is the City who is responsible for the accuracy and completeness of the statements. To that end, 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. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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.

GAAP require 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 2024). 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 2017 exceeded \$126 million, and is projected to exceed that amount 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 2017, the General Levy rate was \$2.13 per \$1,000 of assessed valuation [which includes a special levy of \$0.41 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. Alderwood’s Sears store is being replaced by an array of shops, restaurants, and dwellings.

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 2017, Lynnwood received a lodging tax distribution of \$810,068, a 2 percent decrease from 2016. 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 in its 11th 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 six-year 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. At the time the biennial budget is prepared, capital projects to receive funding within the next two years are included in the two-year budget.

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 has implemented essential modules of Munis, an integrated financial software system. Additional deployments/enhancements will be undertaken as needed. Munis includes modules for utility accounts and billing, and human resources. Tyler Technologies also owns Energov, the software Lynnwood uses to manage permit processing and business licensing. Deployment of these various modules, with the accompanying data conversions, has been a monumental undertaking over the past five years.

Lynnwood continues to invest in capital facilities needed to provide services to our community. The 2017-2018 Budget includes \$2.2 million in General Fund revenue to fund capital projects, and during 2017 the City transferred \$1,788,180 in tax and permit revenues to its Economic Development Infrastructure Fund (EDIF), which had a balance of \$5.6 million at the end of 2017.

Projects completed or in progress in 2017 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 \$39.7 million at the end of 2017.

Numerous public and privately-funded developments are being planned in Lynnwood. For example, Edmonds Community College (located in Lynnwood) will soon break ground on its new Science, Engineering & Technology (SET) Building. An 18-story, mixed-use building is planned adjacent to Alderwood Mall. Phase 2 of Lynnwood Place will contain over 500 dwellings and ancillary retail space. Alderwood Mall's Sears store is being replaced with lifestyle center project which includes a Cheesecake Factory restaurant.

Final design is nearly complete for Sound Transit's Lynnwood Link light rail service between Lynnwood and Seattle, Bellevue, and Sea-Tac International Airport. Demolition and site preparation for the City Center Station will begin later in 2018. Beginning in 2024, Lynnwood's station, which will be the terminus of the northern route, is anticipated to serve 20,000 riders per day. In 2016, the region's electorate approved Sound Transit 3 (ST3), a tax measure that will extend the Lynnwood Link corridor northward to the City of Everett. ST3 will include at least one additional transit station within Lynnwood.

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.

ACKNOWLEDGEMENTS AND AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lynnwood for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. This was the twenty-fourth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City was required to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

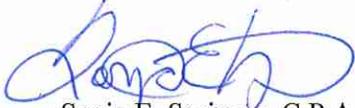
The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated November 28, 2016 for the 2017-18 Biennium. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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 John C. White, Cyndie Eddy, Sherri Gordon, Kim Koronko, Janella Lewis, Corbitt Loch, Julie Stanhope, and Debbie Karber 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lynnwood
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



ELECTED AND APPOINTED OFFICIALS

(As Of December 31, 2017)



MAYOR
Nicola Smith
Term Expires 2021

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 2021



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

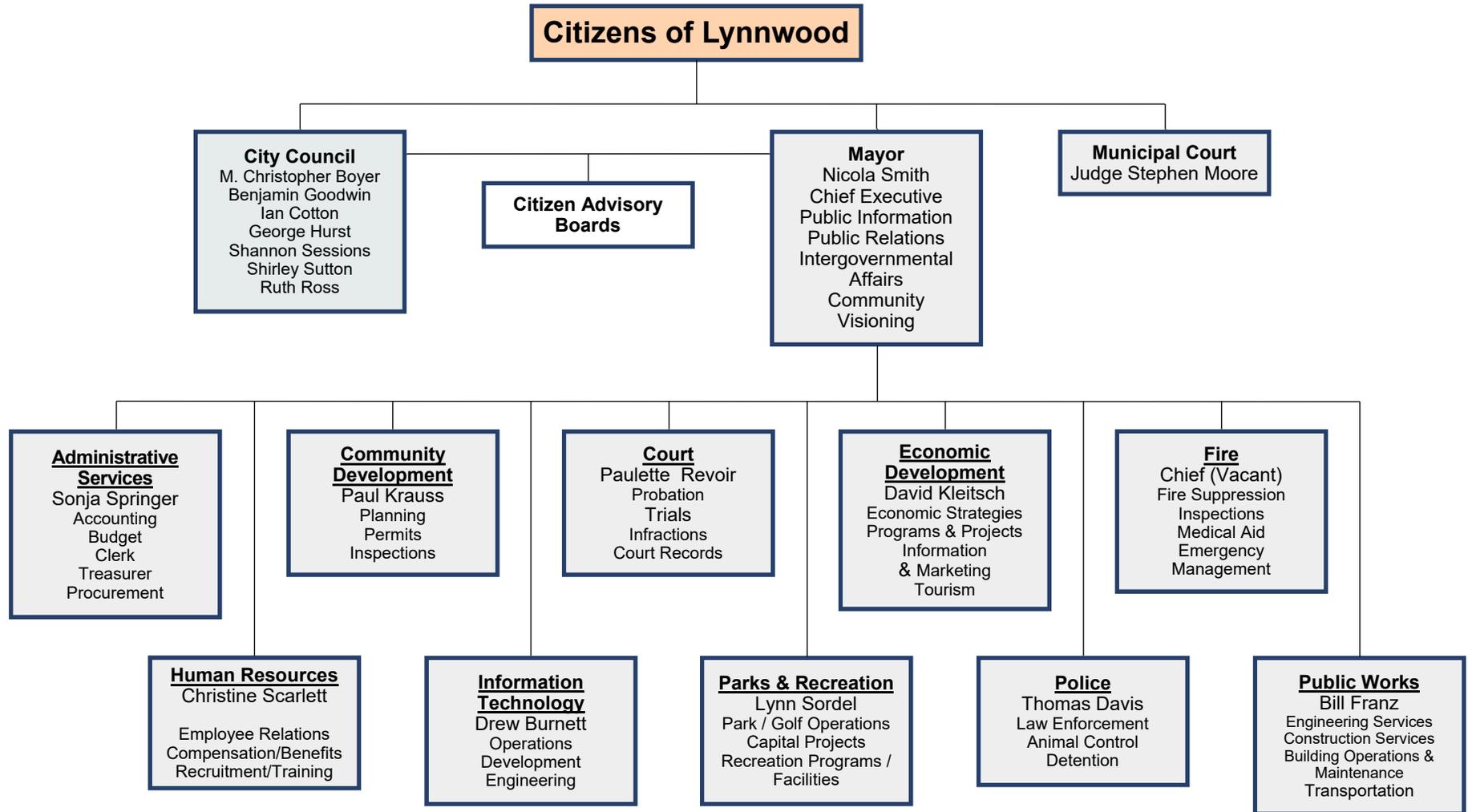
EXECUTIVE STAFF & LEGAL COUNSEL

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
Drew Burnett
Tom Davis
Brad Reading
William Franz
Paul Krauss
Lynn Sordel
Christine Scarlett
David Kleitsch
Paulette Revoir
Inslee, Best, Doezie & Ryder, P.S.



2017 Organizational Chart



FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 29, 2018

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, 2017, 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, as of December 31, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents 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 combining financial statements and schedules are presented for the 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.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. 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 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2017. 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 \$206,089,649 (net position) for the calendar year reported.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$154,810,851 includes property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the acquisition or construction of capital assets.
 - (2) Net position of \$21,144,113 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 \$30,134,685 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 \$39,801,805 this year. This compares to the prior year ending fund balance of \$37,191,384, showing an increase of \$2,610,421 or 7.0% during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$8,149,559, or 14.9% 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, social services, transportation, economic environment and culture and recreation. Business-type activities include water, sewer and storm water and the golf course. 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 36 and 37 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 38-41 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 42-45 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 46 and 47.

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. Other budgetary schedules are presented in the supplementary information section on pages 95-105.

Supplementary Financial Information

Combining and comparative individual statements and schedules for some major and nonmajor funds are presented as supplementary financial information in this report beginning on page 105.

(continued on subsequent page)

Financial Analysis of the City as a Whole

The City's net position at calendar year-end was \$206,089,649. The following table provides a summary of the City's net position:

	Summary of Net Position at December 31,					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current	\$ 50,829,104	\$ 50,169,930	\$ 20,301,917	\$ 20,334,394	\$ 71,131,021	\$ 70,504,324
Capital assets	138,420,335	146,727,415	74,012,518	69,806,740	212,432,853	216,534,155
Other	11,014,184	6,839,265	576,059	6,071,951	11,590,243	12,911,216
Total assets	<u>200,263,623</u>	<u>203,736,610</u>	<u>94,890,494</u>	<u>96,213,085</u>	<u>295,154,117</u>	<u>299,949,695</u>
Deferred outflows of resources	<u>2,877,436</u>	<u>4,163,215</u>	<u>471,728</u>	<u>465,019</u>	<u>3,349,164</u>	<u>4,628,234</u>
Liabilities:						
Current	6,839,408	7,900,357	3,286,112	3,529,778	10,125,520	11,430,135
Non-current	<u>42,226,245</u>	<u>46,098,541</u>	<u>35,494,033</u>	<u>37,276,011</u>	<u>77,720,278</u>	<u>83,374,552</u>
Total liabilities	<u>49,065,653</u>	<u>53,998,898</u>	<u>38,780,145</u>	<u>40,805,789</u>	<u>87,845,798</u>	<u>94,804,687</u>
Deferred inflows of resources	<u>4,132,633</u>	<u>414,541</u>	<u>435,201</u>	<u>85,044</u>	<u>4,567,834</u>	<u>499,585</u>
Net position:						
Net investment in capital assets	115,143,212	122,041,341	39,667,639	42,340,298	154,810,851	164,381,639
Restricted	19,278,571	15,687,975	1,865,542	13,941,184	21,144,113	29,629,159
Unrestricted	<u>15,520,990</u>	<u>15,757,070</u>	<u>14,613,695</u>	<u>(494,211)</u>	<u>30,134,685</u>	<u>15,262,859</u>
Total net position	<u>149,942,773</u>	<u>153,486,386</u>	<u>56,146,876</u>	<u>55,787,271</u>	<u>206,089,649</u>	<u>209,273,657</u>
Net position	<u>\$ 149,942,773</u>	<u>\$ 153,486,386</u>	<u>\$ 56,146,876</u>	<u>\$ 55,787,271</u>	<u>\$ 206,089,649</u>	<u>\$ 209,273,657</u>

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 6.2 to 1 as compared to 6.4 to 1 at December 31, 2016. The current ratio for the business-type activities at December 31, 2017 is 6.4 to 1 as compared to 5.8 to 1 at December 31, 2016. For the City overall, the current ratio is 7.0 to 1 as compared to 6.2 to 1 at December 31, 2016. These ratios are strong.

The City reported positive balances in net position for both governmental and business-type activities. Net position decreased \$3,543,613 for governmental activities and increased by \$359,605 for business-type activities. The City's overall financial position decreased during calendar year 2017 by \$3,184,008. In 2017, the City reclassified internally designated reserves in the business type activities, as unrestricted. Although the city has established reserve policies the per Governmental Accounting Standards Board (GASB) does limits the term "Restricted" to restrictions placed by outside parties such as bondholders.

76.8% of the governmental activities' net position is committed to capital, such as building, infrastructure, vehicles and equipment. The City uses these capital assets to provide services to its citizens. With business-type activities, the City has 70.6% 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, 75.1% of the City's total net position is included in capital assets.

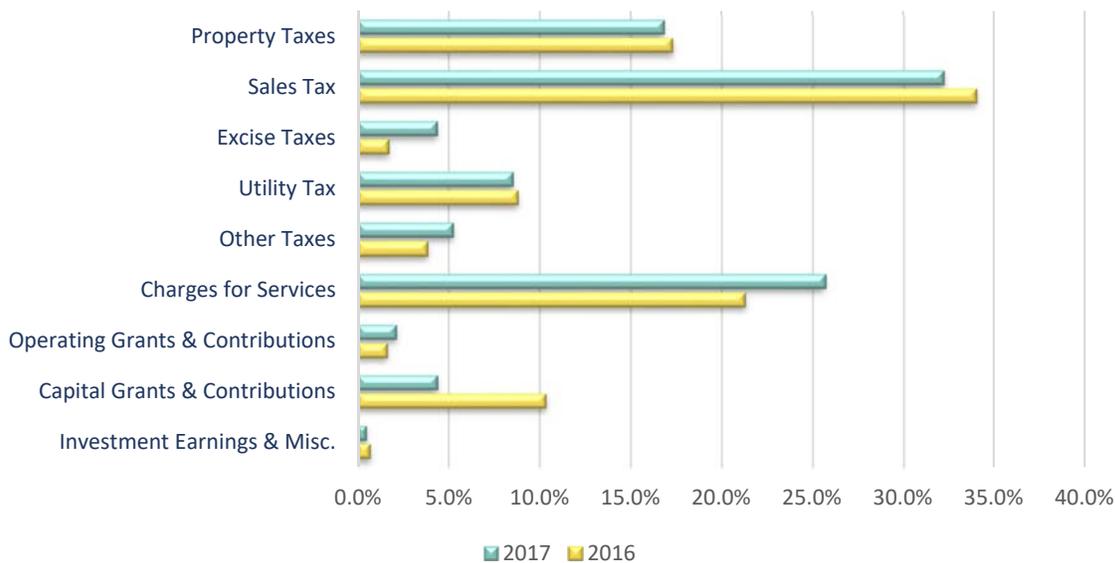
The following table provides a summary of the City's changes in net position:

	Summary of Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program:						
Charges for services	\$ 18,178,663	\$ 14,598,376	\$ 21,924,730	\$ 21,018,165	\$ 40,103,393	\$ 35,616,541
Operating grants and contributions	1,533,353	1,138,234	-	-	1,533,353	1,138,234
Capital grants and contributions	3,127,332	7,104,050	476,358	875,036	3,603,690	7,979,086
General:						
Property taxes	11,916,807	11,861,021	-	-	11,916,807	11,861,021
Sales taxes	24,344,659	23,268,267	-	-	24,344,659	23,268,267
Business and other taxes	11,538,906	9,915,644	-	-	11,538,906	9,915,644
Other revenues	363,419	492,033	243,671	157,638	607,090	649,671
Total revenues	71,003,139	68,377,625	22,644,759	22,050,839	93,647,898	90,428,464
Program Expenses:						
General government	16,589,969	13,987,795	-	-	16,589,969	13,987,795
Economic environment	3,757,195	3,443,132	-	-	3,757,195	3,443,132
Judicial	1,080,312	1,055,778	-	-	1,080,312	1,055,778
Natural environment	-	346,025	-	-	-	346,025
Culture and recreation	12,049,772	6,923,235	-	-	12,049,772	6,923,235
Public safety	32,573,429	32,399,813	-	-	32,573,429	32,399,813
Social services	520,115	362,377	-	-	520,115	362,377
Transportation	7,193,668	5,975,434	-	-	7,193,668	5,975,434
Utilities	(55,286)	1,543	-	-	(55,286)	1,543
Interest on long-term debt	933,849	993,116	-	-	933,849	993,116
Disposition of capital assets	-	-	-	126,027	-	126,027
Water/sewer/storm utility	-	-	21,000,769	15,143,990	21,000,769	15,143,990
Golf Course	-	-	1,188,114	1,113,155	1,188,114	1,113,155
Total expenses	74,643,023	65,488,248	22,188,883	16,383,172	96,831,906	81,871,420
Revenues over (under) expenses	(3,639,884)	2,889,377	455,876	5,667,667	(3,184,008)	8,557,044
Transfers	96,271	2,048,159	(96,271)	(2,048,159)	-	-
Changes in net position	(3,543,613)	4,937,536	359,605	3,619,508	(3,184,008)	8,557,044
Beginning net position	153,486,386	148,548,850	55,787,271	52,167,763	209,273,657	200,716,613
Ending net position	149,942,773	153,486,386	56,146,876	55,787,271	206,089,649	209,273,657

GOVERNMENTAL ACTIVITIES-REVENUES

Total tax revenues were \$2,755,440 or 6.1% more than those reported in 2016. Sales taxes increased by \$1,076,392 or 4.6%, mostly due to the new Transportation Benefit District (TBD) sales tax of 0.1% that went into effect April 1, 2017 and generated \$1,493,201 of sales tax. Given that ongoing tax base appears to be increasing, albeit incrementally, the economy remains stable. Retail sales have held steady and some declines in the construction tax revenue have been more than offset by increases in ongoing sectors, such as vehicle sales. Business and other taxes increased by \$1,623,262 or 16.3 % as a result of an increase in real estate excise taxes (REET) and the reclassification of the lodging tax from sales taxes to business taxes.

As the chart below depicts, in total, in 2017 taxes make up 67.3% of the total revenues stream as compared to 66.0% in 2016. 2017 Property taxes make up 16.8% of revenues, as compared to 17.3% in 2016, and 2017 sales taxes make up 32.2% of total revenues as compared to 33.9% in 2016.



The operating grants and contributions for general government of \$503,020 (up from \$128,807) included the following:

- Public Utility District Privilege Tax - \$257,107
- Senior Center Donations - \$25,708
- Arts Donations - \$13,330
- Other Miscellaneous Revenues and Donations - \$206,875

The operating grant for natural environment of \$9,946 included the following:

- State of Washington Department of Ecology Recycling Grant - \$9,946

The operating grants for culture and recreation of \$308,141 included the following:

- Public Hospital District No 2 agreements for:
 - Move 60 Teen Program - \$73,730
 - Mobile Integrated Care - \$117,330
 - Parks and Recreation staff support services - \$17,000
 - Third Grade Swim program - \$22,100

The operating grants for public safety of \$386,882 included the following:

- Washington state Criminal Justice grant for Crisis Intervention Training - \$26,400
- Homeland Security – Assistance to Firefighter Wildfires Grant - \$226,158
- Snohomish County Housing Authority – Police Services - \$22,604
- City of Edmonds – Police Services - \$64,550
- Administrative Office of the Courts - \$6,600
- Washington Traffic Safety Commission - \$16,500

- Department of Justice Bullet Proof Vest Program - \$8,700

The operating grants and contributions for transportation of \$325,364 included the following:

- Sound Transit Interlocal agreement for Transit Center Planning - \$288,258

The capital grants and contributions for general government of \$474,837, up from \$454,227 in the prior year which included the LID 93-1 I-5 and 196th Project funded by special assessment.

The capital grants and contributions for culture and recreation of \$750,000 included the following:

- State Recreation & Conservation Office Grant for Meadowdale Playfields Renovation - \$750,000

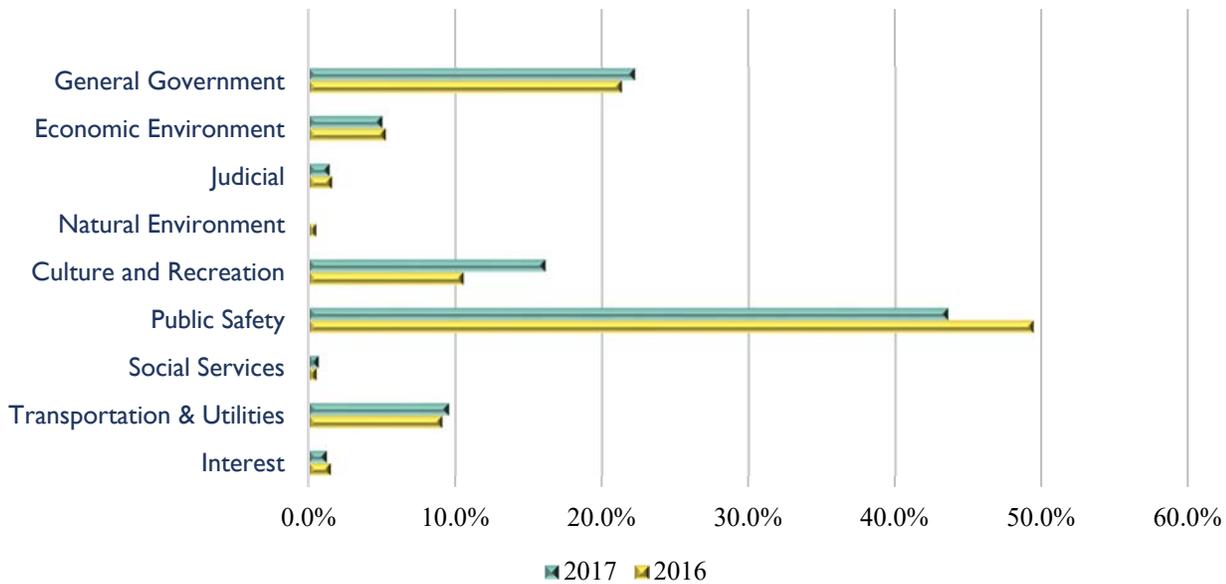
The capital grants and contributions for transportation of \$1,902,495 included the following:

- Federal indirect grants through Washington State DOT for:
 - Citywide Safety Projects - \$66,625
 - 196th and SR 524 Improvements - \$658,543
 - Poplar Way Bridge Extension - \$81,236
 - 35th and 36th Avenue West Roadway - \$739,844
- Washington State Transportation Improvement Board for 196th Improvements - \$355,279

It is noteworthy that program revenues cover 31% of governmental operating expenses, down from 35% a year ago. The taxpayers and the City's other general governmental revenues cover the remaining 69% 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 2017 and 2016:



Of the City's governmental activities functions, 43.6% of the total costs relates to public safety in 2017 as compared to 49.5% in 2016. General government expenses make up 22.3% as compared to 21.4% in 2016.

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.

Governmental Activities				
	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General government	\$ 16,589,969	\$ 13,987,795	\$ 11,241,122	\$ 9,637,016
Judicial	1,080,312	1,055,778	(138,594)	(692,317)
Public safety	32,573,429	32,399,813	27,665,829	27,090,574
Utilities	(55,286)	1,543	(625,401)	(545,357)
Transportation	7,193,668	5,975,434	3,587,956	1,484,220
Natural environment	-	346,025	9,946	346,025
Economic environment	3,757,195	3,443,132	2,646,709	2,823,688
Social services	520,115	362,377	520,115	314,689
Culture and recreation	12,049,772	6,923,235	5,962,144	1,195,934
Interest on debt	933,849	993,116	933,849	993,116
Total	\$ 74,643,023	\$ 65,488,248	\$ 51,803,675	\$ 42,647,588

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:

Fund	Operating Income (Loss)		%
	2017	2016	Change
Water/sewer/storm utility	\$ 2,487,374	\$ 6,003,542	-59%
Golf course	(43,437)	39,962	-209%
Total	\$ 2,443,937	\$ 6,043,504	-60%

The following analysis is provided for the major enterprise funds.

Sewer/Water/Storm Utility Fund – Operating revenues increased \$923,244 or 4.6% in 2017 over 2016. Water charges for services increased \$559,488 or 9.2%. Sewer charges for services increased \$126,728 or 1.2%. Both increases are primarily due to rate increases in 2017 of 7% for water and 5% for sewer.

Total operating expenses increased \$4,439,412 or 32.0% from the 2016 amount. A significant portion of the increase is in depreciation expense. Depreciation expense increased \$1,346,200 or 129.1% in 2017 due to prior year true up corrections made to depreciation calculations made in 2016. At December 31, 2017, net position totals \$53,420,426. Of this amount, \$35,362,594 or 66.2% is invested in capital assets.

The various expenses changed from 2016 as follows:

- Administration and general – water – reduction of \$19,851 or 1.1%.
- Administration and general – sewer – reduction of \$34,840 or 2.2%
- Administration and general – stormwater – reduction of \$15,613 or 2.0%
- Maintenance and operations – water – increase of \$466,212 or 16.0%
- Maintenance and operations – sewer – increase of \$1,931,049 or 41.5%
- Maintenance and operations – stormwater - increase of \$766,255 or 72.0%

There has been significant fluctuation between years due to allocation of costs between functions resulting from capital activities and the associated financing. During 2016, reported operational costs were lower than typical because of the high level of capitalized costs. By contrast, 2017 operating costs are increased especially due to many one-time non-capitalized peripheral costs associated with the volume of construction activity.

Net transfers out of this fund are related to capital projects currently in progress with utility components in the Roadway Transportation Capital Infrastructure Fund for \$656,244. Transfers in totaled \$563,005 and included \$346,354 from the Roadway Resurfacing Fund, \$165,117 from the 204th SR 99-68th Ave W Fund, and \$51,534 from the 33rd Ave W. Extension Fund.

Golf Course Fund – Revenues from charges for services decreased \$18,646 or 1.8%. The number of rounds sold in 2017 decreased by 5.25% to 40,203 from 42,430 in 2016. The decrease in revenue and golf rounds is primarily attributable to construction of additional parking during which access to the facility was hampered.

Total operating expenses increased \$66,720 or 6.0%, more than the 2016 amount. There was an operating loss of \$43,437, compared to a \$39,962 operating gain in 2016. This was due to the effect of the construction of 50 additional parking spaces in 2017 which made parking difficult in the early spring. These additional parking spots are expected to increase the number of golf rounds and related revenues in future years.

At December 31, 2017, the net position totaled \$2,971,587 compared with \$3,014,726 as of December 31, 2016.

Financial Analysis of the City's Funds

Governmental Funds

As previously stated, 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 \$39,801,805 as compared to \$37,191,384 at December 31, 2016.

The restricted amount at December 31, 2017 was \$19,278,571, relating primarily to debt service \$754,296, capital improvements \$11,432,230, and \$7,092,045 for a variety of other restrictions.

Over \$6 million is committed, primarily for revenue fluctuations. The general fund reports approximately \$5.7 million assigned to future economic development infrastructure.

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 \$5.7 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 \$ 8,149,559. This amount will be used for future one-time operating costs. The total ending fund balances of governmental funds show an increase of over \$2.6 million compared to an increase of \$4.2 million at December 31, 2016.

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 *decreased* by \$833,553 or 4.0% in 2017, after interfund transfers to other funds. The difference between revenues and expenditures was \$3,547,738 before interfund transfers. There was \$2,324,257 transferred to the capital projects funds and \$1,785,792 to service debt. The net decrease in fund balance is attributable to the transfers to capital funds. Compared with the \$2,324,257 for 2017, only \$261,254 was transferred for capital in 2016.

Total revenues increased by \$3,085,018 or 5.6% in 2017. Total taxes increased just \$1,610,297 or 4.1%. Property taxes were up \$527,811 or 4.67% above the 2016 amount. Sales tax revenues increased by 3.8% or \$813,020 over the 2016 amount. Property taxes increased because of new development and sales tax increased due to increase in vehicle sales.

Permits and fees increased \$164,586 from 2016. Most of the permit revenues from new development came in 2016, prior to construction in 2017. The city continued to experience strong new development activity in 2017. Several large housing complexes are under construction as well as many other major new projects, including a hotel. All of these new developments required building permits. The value of new construction in Lynnwood for 2017 was \$126 million.

In 2017, total expenditures increased \$2,655,690 or 5.1% above the 2016 amount. The general government expenditures increased \$186,458 or 2.14%. Economic Environment expenditures increased \$277,205 or 7.6%. Economic Environment includes Community Planning and Economic/Property Development services and included additional work on the new light rail project in 2017.

Public Safety costs increased \$1,628,873 or 5.4%. Purchases of equipment and supplies totaling almost \$300,000 for a wildfire grant accounted for some of this increase and over \$260,000 of this increase is due to an increase in the contracted rates for jail paid to Snohomish County over what was paid in 2016.

Culture and recreation expenses increased \$447,031 or 7.3% from 2016. Most of this increase is due to increase in part time salaries of \$175,400 due to state mandated increases in minimum wage for part time staff, and benefits increased by almost \$108,000 due to state mandated benefits to part time employees.

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, 2017, the City has met the policy requirements as follows:

2016 General Fund Expenditures		<u>\$ 52,117,895</u>
Reserve Requirement (2.5 months)		\$ 10,857,895
Reserves:		
Rate Stabilization Fund	6,000,000	
Unassigned Fund Balance	<u>8,149,559</u>	
Total Reserve Balance		<u>\$ 14,149,559</u>
Exceeds Reserve Requirement		<u><u>\$ 3,291,664</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. Though December 31 2017, the budget was amended twice and modified once during the mid-biennium to account for significant unforeseen situations, including the formation of the Regional Fire Authority (RFA) by the City during the first year of the 2017-2018 biennium.

The final General Fund expenditure budget was \$7.4 million lower from the original budget. The amendments were to account for various project cost and program changes that occurred during the biennium. The first budget amendment included an increase of \$876,000 to the Economic Development budget that included impacts of additional work needed to accommodate the construction of the new light rail station by the Regional Transit Authority. Budget modifications included reductions to the public safety budget of over \$9.2 million which included the impacts of the formation of the RFA, which was effective October 1, 2017 and transferred most fire services to the new RFA.

The final General Fund revenue budget was \$7.9 million lower from the original budget. The property tax budget was decreased by almost \$7 million and the aid car fees was reduced by \$1.7 million. These adjustments were made because of the formation of the RFA; the savings generated by transferring fire services was passed onto the property tax payers by reducing the property tax levy for collection in 2018. Effective October 1, all aid car fees were billed and collected by the RFA. A budget amendment of \$876,000 was added to intergovernmental revenues to reflect the impacts of additional work billed to the Regional Transit Authority to accommodate the construction of the new light station.

Actual results compared to final budget

Total General Fund revenues were \$58.3 million or 50% of the final biennial budget of \$116.9 million. The final budget includes \$4.5 million for interfund services revenues. In the financial statements, Interfund services were reclassified as a reduction of direct expenditures to the General Fund departments as opposed to revenues to the General Fund, so the actual interfund service revenue was zero. Adjusting for this amount, the General Fund revenues were 52% of the final adopted biennial budget. Property tax revenues were over 66% of the biennial budget, as only approximately \$6 million will be received in 2018, the second year of the biennium, as compared to almost \$12 million received in 2017. The property tax levy reduction was done as a result of savings from the RFA.

Planning fees were 86% of the biennial budget and \$491,000 higher than 2016, and business licenses revenues were 58% of the final biennial budget or \$560,000 higher than 2016. Both revenues were higher due to the new development and businesses in the city in 2017. Investment revenues which totaled over \$170,000 in 2017 exceeded the budget by \$134,000 or 468% due to better management of the investment portfolio and increasing interest rates compared to recent years.

Total General Fund expenditures were \$54.8 million or 50% of the final biennial budget. The Administrative Services budget includes \$2.1 million of the costs that were actually 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 in the financial statements. Adjusting for this amount, the General Fund expenditures were almost 52% of the final budget. The fire department was almost 80% expended during the first year of the biennium; this is because the actual fire department expenditures will be substantially lower in 2018 due to the formation of the RFA. All other department's expenditures for the first year of the biennium were well under 50% of the final budget.

(continued on subsequent page)

Capital Assets and Debt Administration

Capital Assets

The City's net book value of capital assets as of December 31, 2017 decreased by 5.66% for governmental activities and increased by 6.0% in business-type activities. The overall decrease was 1.9% 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-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Nondepreciable assets:						
Land	\$ 38,490,590	\$ 38,098,672	\$ 8,259,914	\$ 8,081,424	\$ 46,750,504	\$ 46,180,096
Easements	439,018	439,018	4,340,120	4,150,120	4,779,138	4,589,138
Art, non-depreciable	128,219	164,517	-	-	128,219	164,517
Construction in progress	9,814,995	8,845,054	4,822,448	1,349,450	14,637,443	10,194,504
Total nondepreciable assets	48,872,822	47,547,261	17,422,482	13,580,994	66,295,304	61,128,255
Depreciable assets:						
Buildings	42,300,910	46,365,060	34,598,458	34,136,284	76,899,368	80,501,344
Improvements other than buildings	22,033,497	22,338,903	2,774,233	2,341,474	24,807,730	24,680,377
Machinery and equipment	16,503,049	19,684,945	4,623,205	4,541,971	21,126,254	24,226,916
Infrastructure	90,110,162	95,336,085	64,322,600	66,511,004	154,432,762	161,847,089
Total depreciable assets	170,947,618	183,724,993	106,318,496	107,530,733	277,266,114	291,255,726
Total accumulated depreciation	81,400,105	84,544,839	49,728,460	51,304,987	131,128,565	135,849,826
Book value - depreciable assets	89,547,513	99,180,154	56,590,036	56,225,746	146,137,549	155,405,900
Percentage depreciated	48%	46%	47%	48%	47%	47%
Book value - all assets	\$ 138,420,335	\$ 146,727,415	\$ 74,012,518	\$ 69,806,740	\$ 212,432,853	\$ 216,534,155

During the year, with the Fire Department being transferred to the South County Fire District, the capital assets and associated depreciation of the governmental activities decreased substantially. Additionally, there have been significant adjustments to recorded capital assets and accumulated depreciation in an ongoing effort to correct capital asset listings and depreciation schedules.

At December 31, 2017, the depreciable capital assets for governmental activities were 48% depreciated. This compares with the December 31, 2016 percentage of 46%. For business-type activities, the percentage decreased from 48% to 47% reflecting the disposition and write-off of long reported infrastructure assets no longer in service.

At December 31, 2017, the major projects included in the governmental activities construction in progress includes:

- Poplar Way Bridge Extension - \$3,151,188
- 36th Avenue West Improvements - \$2,790,413
- 196th Street SW Improvements - \$2,256,517
- SR99/SR524 Adaptive Signal - \$562,618
- Interurban Trail South Segment - \$605,122

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

- Law Enforcement: 6 patrol vehicles - \$253,947, 1 Message Trailer – \$19,794, 1 Audio Video Recording System – \$14,863;
- Community Development: 4 vehicles - \$97,518, 1- Payload Scale – \$7,877
- Public Works: 4 service vehicles - \$277,262
- Finance: Energy and Utility Billing Software - \$48,520
- Information Services: 3 Printers - \$33,237, Nimble Local Storage System - \$98,247

Governmental activities infrastructure decreased approximately \$5,225,923 consisting primarily of:

- Adjusted old sidewalk assets from 1980s to 2005 by 26% from \$19,788,230 to \$14,567,578
- Retired Energy Improvements – Traffic asset in the amount of \$5,270 because it was a study relating to a project that was not undertaken

With the City's business-type activities, 47% of the asset values were depreciated at December 31, 2017, as compared to the 48% at December 31, 2016.

At December 31, 2017, the major projects included in the business-type activities construction in progress include:

- SCADA system modifications - \$377,929
- Ash Way & Maple Design - \$353,000
- WTP Aeration - \$2,700,000
- Lift Station 4 & 8 - \$599,000

At December 31, 2017, major projects completed include:

- Golf Course Parking Lot Expansion - \$ 432,759
- Waterline Replacement Program - \$3,012,227
- Meadowdale Neighborhood Park – \$195,633
- SR99/SR524 Safety Improvements - \$795,226

(continued on subsequent page)

Long-Term Liabilities

The following table reports outstanding long-term liabilities at both December 31, 2017 and 2016:

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 23,177,123	\$24,071,075	\$ -	\$ -	\$ 23,177,123	\$ 24,071,075
Special assessment bonds	100,000	615,000	-	-	100,000	615,000
Revenue bonds	-	-	34,221,596	35,716,108	34,221,596	35,716,108
Subtotal	23,277,123	24,686,075	34,221,596	35,716,108	57,498,719	60,402,183
Net pension liability	11,436,960	13,480,235	2,542,238	2,711,244	13,979,198	16,191,479
OPEB Firefighters	6,195,922	5,820,922	-	-	6,195,922	5,820,922
Claims and judgements	91,000	88,665	-	-	91,000	88,665
Compensated absences	3,097,205	4,420,166	427,787	362,636	3,524,992	4,782,802
Total	\$ 44,098,210	\$48,496,063	\$ 37,191,621	\$38,789,988	\$ 81,289,831	\$ 87,286,051

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 22nd, 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 3-G to the Financial Statements.

Overall the City's outstanding debt decreased incrementally as the City issued no new debt and paid the scheduled amounts of the outstanding debt. The most notable change is the drop in compensated absences in the governmental activities from by \$1.4 million (\$4,420,166 to \$3,097,205); this was the result of the transfer of the Fire Department to the newly formed South County Fire District, (also known as the Regional Fire Authority or RFA).

Economic Conditions Affecting the City

Financial Stability – The City’s financial condition is strong because: a) The Mayor and City Council are diligent in ensuring that expenditures do not exceed revenues; b) the Puget Sound region is experiencing growth in both population and household income; c) Lynnwood utilizes stringent financial policies and best practices under the guidance of the City Council’s Finance Committee; d) during 2017, voters approved the formation of a regional fire authority (RFA) that consolidated the Lynnwood Fire Department with Snohomish County Fire District 1; and e) the planned 2024 arrival of light rail service to Lynnwood, provided by Sound Transit (Puget Sound’s regional transit agency) has fueled construction of midrise buildings here.

Following voter approval of the Regional Fire Authority (RFA), the Lynnwood City Council approved a lower property tax levy for 2018 that reflected the net savings created by the RFA. Washington State limits property tax increases to one percent per year, unless voters authorize a higher rate increase. While the 2018 property tax levy is 67 percent less than 2017’s levy, the one percent cap is based upon the 2017 levy. This means that if the need arises, the City Council has the ability to significantly increase property tax revenue without voter approval.

Lynnwood utilizes Budgeting for Outcomes (BFO) principles, also known as Priority-Based Budgeting, to prepare thoughtful budgets. During 2017, Lynnwood received the Certificate of Achievement for Excellence in Financial Reporting from GFOA for its 2016 CAFR and the Distinguished Budget Award for its 2017-2018 Budget, and received a clean audit from the State Auditor’s Office.

Sound Transit’s Lynnwood Link light rail, scheduled to begin service in summer 2024, is also fueling Lynnwood’s red-hot real estate market. 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. Issue-specific plans 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, planned light rail service, and economic prominence supports sustained economic vitality.

Population and employment growth within the City reflects steady progress towards implementing the community’s vision for economic development. Lynnwood has many auto dealerships and sale activity continues to be strong. Lynnwood’s Alderwood Mall is evolving to remain a premier destination in an age of online retail. Property tax revenues have also rebounded in recent years, and the City experienced \$126 million in new permitted development in 2017, which generated over \$1.7 million in permit fee revenue during 2017. The City lodging industry remains strong, reflected by more than \$810,000 in lodging tax revenue during 2017.

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 completion of 308 units of senior housing and 347 units of affordable workforce housing, and construction of 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 196th St. SW (SR 524) and 36th Ave W receiving funding for widening and streetscape improvements; and 42nd Ave. W. received funding for conceptual design. Design of the Sound Transit Lynnwood Link Light Rail continues with construction schedule to begin in late 2018. These projects address the community vision for a multi-modal transportation network.

Highway 99 contributes to Lynnwood’s economic development with a diverse number of businesses, and a strong and growing automobile businesses. Community Transit operates a bus rapid transit line along Highway 99, and a station was recently added at 204th St SW to serve Edmonds Community College (located in Lynnwood).

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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents (Note 3-A)	\$ 28,993,682	\$ 11,951,557	\$ 40,945,239	\$ 6,701,878
Restricted assets: cash and cash equivalents	-	107,956	107,956	-
Investments (Note 3-A)	8,727,669	5,030,781	13,758,450	1,683,287
Receivables:				
Accounts	4,805,787	3,268,528	8,074,315	354,769
Taxes	5,945,455	-	5,945,455	-
Intergovernmental	1,711,416	-	1,711,416	-
Interest	11,613	10,384	21,997	-
Internal	378,137	(378,137)	-	-
Prepaid items	255,345	278,638	533,983	63,208
Inventory	-	32,210	32,210	22,400
Total Current Assets	50,829,104	20,301,917	71,131,021	8,825,542
Noncurrent Assets				
Investment in joint venture	1,014,169	-	1,014,169	-
Net pension assets	8,231,200	-	8,231,200	-
Restricted assets: cash and cash equivalents	-	1,898,737	1,898,737	1,732,597
Note receivable	-	61,322	61,322	-
Internal receivable	1,384,000	(1,384,000)	-	-
Other receivables	384,815	-	384,815	-
Capital assets (Note 3-D)				
Nondepreciable	48,872,822	17,422,480	66,295,302	6,974,466
Depreciable, net	89,547,513	56,590,038	146,137,551	16,591,959
Total Noncurrent Assets	149,434,519	74,588,577	224,023,096	25,299,022
Total Assets	200,263,623	94,890,494	295,154,117	34,124,564
Deferred Outflows of Resources				
Deferred Outflows-loss on refunding	-	-	-	26,943
Deferred Outflows of Resources-Pensions	2,877,436	471,728	3,349,164	26,481
Total Deferred Outflows of Resources	2,877,436	471,728	3,349,164	53,424
Liabilities				
Current Liabilities				
Accounts payable	2,751,341	1,033,468	3,784,809	433,693
Accrued expenses	1,615,738	263,370	1,879,108	107,460
Retainage payable	-	123,283	123,283	-
Other payables	122,842	-	122,842	-
Deposits payable	-	18,468	18,468	621,740
Custodial accounts payable	-	31,247	31,247	-
Compensated absences payable	836,828	138,074	974,902	-
Unearned revenue	477,523	14,727	492,250	-
Accrued interest	-	103,961	103,961	-
Special assessment debt, with governmental commitment	100,000	-	100,000	-
General obligation refunding bonds payable	935,536	-	935,536	1,319,817
Revenue bonds payable	-	1,559,514	1,559,514	-
Total Current Liabilities	6,839,808	3,286,112	10,125,920	2,482,710
Long-Term Liabilities (net of current portion): (Note 3-F)				
Deposits payable	-	-	-	82,597
Compensated absences payable	2,260,376	289,713	2,550,089	20,380
Claims and judgments payable	91,000	-	91,000	-
Other postemployment benefits	6,195,922	-	6,195,922	-
Net pension liability	11,436,960	2,542,238	13,979,198	174,957
Special assessment debt, with governmental commitment	-	-	-	-
General obligation bonds payable	22,241,587	-	22,241,587	7,510,700
Revenue bonds payable, net of premiums/discounts	-	32,662,082	32,662,082	16,146,249
Total Long-term Liabilities	42,225,845	35,494,033	77,719,878	23,934,883
Total Liabilities	49,065,653	38,780,145	87,845,798	26,417,593
Deferred Inflows of Resources				
Deferred Inflows of Resources-gain on refunding	-	-	-	46,199
Deferred Inflows of Resources-Pensions	4,132,633	435,201	4,567,834	31,937
Total Deferred Inflows of Resources	4,132,633	435,201	4,567,834	78,136
Net Position				
Net investment in capital assets (Note 3-J)	115,143,212	39,667,639	154,810,851	(1,429,599)
Restricted for:				
Debt service	754,296	1,865,542	2,619,838	1,000,000
Operating reserves	-	-	-	-
Capital reserves	-	-	-	-
Capital outlay	11,432,230	-	11,432,230	-
Criminal justice	3,227,034	-	3,227,034	-
Tourism	1,124,101	-	1,124,101	-
Drug enforcement	476,035	-	476,035	-
Other purposes	106,069	-	106,069	-
Streets	2,158,806	-	2,158,806	-
Unrestricted	15,520,990	14,613,695	30,134,685	8,111,855
Total Net Position	\$ 149,942,773	\$ 56,146,876	\$ 206,089,649	\$ 7,682,256

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Statement of Activities
For the Year Ended December 31, 2017

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		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities								
General government	\$ 16,589,969	\$ 4,370,990	\$ 503,020	\$ 474,837	\$ (11,241,122)	\$ -	\$ (11,241,122)	\$ -
Economic environment	3,757,195	1,110,486	-	-	(2,646,709)	-	(2,646,709)	-
Judicial	1,080,312	1,218,906	-	-	138,594	-	138,594	-
Natural environment	-	-	9,946	-	9,946	-	9,946	-
Culture and recreation	12,049,772	5,009,595	308,141	750,000	(5,982,036)	-	(5,982,036)	-
Public safety	32,573,429	4,520,718	386,882	-	(27,665,829)	-	(27,665,829)	-
Social services	520,115	-	-	-	(520,115)	-	(520,115)	-
Transportation	7,193,668	1,377,853	325,364	1,902,495	(3,587,956)	-	(3,587,956)	-
Utilities	(55,286)	570,115	-	-	625,401	-	625,401	-
Interest	933,849	-	-	-	(933,849)	-	(933,849)	-
Total Governmental Activities	74,643,023	18,178,663	1,533,353	3,127,332	(51,803,675)	-	(51,803,675)	-
Business-Type Activities:								
Water and Sewer Utility	21,000,769	20,793,661	-	476,358	-	269,250	269,250	-
Golf Course	1,188,114	1,131,069	-	-	-	(57,045)	(57,045)	-
Total Business-Type Activities	22,188,883	21,924,730	-	476,358	-	212,205	212,205	-
Total - Primary Government	96,831,906	40,103,393	1,533,353	3,603,690	(51,803,675)	212,205	(51,591,470)	-
Component Units								
Lynnwood Public Facilities District	\$ 6,031,130	\$ 4,917,849	\$ -	\$ -				\$ (1,113,281)
General Revenues								
Property taxes					11,916,807	-	11,916,807	-
Sales taxes					24,344,659	-	24,344,659	1,781,629
Utility taxes					6,184,216	-	6,184,216	-
Excise taxes					1,616,964	-	1,616,964	-
Real estate transfer tax					2,245,512	-	2,245,512	-
Other taxes					1,492,214	-	1,492,214	1,201,788
Investment earnings (losses)					249,006	228,107	477,113	90,786
Miscellaneous					114,413	15,564	129,977	100,000
Transfers					96,271	(96,271)	-	-
Total General Revenues and Transfers					48,260,062	147,400	48,407,462	3,174,203
Change in Net Position					(3,543,613)	359,605	(3,184,008)	2,060,922
Net Position Beginning of Year					153,486,386	55,787,271	209,273,657	5,621,334
Net Position End of Year					\$ 149,942,773	\$ 56,146,876	\$ 206,089,649	\$ 7,682,256

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Balance Sheet
Governmental Funds
December 31, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 10,464,908	\$ 16,161,712	\$ 26,626,620
Investments	4,078,334	3,869,558	7,947,892
Receivables:			
Accounts	4,301,782	880,668	5,182,450
Taxes	5,378,730	566,725	5,945,455
Interest	6,980	3,634	10,614
Intergovernmental	422,144	1,214,881	1,637,025
Interfund	1,517,000	-	1,517,000
Prepaid	41,132	-	41,132
Restricted assets	-	-	-
Total Assets	<u>\$ 26,211,010</u>	<u>\$ 22,697,178</u>	<u>\$ 48,908,188</u>
Liabilities			
Accounts payable	\$ 879,503	\$ 1,813,279	\$ 2,692,782
Accrued salaries and wages payable	1,516,589	57,255	1,573,844
Interfund payable	-	-	-
Custodial accounts payable	-	-	-
Other current liabilities payable	107,946	14,896	122,842
Unearned revenue	-	477,523	477,523
Total Liabilities	2,504,038	2,362,953	4,866,991
Deferred Inflows of Resources	<u>3,854,577</u>	<u>384,815</u>	<u>4,239,392</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,358,615</u>	<u>2,747,768</u>	<u>9,106,383</u>
Fund Balances			
Nonspendable	41,132	-	41,132
Restricted	-	19,278,571	19,278,571
Committed	6,000,000	670,839	6,670,839
Assigned	5,661,704	-	5,661,704
Unassigned	8,149,559	-	8,149,559
Total Fund Balances	<u>19,852,395</u>	<u>19,949,410</u>	<u>39,801,805</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,211,010</u>	<u>\$ 22,697,178</u>	<u>\$ 48,908,188</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, 2017

Total Governmental Fund Balances	\$	39,801,805
 Amounts reported for governmental activities in the statement of net position are different because:		
 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	\$ 208,241,971	
Less accumulated depreciation	<u>(75,495,497)</u>	132,746,474
 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.		
		1,014,169
 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.		
		4,239,393
 Deferred inflows and outflows for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		
		(1,260,567)
 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.		
		8,231,200
 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.		
		8,549,231
 The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.		
		245,137
 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	\$ (23,177,123)	
Special assessment bonds payable	(100,000)	
Other postemployment benefits payable	(6,195,922)	
Net pension liability payable	(11,116,619)	
Compensated absences payable	<u>(3,034,405)</u>	\$ (43,624,069)
 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	\$ -	
Interfund payables	<u>-</u>	<u>\$ -</u>
 Net Position Of Governmental Activities		 <u>\$ 149,942,773</u>

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 40,869,623	\$ 6,186,224	\$ 47,055,847
Intergovernmental	1,932,548	5,705,846	7,638,394
Special assessments	-	474,837	474,837
Licenses and permits	5,194,120	198,842	5,392,962
Charges for services	5,000,160	503,337	5,503,497
Fines and forfeitures	4,570,830	21,701	4,592,531
Investment earnings	170,430	57,777	228,207
Judgements and settlements	-	-	-
Other interest	-	52,239	52,239
Rent and leases	287,233	-	287,233
Miscellaneous	296,379	30,211	326,590
Total Revenues	58,321,323	13,231,014	71,552,337
Expenditures			
Current:			
General government	8,887,959	1,521,540	10,409,499
Economic Environment	3,936,638	2,685	3,939,323
Judicial	1,104,882	-	1,104,882
Natural Environment	-	-	-
Culture and recreation	6,607,801	4,702,695	11,310,496
Public safety	32,074,289	242,959	32,317,248
Social services	520,115	-	520,115
Transportation	1,398,484	2,551,093	3,949,577
Utilities	-	30,525	30,525
Capital Outlay	242,990	2,929,362	3,172,352
Debt Service:			
Principal retirement	-	1,408,951	1,408,951
Interest and fiscal charges	427	933,422	933,849
Total Expenditures	54,773,585	14,323,232	69,096,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,547,738	(1,092,218)	2,455,520
Other Financing Sources (Uses)			
Proceeds from disposition of assets	-	58,629	58,629
Transfers in	192,000	16,814,772	17,006,772
Transfers out	(4,573,291)	(12,337,209)	(16,910,500)
Total Other Financing Sources (Uses)	(4,381,291)	4,536,192	154,901
Net Change in Fund Balances	(833,553)	3,443,974	2,610,421
Fund Balances Beginning of Year	20,685,948	16,505,436	37,191,384
Fund Balances End of Year	\$ 19,852,395	\$ 19,949,410	\$ 39,801,805

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, 2017

Net Changes In Fund Balances - Total Governmental Funds		\$ 2,610,421
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Depreciation expense	\$ (5,147,498)	
Capital outlay	3,172,352	
Less amount of capital outlay not capitalized	-	(1,975,146)
<p>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.</p>		
		(5,215,061)
<p>Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes, fines and special assessments:		
Deferred as of 12/31/17	\$ (5,376,449)	
Deferred as of 12/31/16	4,807,921	(568,528)
<p>Contributions</p>		
		-
<p>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.</p>		
		(251,924)
<p>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.</p>		
		(2,624,408)
<p>The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.</p>		
		405,980
<p>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.</p>		
		1,408,951
<p>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.</p>		
		(375,000)
<p>Net pension debits reported on the government-wide statement of position but not reported on the governmental fund balance sheet.</p>		
		1,724,978
<p>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.</p>		
Liability as of 12/31/17	\$ (3,034,405)	
Liability as of 12/31/16	4,350,529	1,316,124
Change In Net Position of Governmental Activities		\$ (3,543,613)

City of Lynnwood, Washington
 Statement of Net Position
 Proprietary Funds
 December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 11,843,282	\$ 108,275	\$ 11,951,557	\$ 2,367,062
Restricted assets: cash and cash equivalents	107,956	-	107,956	-
Investments	4,922,501	108,280	5,030,781	779,777
Receivables:				
Accounts	3,268,528	-	3,268,528	8,152
Intergovernmental	-	-	-	74,391
Interest	10,232	152	10,384	999
Inventories		32,210	32,210	-
Prepaid items	273,289	5,349	278,638	214,213
Total Current Assets	20,425,788	254,266	20,680,054	3,444,594
Noncurrent Assets:				
Restricted assets: cash and cash equivalents	1,865,542	33,195	1,898,737	-
Notes receivable	61,322	-	61,322	-
Capital assets:				
Nondepreciable	13,759,111	3,663,369	17,422,480	54,085
Depreciable, net	55,948,362	641,676	56,590,038	5,619,776
Total Noncurrent Assets	71,634,337	4,338,240	75,972,577	5,673,861
TOTAL ASSETS	92,060,125	4,592,506	96,652,631	9,118,455
TOTAL DEFERRED OUTFLOWS OF RESOURCES	471,728	-	471,728	62,624
Liabilities				
Current Liabilities:				
Accounts payable	963,433	70,035	1,033,468	58,559
Accrued payroll	263,370	-	263,370	41,894
Retainage payable	123,283	-	123,283	-
Interfund payable	-	133,000	133,000	-
Custodial accounts payable	30,558	689	31,247	-
Compensated absences payable	138,074	-	138,074	20,581
Claims and judgments payable	-	-	-	91,000
Deposits payable	-	18,468	18,468	-
Unearned revenue	-	14,727	14,727	-
Revenue bonds payable	1,559,514	-	1,559,514	-
Accrued interest payable	103,961	-	103,961	-
Total Current Liabilities	3,182,193	236,919	3,419,112	212,034
Long-Term Liabilities: (net of current portion)				
Compensated absences payable	289,713	-	289,713	42,218
Interfund payable	-	1,384,000	1,384,000	-
Net pension liability	2,542,238	-	2,542,238	320,341
Revenue bonds payable	32,662,082	-	32,662,082	-
Total Long-term Liabilities	35,494,033	1,384,000	36,878,033	362,559
TOTAL LIABILITIES	38,676,226	1,620,919	40,297,145	574,593
TOTAL DEFERRED INFLOWS OF RESOURCES	435,201	-	435,201	57,255
Net Position				
Net investment in capital assets	35,362,594	4,305,045	39,667,639	5,673,861
Restricted for:				
Debt service	1,865,542	-	1,865,542	-
Operating reserves	-	-	-	-
Capital reserves	-	-	-	-
Capital projects	-	-	-	-
Unrestricted	16,192,290	(1,333,458)	14,858,832	2,875,370
TOTAL NET POSITION	\$ 53,420,426	\$ 2,971,587	56,392,013	\$ 8,549,231
Reconciliation of the fund level statement of net position to the government-wide statement of net position:				
Record internal service fund charge-back to enterprise funds resulting in an interfund receivable to governmental activities.			(245,137)	
Adjusted Total Net Position			\$ 56,146,876	

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, 2017*

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Operating Revenues				
Charges for services	\$ 20,793,661	\$ 1,000,116	\$ 21,793,777	\$ 3,097,618
Rentals	-	130,305	130,305	-
Miscellaneous	-	648	648	-
Total Operating Revenues	<u>20,793,661</u>	<u>1,131,069</u>	<u>21,924,730</u>	<u>3,097,618</u>
Operating Expenses				
Administration and general	4,119,466	1,140,163	5,259,629	4,557
Operations and maintenance	11,797,552	3,324	11,800,876	4,012,502
Insurance and claims	-	-	-	-
Other services	-	-	-	-
Depreciation	2,389,269	31,019	2,420,288	857,194
Total Operating Expenses	<u>18,306,287</u>	<u>1,174,506</u>	<u>19,480,793</u>	<u>4,874,253</u>
Operating Income	<u>2,487,374</u>	<u>(43,437)</u>	<u>2,443,937</u>	<u>(1,776,635)</u>
Non-Operating Revenues (Expenses)				
Interest and fiscal charges	(1,212,424)	(11,791)	(1,224,215)	-
Other nonoperating revenue	-	-	-	(1,470)
Gain (Loss) on disposition of capital assets	(1,072,469)	-	(1,072,469)	(867,102)
Debt issuance costs	(5,425)	-	(5,425)	-
Investment earnings	224,924	3,183	228,107	20,799
Miscellaneous revenue	3,176	12,388	15,564	-
Total Non-Operating Revenues (Expenses)	<u>(2,062,218)</u>	<u>3,780</u>	<u>(2,058,438)</u>	<u>(847,773)</u>
Income (Loss) Before Contributions and Transfers	<u>425,156</u>	<u>(39,657)</u>	<u>385,499</u>	<u>(2,624,408)</u>
Contributions	476,358	-	476,358	-
Transfers In	563,005	-	563,005	-
Transfers Out	<u>(656,244)</u>	<u>(3,032)</u>	<u>(659,276)</u>	<u>-</u>
Change in Net Position	<u>808,275</u>	<u>(42,689)</u>	<u>765,586</u>	<u>(2,624,408)</u>
Net Position Beginning of Year	<u>52,612,151</u>	<u>3,014,276</u>	<u>55,626,427</u>	<u>11,173,639</u>
Net Position End of Year	<u>\$ 53,420,426</u>	<u>\$ 2,971,587</u>	<u>\$ 56,392,013</u>	<u>\$ 8,549,231</u>
Reconciliation of the fund level operating statement to the government-wide statement of activities:				
Change in net position	\$ 808,275	\$ (42,689)	\$ 765,586	
Internal service fund charges (credits) to enterprise funds, resulting in changes to operating expenses.	<u>(404,164)</u>	<u>(1,817)</u>	<u>(405,981)</u>	
Adjusted Change in Net Position	<u>\$ 404,111</u>	<u>\$ (44,506)</u>	<u>\$ 359,605</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, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	\$ 21,179,587	\$ 1,131,069	\$ 22,310,656	\$ -
Cash received from interfund services provided	-	-	-	3,097,618
Cash payments to suppliers	(11,855,002)	-	(11,855,002)	-
Cash payments to employees for services	(3,414,025)	-	(3,414,025)	(523,814)
Cash payments for goods and services	-	(1,114,002)	(1,114,002)	(3,883,534)
Cash received (paid) from/(to) other funds	(93,239)	9,064	(84,175)	-
Net Cash Provided by (Used in) Operating Activities	5,817,321	26,131	5,843,452	(1,309,730)
Cash Flows from Non-Capital financing activities				
Interfund loan received	-	277,176	277,176	(19,956)
Insurance Recoveries	-	-	-	865
Net Cash Flows from non-Capital and related financing activities	-	277,176	277,176	(19,091)
Cash Flows from Capital and Related Financing Activities				
Proceeds from disposition of capital assets	350	-	350	-
Principal paid on revenue bonds	(1,405,000)	-	(1,405,000)	-
Interest paid on revenue bonds	(1,302,538)	-	(1,302,538)	-
Capital contributions	77,268	-	77,268	-
Payments for capital acquisitions	(7,913,725)	(396,890)	(8,310,615)	(611,417)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(10,543,645)	(396,890)	(10,940,535)	(611,417)
Cash Flows from Investing Activities				
Purchase of investment securities	(1,949,134)	(32,087)	(1,981,221)	(351,836)
Proceeds from sale and maturities of investment securities	271,327	51,333	322,660	968,653
Investment earnings	219,793	3,031	222,824	19,800
Net Cash Provided by (Used in) Investing Activities	(1,458,014)	22,277	(1,435,737)	636,617
Net Increase (Decrease) in Cash and Cash Equivalents	(6,184,338)	(71,306)	(6,255,644)	(1,303,621)
Cash and Cash Equivalents Beginning of Year	20,001,118	212,776	20,213,894	3,670,683
Cash and Cash Equivalents End of Year	\$ 13,816,780	\$ 141,470	\$ 13,958,250	\$ 2,367,062

(continued)

City of Lynnwood, Washington
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2017

(continued)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ 2,487,374	\$ (43,437)	\$ 2,443,937	\$ (1,776,635)
Adjustments:				
Depreciation	2,389,269	31,019	2,420,288	857,194
Other nonoperating disbursements		12,388	12,388	
(Increase) Decrease in Assets:				
Accounts receivable	385,927	-	385,927	32,873
Inventories, deposits, and prepaid items	(136,634)	(10,705)	(147,339)	143,548
Increase (Decrease) in Liabilities:				
Accounts payable	460,649	37,539	498,188	(559,871)
Compensated absences payable	101,706	-	101,706	(6,839)
Other Current Liabilities	129,030	(673)	128,357	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 5,817,321</u>	<u>\$ 26,131</u>	<u>\$ 5,843,452</u>	<u>\$ (1,309,730)</u>
Schedule of Non-Cash Capital and Related Financing Activities				
Capital assets written off or retirement	\$ 1,113,194	\$ -	\$ 1,113,194	\$ -
Contribution of capital assets from developers	399,090	-	399,090	-
Total Non-Cash Activities	<u>\$ 1,512,284</u>	<u>\$ -</u>	<u>\$ 1,512,284</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Pension Trust	Private Purpose Trust	Agency
Assets			
Cash and cash equivalents	\$ 184,022	\$ 60,879	\$ 444,941
Investments	183,796	1,311	-
Interest Receivable	150	-	-
Total Assets	367,968	62,190	\$ 444,941
Liabilities			
Wages and Vouchers Payable	-	-	444,941
Total Liabilities	-	-	\$ 444,941
Net Position			
Restricted for pensions	367,968	-	-
Restricted for private trust	-	62,190	-
Total Net Position	\$ 367,968	\$ 62,190	\$ -

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, 2017

	Pension Trust	Private-purpose Trust
Additions:		
Contributions:		
Intergovernmental	\$ 54,134	\$ -
Other	2,584	242
Total Additions	56,718	242
Deductions:		
Benefits and disbursements	96,468	8,983
Administrative Expenses	2,000	
Total Deductions	98,468	8,983
Change in Net Position	(41,750)	(8,741)
Net Position Beginning of Year	409,718	70,931
Net Position End of Year	\$ 367,968	\$ 62,190

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, 2017, the outstanding sales tax and revenue bonds were \$8.5 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 196th Street SW, Suite 136, Lynnwood, WA 98036.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation

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

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

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

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

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

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

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

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**

GASB Statement No. 79 establishes criteria for an external investment pool (applicable to financial reports of the government administering the pool) to measure its investments at amortized cost for financial reporting purposes. The specific criteria addresses (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. If an external investment pool does not meet the criteria established by this Statement, the pool should measure investments at fair value. Participants in a pool which meets the criteria of GASB 79 and reporting at amortized cost should report its investment in the pool at amortized cost and include additional note disclosure related to the presence of any limitations or restrictions on participant withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) If the pool does not meet the criteria of GASB 79, the participants report their investment in the pool at fair value. The Statement is effective for the reporting periods beginning after June 15, 2016. The City continues to report investments at fair value and has amended note disclosures accordingly.

Note 1 - Summary of Significant Accounting Policies (Continued)

GASB Statement No. 82 amends GASB 67, 68 and 73 for: (1) presentation of payroll-related measures in required supplementary information, (2) selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) classification of payments made by employers to satisfy employee (plan member) contribution requirements. There are minimal presentation changes to being implemented as a result of this pronouncement.

1-F. Assets, Liabilities and Net Position/Fund Balances**1-F-1 Cash, Cash Equivalents, and Investments**

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

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

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

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

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

1-F-2 Receivables

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

1-F-3 Interfund Balances

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

1-F-4 Inventories

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

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

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

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 (\$5,000) 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. In 2017 the amount of cost incurred by the enterprise funds and charged to expense was \$1,224,215.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-F-6 Compensated Absences

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

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

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

1. Termination – Voluntary or discharge
Five hours of up to 720 hours unused sick leave = one hour pay for a maximum payout of 144 hours.
2. Termination by layoff
Three hours of up to 720 hours unused sick leave = to one hour pay for a maximum payout of 240 hours.
3. Retirement
Two year's accumulation (192 hours) = One hour unused sick leave = one hour pay
Balance of unused sick leave (up to 528 hours) = Three hours unused sick leave = one hour pay for 176 hours.

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 measuring of 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only the City Council also may modify or rescind the commitment. 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 \$5.7 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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance Policy – The City Council approved a full rewrite of Lynnwood’s Financial Policies with the adoption of Resolution 2017-09 on April 10, 2017. The revised policies, developed according to GFOA and GAAP best practices, include requirements for:

- Reserve Funds
- General Budgeting and Reporting
- General Revenues and Expenditures
- Financial Forecasts
- Investments
- Debt Management
- Utility Revenues and Rates
- 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 *Committed* Revenue Stabilization Fund balance.

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
Moody’s	- A1	A+
Standard and Poor’s	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.

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

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.

Note 1 - Summary of Significant Accounting Policies (Continued)**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 some 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 four (4) times during the 2017-2018 biennium through the end of 2017.

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, 2017, are entirely insured by Federal Depository Insurance (FDIC) up to \$250,000 and all deposits not covered by FDIC insurance are covered by Washington Public Deposit Protection Commission (WPDPC) of the State of Washington for amounts over \$250,000.

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

The City’s bank balances as of December 31, 2017, were \$42,951,932 or \$43,641,774 including Fiduciary Funds of \$689,842.

Cash Balances at December 31, 2017	General Fund	Other Governmental	Internal Service Funds	Water and Sewer Utility	Golf Course	Fiduciary Funds	Total
Cash and Cash Equiv.	\$10,464,908	\$ 16,161,712	\$ 2,367,062	\$ 11,843,282	\$ 108,275	\$ 689,842	\$ 41,635,081
Restricted Cash	-	-	-	1,973,498	33,195		2,006,693
	<u>\$10,464,908</u>	<u>\$ 16,161,712</u>	<u>\$ 2,367,062</u>	<u>\$ 13,816,780</u>	<u>\$ 141,470</u>	<u>\$ 689,842</u>	<u>\$ 43,641,774</u>

Restricted Cash in the Water and Sewer Utility Fund includes Debt Service Reserves stipulated by bond covenants in the amounts of \$588,605 associated with the 2010 bond issue and \$1,276,937 associated with the 2015 issue. The remaining restrictions are based on customer deposits and prepayments.

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, 2017, 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	\$ 40,918,382	\$ -	\$ 40,918,382
Total		\$ 40,918,382	-	\$ 40,918,382

The City is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

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, 2017, the City had the following fair value measurements:

Type of asset	12/31/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities	\$ 13,943,556	\$ -	\$ 13,943,556	\$ -
Total		\$ -	13,943,556	\$ -

Note 3 – Detailed Notes on All Funds (Continued)

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.

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, 2017 are:

Debt Security	S & P Rating
Federal Farm Credit Bank	AA +
Federal Home Loan Mortgage Corporation	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 30%, 7.1% and 14.3% 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, collectability.

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 governmental funds, including the applicable allowance for uncollectible accounts:

	General Fund	Nonmajor Funds			Total
		Special Revenue	Debt Service	Capital Projects	
Receivables:					
Accounts	\$ 20,291,922	\$ 39,438	\$ 841,230		\$ 21,172,590
Interest	6,980	1,909	165	\$ 1,560	10,614
Property Taxes	70,204				70,204
Utility Taxes	899,439				899,439
Sales Tax	4,409,087	227,160			4,636,247
Real Estate Excise Tax				216,258	216,258
Intergovernmental	422,144	128,230		1,209,958	1,760,332
Gross Receivables	\$ 26,099,776	\$ 396,737	\$ 841,395	\$ 1,427,776	\$ 28,765,684
Less: Allowance for Uncollectibles	(15,990,140)				(15,990,140)
Total	\$ 10,109,636	\$ 396,737	\$ 841,395	\$ 1,427,776	\$ 12,775,544

Note 3 – Detailed Notes on All Funds (Continued)

3-C. Property Taxes

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

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

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

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

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

The City's regular levy for 2017 was \$2.13 per \$1,000 on an assessed valuation of \$5,654,422,666. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

<u>Purpose of Levy</u>	<u>Levy Rate per \$1,000</u>	<u>Total Levy Amount</u>
General Government	\$1.72753068	\$9,768,189
Emergency Medical Service (EMS)	\$0.40529873	\$2,291,730
Total City Levy	\$2.13282941	\$12,059,919

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

Governmental Activities: (including Internal Service fund):	Beginning Balance 1/1/2017	Increases	Decreases	Ending Balance 12/31/2017
Nondepreciable capital assets:				
Land	\$ 38,098,672	\$ 629,507	\$ (237,589)	\$ 38,490,590
Easements	439,018	-	-	439,018
Art, non-depreciable	164,517	-	(36,298)	128,219
Construction in progress	8,845,054	2,322,529	(1,352,588)	9,814,995
Total nondepreciable capital assets	47,547,261	2,952,036	(1,626,475)	48,872,822
Depreciable capital assets				
Buildings	46,365,060	255,720	(4,319,870)	42,300,910
Improvements other than buildings	22,338,903	1,099,564	(1,404,970)	22,033,497
Machinery and equipment	19,684,945	782,876	(3,964,772)	16,503,049
Infrastructure	95,336,085	-	(5,225,923)	90,110,162
Total depreciable capital assets	183,724,993	2,138,160	(14,915,535)	170,947,618
Total capital assets	231,272,254	5,090,196	(16,542,010)	219,820,440
Less accumulated depreciation for:				
Buildings	(17,653,183)	(1,178,524)	2,121,826	(16,709,881)
Improvements other than buildings	(16,010,841)	(845,979)	1,882,159	(14,974,661)
Machinery and equipment	(10,470,190)	(1,145,199)	2,467,176	(9,148,213)
Infrastructure	(40,410,625)	(2,708,691)	2,551,966	(40,567,350)
Total accumulated depreciation	(84,544,839)	(5,878,393)	9,023,127	(81,400,105)
Governmental activities capital assets, net	\$ 146,727,415	\$ (788,197)	\$ (7,518,883)	\$ 138,420,335

Note 3 - Detailed Notes on All Funds (Continued)

Business-Type Activities:	Beginning Balance 1/1/2017	Increases	Decreases	Ending Balance 12/31/2017
Nondepreciable capital assets:				
Land	\$ 8,081,424	\$ 178,490	\$ -	\$ 8,259,914
Easements	4,150,120	190,000	-	4,340,120
Construction in progress	1,349,450	7,161,257	(3,688,259)	4,822,448
Total nondepreciable capital assets	13,580,994	7,529,747	(3,688,259)	17,422,482
Depreciable capital assets				
Buildings	34,136,284	462,174	-	34,598,458
Improvements other than buildings	2,341,474	447,251	(14,492)	2,774,233
Machinery and equipment	4,541,971	203,222	(121,988)	4,623,205
Infrastructure	66,511,004	9,316,936	(11,505,340)	64,322,600
Total depreciable capital assets	107,530,733	10,429,583	(11,641,820)	106,318,496
Total capital assets	121,111,727	17,959,330	(15,330,079)	123,740,978
Less accumulated depreciation for:				
Buildings	(26,154,425)	(432,166)	-	(26,586,591)
Improvements other than buildings	(1,709,304)	(41,931)	-	(1,751,235)
Machinery and equipment	(2,390,217)	(277,074)	42,225	(2,625,066)
Infrastructure	(21,051,041)	(1,661,306)	3,946,779	(18,765,568)
Total accumulated depreciation	(51,304,987)	(2,412,477)	3,989,004	(49,728,460)
Business-type activities capital assets, net	\$ 69,806,740	\$ 15,546,853	\$ (11,341,075)	\$ 74,012,518

The Fire Department was transferred following a vote forming the South Snohomish Fire District with a corresponding reduction in capital assets and associated accumulated depreciation. The City reconciled the Sidewalks owned by the City and recalculated depreciation to reflect that change. The Waterline Replacement project was completed in FY17 along with the Golf Course Parking Lot. Meadowdale Neighborhood Park Project was also completed along with the SR99/SR524 Safety Improvements project.

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation Expense by Function:

Governmental Activities	
General Government	\$ 700,432
Public Safety	99,718
Natural Environment	-
Transportation	3,316,122
Economic Environment	34,442
Culture and Recreation	<u>996,784</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,147,498</u>
Business-type Activities	
Water/Sewer/Storm Utility	\$ 2,389,269
Golf Course	<u>31,019</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,420,288</u>

Discretely Presented Component Unit	Beginning Balance 1/1/2017	Increases	Decreases	Ending Balance 12/31/2017
Lynnwood Public Facilities District				
Nondepreciable capital assets:				
Land	\$ 6,788,800	\$ -	\$ -	\$ 6,788,800
Construction in progress	<u>518,378</u>	<u>482,450</u>	<u>(815,162)</u>	<u>185,666</u>
Total nondepreciable capital assets	<u>7,307,178</u>	<u>482,450</u>	<u>(815,162)</u>	<u>6,974,466</u>
Depreciable capital assets:				
Buildings	19,804,878	-	-	19,804,878
Building improvements	-	815,162	-	815,162
Land Improvements	323,341	190,146	-	513,487
Improvements other than buildings	1,714,637	389,856	-	2,104,493
Infrastructure	<u>79,375</u>	<u>-</u>	<u>-</u>	<u>79,375</u>
Total depreciable capital assets	<u>21,922,231</u>	<u>1,395,164</u>	<u>-</u>	<u>23,317,395</u>
Total capital assets	<u>29,229,409</u>	<u>1,877,614</u>	<u>(815,162)</u>	<u>30,291,861</u>
Less accumulated depreciation for:				
Buildings	(5,169,470)	(443,437)	-	(5,612,907)
Improvements other than buildings	(876,820)	(182,792)	-	(1,059,612)
Infrastructure	<u>(48,948)</u>	<u>(3,969)</u>	<u>-</u>	<u>(52,917)</u>
Total accumulated depreciation	<u>(6,095,238)</u>	<u>(630,198)</u>	<u>-</u>	<u>(6,725,436)</u>
Business-type activities capital assets, net	<u>\$ 23,134,171</u>	<u>\$ 1,247,416</u>	<u>\$ (815,162)</u>	<u>\$ 23,566,425</u>

Note 3 – Detailed Notes on All Funds (Continued)

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, 2017, consisted of the following:

		TRANSFER TO					
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds	Utility	Total
TRANSFER FROM	General Fund	\$ -	\$ 1,010,000	\$ 1,785,792	\$ 1,777,500	\$ -	\$ 4,573,292
	Debt Service Funds	192,000	-	-	-	-	192,000
	Special Revenue Funds	-	250,000	-	1,296,757	-	1,546,757
	Capital Project Funds	-	484,061	-	9,551,387	563,005	10,598,453
	Golf Fund	-	3,032	-	-	-	3,032
	Utility Funds	-	-	-	656,244	-	656,244
		<u>\$ 192,000</u>	<u>\$ 1,747,093</u>	<u>\$ 1,785,792</u>	<u>\$ 13,281,888</u>	<u>\$ 563,005</u>	<u>\$ 17,569,778</u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide 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, 2017 consisted of the following:

		DUE FROM	
		Golf Course	Total
DUE TO	General Fund	\$ 1,517,000	\$ 1,517,000
	Total	<u>\$ 1,517,000</u>	<u>\$ 1,517,000</u>

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

The General Fund had 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 was used to fund construction to add fifty additional parking lot spaces at the Golf Course. The additional loan was made in two installments, \$125,000 in 2016 and \$425,000 in 2017.

Note 3 – Detailed Notes on All Funds (Continued)

3-F – Operating Leases

Office, Warehouse, Storage Space, and Access Lease

The City leases office, warehouse, storage space, and property/land access are under non-cancellable operating leases. Total costs for these leases for the year ending December 31, 2017 was \$309,226 in governmental activities and \$45,843 in business-type activities. Including an additional three months @ \$24,977 through May of 2018 on a lease that expired in February 2018, the future minimum lease payments for these leases are as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2018	\$ 257,686	\$ 46,814
2019	159,577	47,469
2020	160,950	48,002
2021	46,387	18,276
2022	-	6,353
2023	-	6,543
	\$ 624,600	\$ 173,457

Printers and Copiers

The City leases many office printers and copiers under non-cancellable operating leases. During the year the City paid \$120,000 to buy-out most of its copier leases and entered into new leases. The future minimum lease payments for the non-cancellable leases are, as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2018	\$ 90,433	\$ -
2019	89,083	-
2020	74,224	-
2021	74,224	-
2022	38,348	-
	\$ 366,312	\$ -

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, 2017
(includes internal service fund):

	Outstanding 1/1/2017	Additions	Reductions	Outstanding 12/31/2017	Amounts Due in One Year
Governmental Activities					
2005 general obligation bonds (800 Mhz)	\$ 366,074	\$ -	\$ 108,951	\$ 257,123	\$ 125,536
2009 general obligation refunding bonds	330,000	-	330,000	-	-
2012 general obligation bonds	23,375,000	-	455,000	22,920,000	810,000
Special assessment bonds	615,000	-	515,000	100,000	100,000
Claims and judgements payable	88,665	2,335	-	91,000	-
Compensated absences	4,420,167	1,248,259	2,571,221	3,097,205	836,828
Net pension liability	13,480,235	-	2,043,275	11,436,960	-
Other post-employment benefits	5,820,922	375,000	-	6,195,922	-
Total Governmental Activities	\$ 48,496,063	\$ 1,625,594	\$ 6,023,447	\$ 44,098,210	\$ 1,872,364
Business-Type Activities					
2008 utility improvement refunding bonds	\$ 3,895,000	\$ -	\$ 285,000	\$ 3,610,000	\$ 300,000
2010 utility system revenue bonds	6,850,000	-	305,000	6,545,000	315,000
2015 utility system revenue bonds	23,380,000	-	815,000	22,565,000	855,000
Unamortized (premiums)/discounts	1,591,108	-	89,512	1,501,596	89,514
Net pension liability	2,711,244	-	169,006	2,542,238	-
Compensated absences	362,636	455,176	390,025	427,787	138,074
Total Business-Type Activities	\$ 38,789,988	\$ 455,176	\$ 2,053,543	\$ 37,191,621	\$ 1,697,588

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 \$62,799 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. There were no delinquent LID accounts at December 31, 2017.

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 2017.

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, 2017, including interest, are as follows:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2018	\$ 1,035,536	\$ 858,219	\$ 1,470,000	\$ 1,247,537	\$ 4,611,292
2019	966,587	827,642	1,535,000	1,180,338	4,509,567
2020	860,000	796,013	1,605,000	1,113,237	4,374,250
2021	895,000	761,613	1,675,000	1,043,038	4,374,651
2022	930,000	725,813	1,755,000	966,138	4,376,951
2023-2027	5,125,000	3,161,025	10,010,000	3,579,194	21,875,219
2028-2032	6,090,000	2,192,750	9,885,000	1,674,219	19,841,969
2033-2037	7,375,000	908,400	4,785,000	320,444	13,388,844
Total	\$ 23,277,123	\$ 10,231,475	\$ 32,720,000	\$ 11,124,145	\$ 77,352,743

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 was paid 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 2017:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (13,979,198)
Pension assets	8,231,198
Deferred outflows of resources	3,349,164
Deferred inflows of resources	(4,567,837)
Pension expense/expenditures	1,723, 216

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. The direct link for the 2017 CAFR is <http://www.drs.wa.gov/administration/annual-report/cafr/CAFR-2017.pdf>

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 2017 were as follows:

PERS Plan 1 (1/1/2017 – 6/30/2017)		
Actual Contribution Rates:	Employer	Employee
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.18%	6.00%

PERS Plan 1 (7/1/2017 – 12/31/2017)		
Actual Contribution Rates:	Employer	Employee
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	17.91%	6.00%

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 are eligible to 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 2017 were as follows:

PERS Plan 2/3 (1/1/2017 – 6/1/2017)		
Actual Contribution Rates:	Employer 2/3	Employee 2/3
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	6.12%

PERS Plan 2/3 (7/1/2017 – 12/31/2017)		
Actual Contribution Rates:	Employer 2/3	Employee 2/3
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.70%	7.38%

The City’s actual PERS plan contributions were \$875,694 for to PERS 1 and \$1,159,549 to PERS 2/3 for the year ended December 31, 2017.

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 2017 were as follows:

PSERS Plan 2 (1/1/2017 – 6/30/2017)		
Actual Contribution Rates:	Employer	Employee
PSERS Plan 2	6.59%	6.59%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.54%	6.59%

Note 3 – Detailed Notes on All Funds (Continued)

PSERS Plan 2 (7/1/2017 – 8/30/2017)		
Actual Contribution Rates:	Employer	Employee
PSERS Plan 2	6.73%	6.73%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	11.94%	6.73%

PSERS Plan 2 (9/1/2017 – 12/31/2017)		
Actual Contribution Rates:	Employer	Employee
PSERS Plan 2	6.74%	6.74%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	11.95%	6.74%

The City’s actual contributions to the plan were \$50,698 for PSERS Plan 2 for the year ended December 31, 2017.

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 1 had no required employer or employee contributions for fiscal year 2017. 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 2017 were as follows:

Note 3 – Detailed Notes on All Funds (Continued)

LEOFF Plan 2 (1/1/2017 – 6/30/2017)		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.05%	8.41%
Administrative Fee	.18%	
Total	5.23%	8.41%

LEOFF Plan 2 (7/1/2017 – 12/31/2017)		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.25%	8.75%
Administrative Fee	.18%	
Total	5.43%	8.75%

The City’s actual contributions to the plan were \$684,235 for the year ended December 31, 2017.

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, 2017, the state contributed \$62,155,262 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$498,152.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. 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:** 3.0% 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:** 7.50%

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 changes in methods and assumptions since the last valuation.

- For all plans except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

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, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). . 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.

Note 3 – Detailed Notes on All Funds (Continued)

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. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, considered Capital Market Assumptions (CMAs) and simulated expected investment returns the provided by the Washington State Investment Board (WSIB). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

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, 2017, 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%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	100%	

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	\$ 8,230,960	\$ 6,756,706	\$ 5,479,687
PERS 2/3	16,283,545	6,044,139	(2,345,534)
PSERS 2	286,909	42,729	(148,722)
LEOFF 1	(1,101,787)	(1,485,358)	(1,814,759)
LEOFF 2	1,459,790	(6,745,840)	(13,431,444)

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, 2017, the City reported its proportionate share of the net pension liabilities (assets) as follows:

	Liability (or Asset)
PERS 1	\$ 6,756,706
PERS 2/3	6,044,139
PSERS 2	42,729
LEOFF 1	(1,485,358)
LEOFF 2	(6,745,840)

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	\$ (1,485,358)	\$ (6,745,840)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	(10,046,927)	(4,375,900)
TOTAL	\$ (11,532,286)	\$ (11,121,740)

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

	Proportionate Share 6/30/16	Proportionate Share 6/30/17	Change in Proportion
PERS 1	.132475%	.142394%	.009919%
PERS 2/3	.160135%	.173956%	.013821%
PSERS 2	.209520%	.218084%	.008564%
LEOFF 1	.096516%	.097900%	.001384%
LEOFF 2	.433881%	.486125%	.052244%

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 2017. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2017, 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 2017, the state of Washington contributed 39.35 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.65 percent of employer contributions. The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2017, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 899,611
PERS 2/3	795,685
PSERS 2	57,372
LEOFF 1	(251,865)
LEOFF 2	204,584
TOTAL	\$1,705,387

Note 3 – Detailed Notes on All Funds (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>PERS 1</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ 0	\$ (252,141)
Contributions subsequent to the measurement date	461,324	0
TOTAL	\$ 461,324	\$ (252,141)

<i>PERS 2/3</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 612,414	\$ (198,781)
Net difference between projected and actual investment earnings on pension plan investments	0	(1,611,222)
Changes of assumptions	64,200	0
Changes in proportion and differences between contributions and proportionate share of contributions	508,700	(149,956)
Contributions subsequent to the measurement date	642,886	0
TOTAL	\$ 1,828,200	\$ (1,959,959)

<i>PSERS 2</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,272	\$ (3,036)
Net difference between projected and actual investment earnings on pension plan investments	0	(29,969)
Changes of assumptions	362	0
Changes in proportion and differences between contributions and proportionate share of contributions	2,042	(1,568)
Contributions subsequent to the measurement date	28,816	0
TOTAL	\$ 56,492	\$ (34,573)

Note 3 – Detailed Notes on All Funds (Continued)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ 0	\$ (138,024)
TOTAL	\$ 0	\$ (138,024)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 296,492	\$ (255,814)
Net difference between projected and actual investment earnings on pension plan investments	0	(1,514,488)
Changes of assumptions	8,123	0
Changes in proportion and differences between contributions and proportionate share of contributions	173,634	(412,838)
Contributions subsequent to the measurement date	312,149	0
TOTAL	\$ 790,398	\$ (2,009,506)

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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	<i>Total</i>	<i>PERS 1</i>	<i>PERS 2/3</i>	<i>PSERS</i>	<i>LEOFF 1</i>	<i>LEOFF2</i>
2018	\$ (1,589,628)	\$ (170,431)	\$ (629,865)	\$ (6,329)	\$ (86,622)	\$ (696,381)
2019	423,911	53,808	184,352	5,445	23,362	156,944
2020	(197,647)	(12,494)	(72,800)	1,548	(9,329)	(104,572)
2021	(1,432,773)	(123,024)	(567,292)	(6,196)	(65,435)	(670,826)
2022	65,431	0	135,199	(115)	0	(69,653)
Thereafter	(145,477)	0	175,760	(831)	0	(320,404)

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.

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

At December 31, 2017, 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.

Assumptions and Other Inputs

As of December 31, 2017 the FPF had \$367,968 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, 2017 the annual money-weighted rate of return on pension plan investments, net of investment expenses, was 1.83 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.

Note 3 – Detailed Notes on All Funds (Continued)

The net pension liability was measured as of December 31, 2017, and the actuarial valuation date on which the total pension liability is based was as of December 31, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

- **Discount rate:** 3.00% - Rate applied in the measurement of the total pension liability
- **Inflation:** 2.00% - total economic inflation, 2.50% wage inflation.
- **Investment rate of return:** 3.00% - 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 3.00% as well as what the pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.00%) or 1-percentage point higher (4.00%) than the current rate:

	1% Decrease 2.00%	Current Disc. Rate 3.00%	1% Increase 4.00%
Net Pension Liability	\$1,296,010	\$1,135,623	\$998,854

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2016	\$1,331,993	\$406,758	\$ 925,235
Changes for the year:			
Service Cost	-	-	-
Interest	48,141	-	48,141
Changes in assumptions	104,541	-	104,541
Differences between expected and actual experience	116,948	-	116,948
Contributions – employer	-	54,134	(54,134)
Contributions – employees	-	-	-
Net investment income	-	7,108	(7,108)
Benefit payments and withdraws (pension expense)	(96,468)	(96,468)	-
Administrative expense	-	(2,000)	2,000
Other changes	-	-	-
Net changes	173,162	(37,226)	210,388
Balance at 12/31/2017	\$1,505,155	\$369,532	\$1,135,623
Plan fiduciary net position as a percentage of the total pension liability		24.6%	

Note 3 – Detailed Notes on All Funds (Continued)

Pension Expense and Deferred Inflows and Outflows of Resources

	Pension Expense
Pension expense recognized for fiscal year ending 2016	\$ 64,068
Pension expense recognized for fiscal year ending 2017	\$ 76,903

At December 31, 2017, 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	\$ 100,241	\$ -
Net difference between projected and actual investment earnings on pension plan investments	22,902	-
Changes of assumptions	89,607	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 212,750	\$ -

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

Year ended December 31:	<i>Amount</i>
2018	\$ 40,207
2019	40,205
2020	36,144
2021	32,910
2022	31,641
Thereafter	31,643

Note 3 – Detailed Notes on All Funds (Continued)**3-1. 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, 2017, there were 23 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, 2017.

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.

(continued on subsequent page)

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, 2017 calculation:

	PVFB	AAL
Inactive: Medical Expenses	\$ 7,067,451	\$ 7,067,451
Long-Term Care	4,091,386	4,091,386
Total Inactive	\$ 11,158,836	\$11,158,836
ARC		
Normal Cost	\$ -	
UAAL Amortization	1,003,638	
ARC	\$ 1,003,638	
Annual OPEB Cost		
ARC	\$ 1,003,638	
NOO Interest	232,837	
NOO Amortization	(523,540)	
Annual OPEB Cost	\$ 712,935	
NOO		
Starting NOO	\$ 5,820,922	
Annual OPEB Cost	712,935	
Contributions	337,935	
NOO	\$ 6,195,922	

The net OPEB obligation of \$6,195,922 (FY 2017) is included as a noncurrent liability on the City’s Statement of Net Position. The City’s actuarial accrued liability (AAL) of \$11,158,836 was unfunded as of December 31, 2017.

The City’s OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2015, 2016 and 2017 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
December 31, 2017	\$ 712,935	12%	\$6,195,922

Funded Status and Schedule of Funding Progress

As of December 31, 2017, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$11.2 million and the actuarial value of the assets was zero percent resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$11.2 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	\$ 41,132
	<u>\$ 41,132</u>

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

Nonmajor Governmental Funds:

Capital Projects	\$ 11,432,230
Drug Enforcement/Criminal Justice	3,703,069
Debt Service	754,296
Recreation programs for low income	70,666
Tourism promotion	1,124,101
Street and paths improvements	2,167,658
Solid Waste Management	26,551

Total Nonmajor Governmental Funds	<u>\$ 19,278,571</u>
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- **Committed** – The following fund balances are committed to specific purposes:

General Fund:

Revenue Stabilization	\$ 6,000,000
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Total General Fund	<u>\$ 6,000,000</u>
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Other Governmental Funds:

Capital Projects	\$ 107,237
Debt Service	288,434
Tree Reserve	211,797
Art Reserve	47,453
Aid Car Reserve	15,918

Total Other Governmental Funds	<u>\$ 670,839</u>
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- **Assigned** – The following fund balances are assigned to specific purposes:

General Fund:

Economic Development	\$ 5,716,122
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Total General Fund	<u>\$ 5,716,122</u>
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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, 2017 is as follows:

	Governmental Activities	Business- type Activities
Net investment in capital assets:		
Total capital assets	\$ 219,820,440	\$ 123,740,978
Less accumulated depreciation	81,400,105	49,728,460
Net capital assets	138,420,335	74,012,518
Less: retainage payable	-	(123,283)
Less: capital related debt	(23,277,123)	(32,720,000)
Less: unamortized bond premium	-	(1,501,596)
Net investment in capital assets	<u>\$ 115,143,212</u>	<u>\$ 39,667,639</u>

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, 2017, there are 201 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 \$1,784,067, 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 – Detailed Notes on All Funds (Continued)

Members contract to remain in the program for a minimum of one year, and must give notice before December 1 to terminate participation the following December 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.

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, 2017, 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, 2017, 261 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, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and 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. In 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. 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 – Detailed Notes on All Funds (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

On January 1, 2018, most of the covered city employees switched from the AWC health care coverage plans to health care programs offered through the new 2018 employee benefits broker, Alliant. Police department employees continued with the AWC health care programs in 2018.

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, 2017. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

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

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.

Note 4 – Detailed Notes on All Funds (Continued)

At December 31, 2017, the City owned an equity interest in the SERS joint venture of \$229,232. This value has been recorded in the government-wide statements as an asset for the year ended December 31, 2017. 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, 2017, the City of Lynnwood owned an equity interest in the SNOCOM joint venture of \$ 784,937. This value has been recorded in the government wide statements as an asset for the year ended December 31, 2017. 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. Effective January 1, 2018 SNOCOM and another public safety communications agency, Snohomish County Police Staff and Auxiliary Services Center (SNOPAC) consolidated forming “Snohomish County 911”. The City of Lynnwood's net equity interest was transferred to the newly created entity on January 1, 2018.

The City of Mountlake Terrace, who acts as the entity's fiscal agent under the Interlocal Agreement for Financial Services signed on November 25, 2009, prepares the unaudited financial information. Separate financial statements for the Snohomish County Public Safety Communication Agency can be obtained from the City of Mountlake Terrace Finance Department, 6100 219th St SW, Suite 200, Mountlake Terrace, WA 98043.

Alliance for Housing Affordability (AHA) - In September, 2013, the City joined the cities of Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Greek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May, 2015 to add the City of Arlington and in June, 2015 to add the City of Stanwood.

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

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

Note 4 – Detailed Notes on All Funds (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:

<u>(7/1/xx-6/30/xx)</u>	<u>Budget</u>	<u>Amount</u>	<u>Percentage</u>
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%
2018	\$ 125,257	\$ 3,455	5.30%

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

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 \$4,604,110 in construction activity during 2017 and Lynnwood's share of maintenance costs totaled \$71,748.

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 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.

The project was not completed until the end of the 2017 tax year. There were property taxes were abated for the 2017 financial reporting period. Snohomish County Assessor's Office real property values show the 2017 property improvement assessed value as \$4,748,500. Applying the City 2017 levy rate of \$2.133 per \$1,000 of assessed value, the estimated tax exemption amount for 2017 would have been \$10,128.

Note 4 – Detailed Notes on All Funds (Continued)

There are several statutory abatements affecting multiple jurisdiction including the City of Lynnwood. Disclosure are reported by the Washington Department of Revenue at the following website: <https://dor.wa.gov/doing-business/information-local-governments/governmental-accounting-standards-board-gasb-statement-no-77>. Although the effects for 2017 are unavailable as of the time of the preparation of this report as is specific taxpayer information, amounts pertaining to Lynnwood for 2016 should provide a reasonable estimate and are summarized as follows:

Statute	Description	Lynnwood Taxpayer Savings
R.C.W. 84.36.020 (2)	Future churches, parsonages and convents	\$8,724
R.C.W. 84.36.560 (4)	Future nonprofit low-income housing	6,559

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

- The following new funds were opened as of 01/01/2017:
 - ✓ Capital Fund: Other General Capital Fund 357
 - ✓ Capital Fund: Transportation Capital Fund 360
 - ✓ Capital Fund: Facilities Capital Fund 370
 - ✓ Capital Fund: Parks & Recreation Capital Fund 380
 - ✓ Public Safety Capital Fund 390

- The following funds have been closed as of 12/31/2017:
 - ✓ Debt Service Fund: 2009 LTGO Refunding Bonds Fund 202
 - ✓ Capital Fund: Street Capital Projects – Fund 308
 - ✓ Capital Fund: Traffic Signals – Fund 309
 - ✓ Capital Fund: 204th Street/SR99 – Fund 318
 - ✓ Capital Fund: Justice Center Improvement – Fund 342
 - ✓ Capital Fund: 33rd Avenue – Fund 355

4-H. Extraordinary Items

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.

On April 24, 2017, Resolution No. 2017-09 was approved by the City Council which authorized a special election to be held on August 1, 2017 to approve a plan to form a regional fire protection service authority within the boundaries of the City and the District, effective October 1, 2017. On August 1, 2017 Proposition 1 that authorized the plan was approved by the voters with 54.4% in favor and the Regional Fire Authority (RFA) was formed effective October 1, 2017.

The newly formed South Snohomish County Fire & Rescue Regional Fire Authority is funded by a new property tax not to exceed \$1.50 per \$1,000 of assessed value. Effective October 1, 2017, the City’s Fire Department staff became employees of the new RFA and all fire service related expenses, except for fire marshal services are paid by the RFA.

Various Interlocal Agreements between the City of Lynnwood and the new RFA detail the responsibilities and the obligations of the two entities. The City contracts with the RFA for fire marshal services and remits the collection of its EMS property tax levy to the RFA until the RFA receives voter approval to levy its own EMS property tax levy.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lynnwood, Washington
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	2017 Actual	Variance with Amended Biennial Budget	2016 Actual
Revenues					
Taxes:					
Property tax	\$ 25,002,560	\$ 18,010,553	\$ 11,916,807	\$ (6,093,746)	\$ 11,388,996
Sales tax	46,203,699	46,203,699	21,951,301	(24,252,398)	21,138,281
Business taxes	14,479,864	14,479,864	6,997,255	(7,482,609)	6,728,795
Other taxes	7,765	7,765	4,260	(3,505)	3,254
Total Taxes	85,693,888	78,701,881	40,869,623	(37,832,258)	39,259,326
Licenses and Permits:					
Business licenses	5,159,935	5,159,935	2,990,550	(2,169,385)	2,430,004
Franchise fees	1,055,395	1,055,395	484,979	(570,416)	517,937
Permits and fees	3,609,021	3,609,021	1,718,591	(1,890,430)	1,554,005
Total Licenses and Permits	9,824,351	9,824,351	5,194,120	(4,630,231)	4,501,946
Intergovernmental:					
Liquor Board taxes	964,923	964,923	487,207	(477,716)	486,141
Streamlined sales tax	523,018	523,018	257,318	(265,700)	258,026
Other	1,146,058	2,036,808	1,188,023	(848,785)	804,225
Total Intergovernmental	2,633,999	3,524,749	1,932,548	(1,592,201)	1,548,392
Charges for Services:					
Aid car fees	2,374,536	650,000	769,891	119,891	1,008,029
Planning fees	1,297,264	1,297,264	1,110,486	(186,778)	619,444
Interfund	4,450,191	4,450,191	-	(4,450,191)	-
Recreation	5,356,127	5,378,127	2,701,986	(2,676,141)	2,425,351
Other	1,533,835	1,443,157	417,797	(1,025,360)	471,578
Total Charges for Services	15,011,953	13,218,739	5,000,160	(8,218,579)	4,524,402
Fines and Forfeitures:	10,083,422	10,083,422	4,570,830	(806,797)	4,705,795
Miscellaneous					
Investment interest	36,421	36,421	170,430	134,009	237,386
Rents and concessions	654,506	632,506	287,233	(345,273)	299,801
Other	888,558	896,058	296,379	(599,679)	159,257
Total Miscellaneous	1,579,485	1,564,985	754,042	(810,943)	696,444
Total Revenues	\$ 124,827,098	\$ 116,918,127	\$ 58,321,323	\$ (53,891,009)	\$ 55,236,305

City of Lynnwood, Washington
Schedule of Expenditures - Budget and Actual
General Fund

For the Year Ended December 31, 2017

(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	Original 2017-2018 Biennial Budget	Biennial Budget as Amended through December 2017	2017 Actual	Variance with Final Biennial Budget	2016 Actual
Expenditures					
General Government					
Legislative/executive	\$ 2,244,664	\$ 2,391,114	\$ 1,102,468	\$ 1,288,646	\$ 1,255,427
Administrative services	6,970,249	7,210,046	1,960,067	5,249,979	1,489,995
Information Technology	4,832,613	4,907,144	2,101,479	2,805,665	2,437,488
Legal	3,413,000	3,416,074	1,559,286	1,856,788	1,467,098
Human Resources	1,932,421	1,865,321	733,125	1,132,196	634,763
Property management	2,975,958	2,975,958	1,431,534	1,544,424	1,416,730
Total General Government	<u>22,368,905</u>	<u>22,765,657</u>	<u>8,887,959</u>	<u>13,877,698</u>	<u>8,701,501</u>
Economic Environment	<u>8,605,865</u>	<u>9,693,393</u>	<u>3,936,638</u>	<u>5,756,755</u>	<u>3,659,433</u>
Judicial	<u>2,236,073</u>	<u>2,269,877</u>	<u>1,104,882</u>	<u>1,164,995</u>	<u>1,057,603</u>
Natural Environment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,567</u>
Culture & Recreation	<u>14,515,673</u>	<u>14,675,598</u>	<u>6,607,801</u>	<u>8,067,797</u>	<u>6,160,770</u>
Public Safety					
Police	40,132,520	40,137,968	19,523,430	20,614,538	18,444,798
Fire	24,963,828	15,759,466	12,550,859	3,208,607	12,000,619
Total Public Safety	<u>65,096,348</u>	<u>55,897,434</u>	<u>32,074,289</u>	<u>23,823,145</u>	<u>30,445,416</u>
Social Services	<u>1,148,688</u>	<u>1,148,688</u>	<u>520,115</u>	<u>628,573</u>	<u>499,366</u>
Transportation	<u>3,125,183</u>	<u>3,159,999</u>	<u>1,398,484</u>	<u>1,761,515</u>	<u>1,326,659</u>
Utilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service	<u>-</u>	<u>-</u>	<u>427</u>	<u>(427)</u>	<u>600</u>
Capital Outlay	<u>72,000</u>	<u>121,336</u>	<u>242,990</u>	<u>(121,654)</u>	<u>147,980</u>
Total Expenditures	<u>\$ 117,168,735</u>	<u>\$ 109,731,982</u>	<u>\$ 54,773,585</u>	<u>\$ 54,958,397</u>	<u>\$ 52,117,895</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>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.142394%	0.132475%	0.136623%
Employer's proportionate share of the net pension liability	\$ 6,756,706	\$ 7,114,531	\$ 7,146,653
Employer's covered employee payroll	\$ 17,249,159	\$ 15,699,939	\$ 15,566,793
Employer's proportionate share of the net pension liability as a percentage of covered payroll	39.17%	45.32%	45.91%
Plan fiduciary net position as a percentage of the total pension liability	61.24%	57.03%	59.10%

PERS 2/3

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.173956%	0.160135%	0.166966%
Employer's proportionate share of the net pension liability	\$ 6,044,139	\$ 8,062,671	\$ 5,965,790
Employer's covered payroll	\$ 16,452,758	\$ 14,924,219	\$ 14,819,525
Employer's proportionate share of the net pension liability as a percentage of covered payroll	36.74%	54.02%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	90.97%	85.82%	89.20%

PSERS 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.218084%	0.209520%	0.231513%
Employer's proportionate share of the net pension liability	\$ 42,729	\$ 89,042	\$ 42,256
Employer's covered payroll	\$ 742,200	\$ 679,047	\$ 677,061
Employer's proportionate share of the net pension liability as a percentage of covered payroll	5.76%	13.11%	6.24%
Plan fiduciary net position as a percentage of the total pension liability	96.26%	90.41%	95.08%

LEOFF 1

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	0.097900%	0.096516%	0.095558%
Employer's proportionate share of the net pension asset	\$ 1,485,358	\$ 994,391	\$ 994,391
Employer's covered payroll	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	135.96%	123.74%	127.36%

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>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 875,695	\$ 815,773	\$ 666,898
Contributions in relation to the contractually required contributions	<u>(875,695)</u>	<u>(815,773)</u>	<u>(666,898)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$16,980,832	\$16,981,523	\$15,137,651
Contributions as a percentage of covered payroll	5.16%	4.80%	4.41%

PERS 2/3

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,159,549	\$ 1,773,885	\$ 1,441,968
Contributions in relation to the contractually required contributions	<u>(1,159,549)</u>	<u>(1,773,885)</u>	<u>(1,441,968)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$16,127,212	\$16,127,212	\$14,415,414
Contributions as a percentage of covered payroll	7.19%	11.00%	10.00%

PSERS 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 86,976	\$ 86,478	\$ 71,594
Contributions in relation to the contractually required contributions	<u>(86,976)</u>	<u>(86,478)</u>	<u>(71,594)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employer Payroll	\$ 760,560	\$ 761,251	\$ 658,733
Contributions as a percentage of covered payroll	11.44%	11.36%	10.87%

Note to Schedule:

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>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	(0.486125%)	(0.433881%)	(0.456878%)
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ (6,745,840)	\$ (2,523,582)	\$ (4,695,792)
<u>State's proportionate share of the net pension liability (asset) associated with the employer</u>	\$ (4,375,900)	\$ (1,645,192)	\$ (3,104,893)
TOTAL	\$ (11,121,740)	\$ (4,168,774)	\$ (7,800,685)
<u>Employer's covered employee payroll</u>	\$ 13,337,545	\$ 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>	50.58%	19.20%	35.42%
<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>	111.36%	106.04%	111.67%

Note to Schedule:

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>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 684,235	\$ 719,240	\$ 641,223
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (684,235)	\$ (719,240)	\$ (641,223)
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -
<u>Covered employer payroll</u>	\$ 13,337,545	\$ 14,242,374	\$ 12,697,473
<u>Contributions as a percentage of covered employee payroll</u>	5.13%	5.05%	5.05%

Note to Schedule:

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	48,141	47,947	41,432	41,801
Changes in benefit terms	-	-	-	54,392
Differences between expected and actual experience	116,948	(38,717)	32,573	-
Changes of assumptions	104,541	-	194,582	-
Benefit payments	<u>(96,468)</u>	<u>(94,313)</u>	<u>(70,585)</u>	<u>(73,119)</u>
Net change in total pension liability	173,162	(85,083)	198,002	23,074
Total pension liability - beginning	<u>1,331,993</u>	<u>1,417,076</u>	<u>1,219,074</u>	<u>1,196,000</u>
Total pension liability - ending (a)	<u><u>1,505,155</u></u>	<u><u>1,331,993</u></u>	<u><u>1,417,076</u></u>	<u><u>1,219,074</u></u>
 Plan fiduciary net position				
Contributions - employer	54,134	55,130	55,515	56,875
Contributions - nonemployer contributing entities	-	-	-	-
Contributions - employee	-	-	-	-
Net investment income	7,108	-	-	651
Benefit payments, including refunds of contributions	(96,468)	(94,313)	(70,585)	(73,119)
Administrative expense	(2,000)	(4,250)	-	(21,825)
Other	-	<u>(59,479)</u>	<u>(90,652)</u>	<u>(45,326)</u>
Net change in plan fiduciary net position	<u>(37,226)</u>	<u>(102,912)</u>	<u>(105,722)</u>	<u>(82,744)</u>
Plan fiduciary net position - beginning	<u>406,758</u>	<u>509,670</u>	<u>615,392</u>	<u>698,136</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 369,532</u></u>	<u><u>\$ 406,758</u></u>	<u><u>\$ 509,670</u></u>	<u><u>\$ 615,392</u></u>
 Net pension liability ending (a) - (b)	<u><u>\$ 1,135,623</u></u>	<u><u>\$ 925,235</u></u>	<u><u>\$ 907,406</u></u>	<u><u>\$ 603,682</u></u>
 Plan fiduciary net position as a % of total pension liability (b)/(a)	24.6%	30.5%	36.0%	50.5%
 Covered-employee payroll	0	0	0	0
 Net pension liability as a % of covered employee payroll	0.00%	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.

The City currently does not have 10 years of pension data available. Schedule prepared prospectively from 2014.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially/statutorily/contractually determined contribution	\$ 77,442	\$ 77,442	\$ 43,999	\$ 43,999	\$ 51,946	\$ 51,946	\$ 49,477	\$ 49,477	\$ 40,127	\$ 40,127
Actual contribution in relation to the above *	54,134	(4,349)	(35,137)	(10,276)	(3,753)	1,536	(11,407)	1,202	6,787	(11,945)
Contribution deficiency (excess)	\$ 23,308	\$ 81,791	\$ 79,136	\$ 54,275	\$ 55,699	\$ 50,410	\$ 60,884	\$ 48,275	\$ 33,340	\$ 52,072
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>2017</u>	<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>
Annual money-weighted rate of return, net of investment expense	1.83%	0.00%	0.00%	0.09%	0.14%	0.16%	0.22%	0.76%	1.69%	3.57%

City of Lynnwood, Washington
Schedule of Funding Progress
LEOFF 1 Retiree Medical and Long-Term Care Benefits
As of December 31, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL</u>
12/31/2017	-	11,158,836	0%	23,783,358
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

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City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 5,582,698	\$ 427,601	\$ 10,151,413	\$ 16,161,712
Investments	2,601,629	159,408	\$ 1,108,521	3,869,558
Receivables:				
Accounts	39,438	841,230	-	880,668
Taxes	350,467	-	216,258	566,725
Interest	1,909	165	1,560	3,634
Intergovernmental	4,923	-	1,209,958	1,214,881
Restricted assets	-	-	-	-
Total Assets	\$ 8,581,064	\$ 1,428,404	\$ 12,687,710	\$ 22,697,178
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts payable	\$ 671,158	\$ 859	\$ 1,141,262	\$ 1,813,279
Accrued salaries and wages payable	57,255	-	-	57,255
Interfund payable	-	-	-	-
Other current liabilities payable	7,915	-	6,981	14,896
Unearned revenue	477,523	-	-	477,523
Total Liabilities	1,213,851	859	1,148,243	2,362,953
Deferred Inflows - Special Assessments	-	384,815	-	384,815
Fund Balances				
Committed	275,168	288,434	107,237	670,839
Restricted	7,092,045	754,296	11,432,230	19,278,571
Total Fund Balances	7,367,213	1,042,730	11,539,467	19,949,410
Total Liabilities, Deferred Inflows and Fund Balances	\$ 8,581,064	\$ 1,428,404	\$ 12,687,710	\$ 22,697,178

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 3,940,712	\$ -	\$ 2,245,512	\$ 6,186,224
Intergovernmental	1,753,351	-	3,952,495	5,705,846
Special assessments	-	474,837	-	474,837
Charges for services	503,337	-	-	503,337
Licenses and permits	198,842	-	-	198,842
Other interest	-	52,239	-	52,239
Fines and forfeitures	21,701	-	-	21,701
Investment interest	29,666	-	28,111	57,777
Judgements and settlements	-	-	-	-
Miscellaneous	30,211	-	-	30,211
Total Revenues	6,477,820	527,076	6,226,118	13,231,014
Expenditures				
Current:				
General government	1,435,364	-	86,176	1,521,540
Economic Environment	-	-	2,685	2,685
Public safety	242,959	-	-	242,959
Transportation	2,304,654	-	246,439	2,551,093
Natural environment	-	-	-	-
Culture and recreation	25,924	-	4,676,771	4,702,695
Utilities	30,525	-	-	30,525
Capital Outlay	114,560	-	2,814,802	2,929,362
Debt Service:				
Principal retirement	-	1,408,951	-	1,408,951
Interest and fiscal charges	-	933,422	-	933,422
Total Expenditures	4,153,986	2,342,373	7,826,873	14,323,232
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,323,834	(1,815,297)	(1,600,755)	(1,092,218)
Other Financing Sources (Uses)				
Proceeds from disposition of assets	58,629	-	-	58,629
Transfers in	1,747,093	1,785,791	13,281,888	16,814,772
Transfers out	(1,546,755)	(192,000)	(10,598,454)	(12,337,209)
Total Other Financing Sources (Uses)	258,967	1,593,791	2,683,434	4,536,192
Net Change in Fund Balances	2,582,801	(221,506)	1,082,679	3,443,974
Fund Balances Beginning of Year	4,784,412	1,264,236	10,456,788	16,505,436
Fund Balances End of Year	\$ 7,367,213	\$ 1,042,730	\$ 11,539,467	\$ 19,949,410

City of Lynnwood, Washington
General Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 10,464,908	\$ 11,389,724
Investments	4,078,334	3,813,014
Receivables:		
Accounts	4,301,782	4,703,598
Property taxes	70,204	92,102
Sales taxes	4,409,087	4,168,461
Utility taxes	899,439	949,781
Interest receivable	6,980	-
Intergovernmental	422,144	368,765
Interfund	1,517,000	2,033,000
Prepaid items	41,132	20,841
Total Assets	<u>\$ 26,211,010</u>	<u>\$ 27,539,286</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 879,503	\$ 928,195
Accrued salaries and wages payable	1,516,589	1,687,740
Custodial accounts payable	-	3,289
Other current liabilities payable	107,946	285,846
Total Liabilities	2,504,038	2,905,070
Deferred Inflows of Resources	<u>3,854,577</u>	<u>3,948,268</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,358,615</u>	<u>6,853,338</u>
Fund Balances		
Nonspendable	41,132	20,841
Committed	6,000,000	6,000,000
Assigned	5,661,704	4,551,024
Unassigned	8,149,559	10,114,083
Total Fund Balances	<u>19,852,395</u>	<u>20,685,948</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,211,010</u>	<u>\$ 27,539,286</u>

City of Lynnwood, Washington
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Property taxes	\$ 11,916,807	11,388,996
Sales taxes	21,951,301	21,138,281
Business taxes	6,997,255	6,728,795
Other taxes	4,260	3,254
Licenses and permits	5,194,120	4,501,946
Intergovernmental revenues	1,932,548	1,548,392
Charges for services	5,000,160	4,524,402
Fines and forfeitures	4,570,830	4,705,795
Investment earnings	170,430	237,386
Rents and concessions	287,233	299,801
Miscellaneous	296,379	159,257
Total Revenues	58,321,323	55,236,305
Expenditures		
Current:		
General government	8,887,959	8,701,501
Economic environment	3,936,638	3,659,433
Judicial	1,104,882	1,057,603
Natural environment	-	118,567
Culture and recreation	6,607,801	6,160,770
Public safety	32,074,289	30,445,416
Social services	520,115	499,366
Transportation	1,398,484	1,326,659
Debt service:		
Interest	427	600
Capital outlay	242,990	147,980
Total Expenditures	54,773,585	52,117,895
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	3,547,738	3,118,410
Other Financing Sources (Uses)		
Transfers in	192,000	183,293
Transfers (out)	(4,573,291)	(2,046,411)
Total Other Financing Sources (Uses)	(4,381,291)	(1,863,118)
Net Change in Fund Balances	(833,553)	1,255,292
Fund Balances Beginning of Year	20,685,948	19,430,656
Fund Balances End of Year	\$ 19,852,395	\$ 20,685,948

City of Lynnwood, Washington
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2017

	Lodging Tax	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Streets	Cumulative Park Reserve and Development
Assets						
Cash and cash equivalents	\$ 632,694	\$ 297,495	\$ 1,547,657	\$ 90,988	\$ 67,299	\$ 23,361
Investments	630,748	193,650	1,545,600	92,191	60,538	47,274
Receivables:						
Accounts	-	-	-	-	39,438	-
Taxes	92,785	-	134,375	-	123,307	-
Interest	367	179	1,113	161	42	31
Intergovernmental	-	794	2,893	-	1,236	-
Restricted cash and investments	-	-	-	-	-	-
Total Assets	<u>\$ 1,356,594</u>	<u>\$ 492,118</u>	<u>\$ 3,231,638</u>	<u>\$ 183,340</u>	<u>\$ 291,860</u>	<u>\$ 70,666</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 227,332	\$ 15,908	\$ 507	\$ -	\$ 33,180	\$ -
Accrued salaries and wages payable	5,161	175	4,097	-	47,822	-
Other liabilities	-	-	-	-	7,915	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	232,493	16,083	4,604	-	88,917	-
Fund Balances						
Committed	-	-	-	-	-	-
Restricted	1,124,101	476,035	3,227,034	183,340	202,943	70,666
Total Fund Balances	1,124,101	476,035	3,227,034	183,340	202,943	70,666
Total Liabilities and Fund Balances	<u>\$ 1,356,594</u>	<u>\$ 492,118</u>	<u>\$ 3,231,638</u>	<u>\$ 183,340</u>	<u>\$ 291,860</u>	<u>\$ 70,666</u>

(continued)

City of Lynnwood, Washington
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2017

(continued)

	Cumulative Art Reserve	Cumulative Aid Car Reserve	Tree Fund Reserve	Paths and Trials	Solid Waste	Transportation Benefit District	Total Nonmajor Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 23,766	\$ 7,961	\$ 211,797	\$ 871,292	\$ 32,909	\$ 1,775,479	\$ 5,582,698
Investments	23,678	7,950	-	-	-	-	2,601,629
Receivables:							
Accounts	-	-	-	-	-	-	39,438
Taxes	-	-	-	-	-	-	350,467
Interest	9	7	-	-	-	-	1,909
Intergovernmental	-	-	-	-	-	-	4,923
Restricted assets	-	-	-	-	-	-	-
Total Assets	\$ 47,453	\$ 15,918	\$ 211,797	\$ 871,292	\$ 32,909	\$ 1,775,479	\$ 8,581,064
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 384,917	\$ 6,358	\$ 2,956	671,158
Accrued salaries and wages payable	-	-	-	-	-	-	57,255
Other liabilities	-	-	-	-	-	-	7,915
Unearned revenue	-	-	-	477,523	-	-	477,523
Total Liabilities	-	-	-	862,440	6,358	2,956	1,213,851
Fund Balances							
Committed	47,453	15,918	211,797	-	-	-	275,168
Restricted	-	-	-	8,852	26,551	1,772,523	7,092,045
Total Fund Balances	47,453	15,918	211,797	8,852	26,551	1,772,523	7,367,213
Total Liabilities and Fund Balances	\$ 47,453	\$ 15,918	\$ 211,797	\$ 871,292	\$ 32,909	\$ 1,775,479	\$ 8,581,064

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Lodging Tax	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Streets	Cumulative Park Reserve and Development
Revenues						
Taxes	\$ 810,067	\$ -	\$ 642,839	\$ -	\$ -	\$ -
Intergovernmental	720,376	18,853	95,131	-	860,817	-
Charges for services	-	-	34,529	463,311	5,497	-
Licenses and permits	-	-	-	-	134,868	-
Fines and forfeitures	-	21,701	-	-	-	-
Investment interest	-	3,216	17,635	2,412	370	507
Miscellaneous	5,196	-	4,501	-	616	17,898
Total Revenues	<u>1,535,639</u>	<u>43,770</u>	<u>794,635</u>	<u>465,723</u>	<u>1,002,168</u>	<u>18,405</u>
Expenditures						
Current:						
Public safety	-	78,921	164,038	-	-	-
Economic Development	1,435,364	-	-	-	-	-
Transportation	-	-	-	-	2,230,637	-
Natural environment	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	25,924
Utilities	-	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>14,863</u>	<u>-</u>	<u>-</u>	<u>99,697</u>	<u>-</u>
Total Expenditures	<u>1,435,364</u>	<u>93,784</u>	<u>164,038</u>	<u>-</u>	<u>2,330,334</u>	<u>25,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,275</u>	<u>(50,014)</u>	<u>630,597</u>	<u>465,723</u>	<u>(1,328,166)</u>	<u>(7,519)</u>
Other Financing Sources						
Insurance and claims	-	-	-	-	-	-
Proceeds from disposition of assets	-	58,629	-	-	-	-
Transfers in	-	-	-	203,121	1,250,000	-
Transfers out	-	-	-	(546,755)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>58,629</u>	<u>-</u>	<u>(343,634)</u>	<u>1,250,000</u>	<u>-</u>
Net Change in Fund Balances	<u>100,275</u>	<u>8,615</u>	<u>630,597</u>	<u>122,089</u>	<u>(78,166)</u>	<u>(7,519)</u>
Fund Balances Beginning of Year	<u>1,023,826</u>	<u>467,420</u>	<u>2,596,437</u>	<u>61,251</u>	<u>281,109</u>	<u>78,185</u>
Fund Balances End of Year	<u>\$ 1,124,101</u>	<u>\$ 476,035</u>	<u>\$ 3,227,034</u>	<u>\$ 183,340</u>	<u>\$ 202,943</u>	<u>\$ 70,666</u>

(continued)

City of Lynnwood, Washington
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2017

(continued)

	Cumulative Art Reserve	Cumulative Aid Car Reserve	Tree Fund Reserve	Solid Waste	Paths and Trials	Transportation Benefit District	Total Nonmajor Special Revenue Funds
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,487,806	\$ 3,940,712
Intergovernmental	-	-	-	9,946	48,228	-	1,753,351
Charges for services	-	-	-	-	-	-	503,337
Licenses and permits	-	-	63,974	-	-	-	198,842
Fines and forfeitures	-	-	-	-	-	-	21,701
Investment interest	93	100	-	-	-	5,333	29,666
Miscellaneous	2,000	-	-	-	-	-	30,211
Total Revenues	2,093	100	63,974	9,946	48,228	2,493,139	6,477,820
Expenditures							
Current:							
Public safety	-	-	-	-	-	-	242,959
General government	-	-	-	-	-	-	1,435,364
Transportation	-	-	14,780	-	48,228	11,009	2,304,654
Natural environment	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	25,924
Utilities	-	-	-	30,525	-	-	30,525
Capital Outlay	-	-	-	-	-	-	114,560
Total Expenditures	-	-	14,780	30,525	48,228	11,009	4,153,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,093	100	49,194	(20,579)	-	2,482,130	2,323,834
Other Financing Sources							
Insurance and claims	-	-	-	-	-	-	-
Proceeds from disposition of assets	-	-	-	-	-	-	58,629
Transfers in	26,680	-	-	10,000	-	257,292	1,747,093
Transfers out	-	-	-	-	-	(1,000,000)	(1,546,755)
Total Other Financing Sources (Uses)	26,680	-	-	10,000	-	(742,708)	258,967
Net Change in Fund Balances	28,773	100	49,194	(10,579)	-	1,739,422	2,582,801
Fund Balances Beginning of Year	18,680	15,818	162,603	37,130	8,852	33,101	4,784,412
Fund Balances End of Year	\$ 47,453	\$ 15,918	\$ 211,797	\$ 26,551	\$ 8,852	\$ 1,772,523	\$ 7,367,213

City of Lynnwood, Washington
Lodging Tax Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 632,694	\$ 541,841
Investments	630,748	389,577
Receivables:		
Taxes	92,785	101,340
Interest	367	-
Intergovernmental	-	-
Total Assets	<u>\$ 1,356,594</u>	<u>\$ 1,032,758</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 227,332	\$ 4,760
Accrued salaries and wages payable	5,161	4,172
Total Liabilities	<u>232,493</u>	<u>8,932</u>
Fund Balances		
Restricted	<u>1,124,101</u>	<u>1,023,826</u>
Total Liabilities and Fund Balances	<u>\$ 1,356,594</u>	<u>\$ 1,032,758</u>

City of Lynnwood, Washington
Lodging Tax Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Taxes	\$ 810,067	\$ 797,396
Intergovernmental	720,376	692,671
Charges for services	-	-
Investment earnings	5,196	5,111
Total Revenues	1,535,639	1,495,178
Expenditures		
Current:		
Economic development	1,435,364	1,393,997
Excess of Revenues Over Expenditures	100,275	101,181
Other Financing Uses		
Transfers out	-	-
Net Change in Fund Balances	100,275	101,181
Fund Balances Beginning of Year	1,023,826	922,645
Fund Balances End of Year	\$ 1,124,101	\$ 1,023,826

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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 1,691,767	\$ 1,691,767	\$ 810,067	\$ (881,700)
Intergovernmental	1,362,383	1,362,383	720,376	(642,007)
Investment earnings	-	-	5,196	5,196
Total Revenues	3,054,150	3,054,150	1,535,639	(1,518,511)
Expenditures				
Current:				
Economic development	2,906,790	2,912,451	1,435,364	1,477,087
Excess (Deficiency) of Revenues Over (Under) Expenditures	147,360	141,699	100,275	(41,424)
Other Financing Uses				
Transfers out	-	-	-	-
Net Change in Fund Balances	\$ 147,360	\$ 141,699	100,275	\$ (41,424)
Fund Balances Beginning of Year			1,023,826	
Fund Balances End of Year			\$ 1,124,101	

City of Lynnwood, Washington
Drug Enforcement Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 297,495	\$ 213,264
Investments	193,650	153,336
Interest Receivable	179	-
Intergovernmental receivables	794	2,784
Restricted cash and investments	-	103,545
Total Assets	<u>\$ 492,118</u>	<u>\$ 472,929</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 15,908	\$ 1,400
Wages payable	175	4,109
Total Liabilities	16,083	5,509
Fund Balances		
Restricted	476,035	467,420
Total Liabilities and Fund Balances	<u>\$ 492,118</u>	<u>\$ 472,929</u>

City of Lynnwood, Washington
Drug Enforcement Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Intergovernmental revenue	\$ 18,853	\$ 88,486
Charges for Services	-	-
Fines and forfeitures	21,701	17,081
Investment earnings	3,216	2,241
Total Revenues	43,770	107,808
Expenditures		
Current:		
Public safety	78,921	172,666
Capital Outlay	14,863	-
Total Expenditures	93,784	172,666
Excess of Revenues Over Expenditures	(50,014)	(64,858)
Other Financing Sources (Uses)		
Proceeds from disposition of capital assets	58,629	-
Transfers out	-	-
Total Other Financing Sources (Uses)	58,629	-
Net Changes in Fund Balances	8,615	(64,858)
Fund Balances Beginning of Year	467,420	532,278
Fund Balances End of Year	\$ 476,035	\$ 467,420

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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 18,853	\$ (381,147)
Charges for services	-	-	-	-
Fines and forfeitures	75,000	75,000	21,701	(53,299)
Investment interest	-	-	3,216	3,216
Total Revenues	<u>475,000</u>	<u>475,000</u>	<u>43,770</u>	<u>(431,230)</u>
Expenditures				
Current:				
Public Safety	662,231	662,231	78,921	583,310
Capital Outlay	<u>-</u>	<u>-</u>	<u>14,863</u>	<u>(14,863)</u>
Total Expenditures	<u>662,231</u>	<u>662,231</u>	<u>93,784</u>	<u>568,447</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,231)	(187,231)	(50,014)	137,217
Other Financing Uses				
Proceeds from disposition of capital assets	-	-	58,629	58,629
Transfers out	-	-	-	-
Net Change in Fund Balances	<u>\$ (187,231)</u>	<u>\$ (187,231)</u>	8,615	<u>\$ 195,846</u>
Fund Balances Beginning of Year			<u>467,420</u>	
Fund Balances End of Year			<u>\$ 476,035</u>	

City of Lynnwood, Washington
Criminal Justice Reserve Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 1,547,657	\$ 1,434,786
Investments	1,545,600	1,031,596
Receivables:		
Taxes	134,375	124,466
Interest	1,113	
Intergovernmental	2,893	9,453
Total Assets	<u>\$ 3,231,638</u>	<u>\$ 2,600,301</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 507	\$ -
Wages payable	4,097	3,864
Total Liabilities	<u>4,604</u>	<u>3,864</u>
Fund Balances		
Restricted	<u>3,227,034</u>	<u>2,596,437</u>
Total Liabilities and Fund Balances	<u>\$ 3,231,638</u>	<u>\$ 2,600,301</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, 2017 and 2016

	2017	2016
Revenues		
Taxes	\$ 642,839	\$ 614,564
Intergovernmental	95,131	70,555
Charges for services	34,529	30,918
Investment interest	17,635	14,370
Miscellaneous	4,501	286
Total Revenues	794,635	730,693
Expenditures		
Current:		
Public safety	164,038	309,984
Capital Outlay	-	15,329
Total Expenditures	164,038	325,313
Excess of Revenues Over Expenditures	630,597	405,380
Other Financing Sources (Uses)		
Proceeds from disposition of capital assets	-	6,501
Transfers out	-	(93,000)
Net Change in Fund Balances	630,597	318,881
Fund Balances Beginning of Year	2,596,437	2,277,556
Fund Balances End of Year	\$ 3,227,034	\$ 2,596,437

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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 1,194,800	\$ 1,194,800	\$ 642,839	\$ (551,961)
Intergovernmental	170,465	170,465	95,131	(75,334)
Charges for services	-	-	34,529	34,529
Investment income	-	-	17,635	17,635
Miscellaneous	-	-	4,501	4,501
Total Revenues	<u>1,365,265</u>	<u>1,365,265</u>	<u>794,635</u>	<u>(570,630)</u>
Expenditures				
Current:				
Public safety	1,183,603	1,183,603	164,038	1,019,565
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,183,603</u>	<u>1,183,603</u>	<u>164,038</u>	<u>1,019,565</u>
Other Financing Sources (Uses)	(500,000)	(500,000)	-	500,000
Excess of Revenues Over Expenditures	<u>\$ (318,338)</u>	<u>\$ (318,338)</u>	630,597	<u>\$ 948,935</u>
Fund Balances Beginning of Year			<u>2,596,437</u>	
Fund Balances End of Year			<u>\$ 3,227,034</u>	

City of Lynnwood, Washington
Transportation Impact Fees Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 90,988	\$ 35,632
Investments	92,191	25,619
Interest Receivable	161	
Total Assets	\$ 183,340	\$ 61,251
 Fund Balances		
Restricted	\$ 183,340	\$ 61,251

City of Lynnwood, Washington
Transportation Impact Fees Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Charges for services	\$ 463,311	\$ 236,863
Investment interest	2,412	307
Miscellaneous	-	6,099
Total Revenues	465,723	243,269
Other Financing Sources (Uses)		
Transfers in	203,121	-
Transfers out	(546,755)	(602,077)
Net Change in Fund Balances	122,089	(358,808)
Fund Balances Beginning of Year	\$ 61,251	420,059
Fund Balances End of Year	\$ 183,340	\$ 61,251

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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Final Budget
Revenues				
Charges for services	\$ 600,000	\$ 1,036,000	\$ 463,311	\$ (572,689)
Investment interest	-	-	2,412	2,412
Miscellaneous	-	-	-	-
Total Revenues	600,000	1,036,000	465,723	(570,277)
Other Financing Sources (Uses)				
Transfers in	-	-	203,121	203,121
Transfers out	(600,000)	(1,093,514)	(546,755)	546,759
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (57,514)</u>	122,089	<u>179,603</u>
Fund Balances Beginning of Year			<u>61,251</u>	
Fund Balances End of Year			<u>\$ 183,340</u>	

City of Lynnwood, Washington
Street Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 67,299	\$ 118,190
Investments	60,538	84,977
Receivables:		
Accounts	39,438	28,768
Taxes	123,307	117,915
Interest	42	
Intergovernmental	1,236	138
Total Assets	<u>\$ 291,860</u>	<u>\$ 349,850</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 33,180	\$ 29,913
Wages payable	47,822	38,008
Other liabilities	7,915	958
Total Liabilities	88,917	68,879
Fund Balances		
Restricted	202,943	281,109
Total Liabilities and Fund Balances	<u>\$ 291,860</u>	<u>\$ 349,988</u>

City of Lynnwood, Washington
Street Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Taxes	\$ -	\$ 932,024
Licenses and permits	134,868	135,705
Intergovernmental	860,817	826,360
Charges for Services	5,497	39,325
Investment earnings	370	419
Miscellaneous	616	-
Total Revenues	1,002,168	1,933,833
Expenditures		
Current:		
Transportation	2,230,637	2,086,872
Capital Outlay	99,697	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,328,166)	(153,039)
Other Financing Sources (Uses)		
Transfers in	1,250,000	206,739
Transfers out		(25,010)
Insurance and claims	-	-
Proceeds from the disposition of capital assets	-	-
Other Financing Sources (Uses)	1,250,000	181,729
Net Change in Fund Balances	(78,166)	28,690
Fund Balances Beginning of Year	281,109	252,419
Fund Balances End of Year	\$ 202,943	\$ 281,109

City of Lynnwood, Washington
Street Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	250,000	250,000	134,868	(115,132)
Intergovernmental	1,603,370	1,611,770	860,817	(750,953)
Charges for Services	-	16,100	5,497	(10,603)
Investment interest	-	-	370	370
Miscellaneous	-	-	616	616
Total Revenues	1,853,370	1,877,870	1,002,168	(875,702)
Expenditures				
Current:				
Transportation	4,407,539	4,436,389	2,230,637	2,205,752
Capital Outlay	-	-	99,697	(99,697)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,554,169)	(2,558,519)	(1,328,166)	1,330,050
Other Financing Sources (Uses)				
Transfers in	2,500,000	2,500,000	1,250,000	(1,250,000)
Transfers out	-	-	-	-
Insurance and claims	-	-	-	-
Proceeds from the disposition of capital assets	-	-	-	-
Other Financing Sources (Uses)	2,500,000	2,500,000	1,250,000	(1,250,000)
Net Change in Fund Balances	\$ (54,169)	\$ (58,519)	(78,166)	\$ 80,050
Fund Balances Beginning of Year			281,109	
Fund Balances End of Year			\$ 202,943	

City of Lynnwood, Washington
Cumulative Park Reserve and Development Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 23,361	\$ 45,483
Investments	47,274	32,702
Interest Receivable	31	-
Total Assets	\$ 70,666	\$ 78,185
 Fund Balances		
Restricted	\$ 70,666	\$ 78,185

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Investment earnings	\$ 507	\$ 501
Miscellaneous	17,898	487
Total Revenues	18,405	988
Expenditures		
Current:		
Culture and recreation	25,924	11,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,519)	(10,621)
Fund Balances Beginning of Year	78,185	88,806
Fund Balances End of Year	<u>\$ 70,666</u>	<u>\$ 78,185</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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Investment interest	\$ -	\$ -	\$ 507	\$ 507
Miscellaneous	26,000	26,000	17,898	(8,102)
Total Revenues	26,000	26,000	18,405	(7,595)
Expenditures				
Current:				
Culture and Recreation	26,000	26,000	25,924	76
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ (7,519)	<u>\$ (7,519)</u>
Fund Balances Beginning of Year			<u>78,185</u>	
Fund Balances End of Year			<u>\$ 70,666</u>	

City of Lynnwood, Washington
Cumulative Art Reserve Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 23,766	\$ 10,867
Investments	23,678	7,813
Interest receivable	9	-
Total Assets	<u>\$ 47,453</u>	<u>\$ 18,680</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Committed	<u>47,453</u>	<u>18,680</u>
Total Liabilities and Fund Balance	<u><u>\$ 47,453</u></u>	<u><u>\$ 18,680</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Investment earnings	\$ 93	\$ 121
Miscellaneous (Donations)	2,000	-
Total Revenues	<u>2,093</u>	<u>121</u>
Expenditures		
Current:		
Culture and Recreation	<u>-</u>	<u>3,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,093	(3,092)
Other Financing Sources (Uses)		
Transfers in	<u>26,680</u>	<u>1,356</u>
Net Change in Fund Balance	28,773	(1,736)
Fund Balances Beginning of Year	<u>18,680</u>	<u>20,416</u>
Fund Balances End of Year	<u><u>\$ 47,453</u></u>	<u><u>\$ 18,680</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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Investment interest	\$ -	\$ -	\$ 93	\$ 93
Miscellaneous (Donations)			2,000	2,000
Total Revenues	<u>-</u>	<u>-</u>	<u>2,093</u>	<u>2,093</u>
Expenditures				
Current:				
Culture and Recreation	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>2,093</u>	<u>52,093</u>
Other Financing Sources (Uses)				
Transfers in	91,750	91,750	26,680	(65,070)
Net Change in Fund Balances	<u>\$ 41,750</u>	<u>\$ 41,750</u>	<u>28,773</u>	<u>\$ (12,977)</u>
Fund Balances Beginning of Year			<u>18,680</u>	
Fund Balances End of Year			<u>\$ 47,453</u>	

City of Lynnwood, Washington
Cumulative Aid Car Fund
Comparative Balance Sheet
For the Year Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 7,961	\$ 9,202
Investments	7,950	6,616
Interest receivable	7	-
Total Assets	<u>\$ 15,918</u>	<u>\$ 15,818</u>
Fund Balances		
Committed	<u>\$ 15,918</u>	<u>\$ 15,818</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Investment earnings	\$ 100	\$ 95
Miscellaneous	-	-
Total Revenues	<u>100</u>	<u>95</u>
Fund Balances Beginning of Year	<u>15,818</u>	<u>15,723</u>
Fund Balances End of Year	<u>\$ 15,918</u>	<u>\$ 15,818</u>

City of Lynnwood, Washington
Tree Fund Reserve
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 211,797	\$ 162,603
Fund Balances		
Committed	\$ 211,797	\$ 162,603

City of Lynnwood, Washington
Tree Fund Reserve
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Licenses and permits	\$ 63,974	\$ 119,584
Expenditures		
Current:		
Transportation	<u>14,780</u>	<u>13,921</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,194	105,663
Other Financing Uses		
Transfers out	<u>-</u>	<u>-</u>
Net Change in Fund Balances	49,194	105,663
Fund Balances Beginning of Year	<u>162,603</u>	<u>56,940</u>
Fund Balances End of Year	<u>\$ 211,797</u>	<u>\$ 162,603</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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Licenses and Permits	\$ 30,000	\$ 30,000	\$ 63,974	\$ 33,974
Expenditures				
Current:				
Transportation	60,000	60,000	14,780	45,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(30,000)	49,194	79,194
Other Financing (Uses)				
Transfers out	-	-	-	-
Net Change in Fund Balances	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	49,194	<u>\$ 79,194</u>
Fund Balances Beginning of Year			<u>162,603</u>	
Fund Balances End of Year			<u>\$ 211,797</u>	

City of Lynnwood, Washington
Paths and Trails Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 871,292	\$ 1,070,649
Liabilities		
Accounts payable	\$ 384,917	\$ 56,889
Unearned revenue	477,523	1,004,908
Total Liabilities	862,440	1,061,797
Fund Balances		
Restricted	8,852	8,852
Total Liabilities and Fund Balances	\$ 871,292	\$ 1,070,649

City of Lynnwood, Washington
Paths and Trails Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 48,228	\$ 693,610
Expenditures		
Current:		
Culture and recreation	48,228	
Capital Outlay	-	693,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-
Fund Balances Beginning of Year	8,852	8,852
Fund Balances End of Year	<u>\$ 8,852</u>	<u>\$ 8,852</u>

City of Lynnwood, Washington
Paths and Trails Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Intergovernmental	\$ 1,006,837	\$ 1,006,837	\$ 48,228	\$ (958,609)
Expenditures				
Current:				
Culture and recreation	1,006,837	1,006,837	48,228	958,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers	-	-	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balances Beginning of Year			8,852	
Fund Balances End of Year			<u>\$ 8,852</u>	

City of Lynnwood, Washington
Solid Waste Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 32,909	\$ 33,476
Receivables		
Accounts	-	-
Intergovernmental	-	3,654
Total Assets	<u>\$ 32,909</u>	<u>\$ 37,130</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 6,358	\$ -
Fund Balances		
Restricted	<u>26,551</u>	<u>37,130</u>
Total Liabilities and Fund Balances	<u>\$ 32,909</u>	<u>\$ 37,130</u>

City of Lynnwood, Washington
Solid Waste Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 9,946	\$ 18,551
Expenditures		
Current		
Utilities	<u>30,525</u>	<u>24,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,579)	(6,115)
Other Financing Sources (Uses)		
Transfers in	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(10,579)	(6,115)
Fund Balances Beginning of Year	<u>37,130</u>	<u>43,245</u>
Fund Balances End of Year	<u>\$ 26,551</u>	<u>\$ 37,130</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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Intergovernmental	\$ 46,550	\$ 46,550	\$ 9,946	\$ (36,604)
Expenditures				
Current:				
Utilities	88,000	164,138	30,525	133,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,450)	(117,588)	(20,579)	97,009
Other Financing Sources (Uses)	20,000	71,000	10,000	97,009
Transfers in				
Net Change in Fund Balances	<u>\$ (21,450)</u>	<u>\$ (46,588)</u>	(10,579)	<u>\$ 36,009</u>
Fund Balances Beginning of Year			<u>37,130</u>	
Fund Balances End of Year			<u>\$ 26,551</u>	

City of Lynnwood, Washington
Transportation Benefit District Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 1,775,479	\$ 1,082
Investments	-	-
Accounts receivables	-	43,817
Total Assets	<u>\$ 1,775,479</u>	<u>\$ 44,899</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 2,956	\$ 11,798
Fund Balances		
Restricted	<u>1,772,523</u>	<u>33,101</u>
Total Liabilities and Fund Balances	<u>\$ 1,775,479</u>	<u>\$ 44,899</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Taxes	\$ 2,487,806	\$ 571,070
Investment interest	5,333	1,616
Total Revenues	2,493,139	572,686
Expenditures		
Current		
Transportation	11,009	40,984
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,482,130	531,702
Other Financing Sources (Uses)		
Transfers in	257,292	
Transfers out	(1,000,000)	(566,049)
Net Change in Fund Balances	1,739,422	(34,347)
Fund Balances Beginning of Year	33,101	67,448
Fund Balances End of Year	<u>\$ 1,772,523</u>	<u>\$ 33,101</u>

City of Lynnwood, Washington
Transportation Benefit District Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Taxes	\$ 1,080,000	\$ 2,670,000	\$ 2,487,806	\$(182,194)
Investment earnings	1,000	3,400	5,333	1,933
Total Revenues	1,081,000	2,673,400	2,493,139	(180,261)
Expenditures				
Current:				
Utilities	81,000	15,943	11,009	4,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000,000	2,657,457	2,482,130	(175,327)
Other Financing Sources (Uses)				
Transfers in	-	257,292	257,292	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Net Changes in Fund Balances	<u>\$ -</u>	<u>\$ 1,914,749</u>	1,739,422	<u>\$(175,327)</u>
Fund Balances Beginning of Year			<u>33,101</u>	
Fund Balances End of Year			<u>\$ 1,772,523</u>	

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017

	2009 LTGO Refunding Bonds	800 MHZ	Recreation Center 2012 LTGO Bonds	Local Improvement Guaranty	LID 93-1 I-5 & 196th Project	Total Nonmajor Debt Service Funds
Assets						
Cash and cash equivalents	\$ -	\$ 11,533	\$ 137,947	\$ 159,611	\$ 118,510	\$ 427,601
Investments	-	-	-	159,408	-	159,408
Interest receivable	-	-	-	165	-	165
Accounts receivable	-	-	-	-	841,230	841,230
Total Assets	\$ -	\$ 11,533	\$ 137,947	\$ 319,184	\$ 959,740	\$ 1,428,404
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 859	\$ 859
Deferred Inflows and Fund Balances						
-						
Deferred Inflows - Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ 384,815	\$ 384,815
Fund Balances						
Restricted	-	11,533	137,947	30,750	574,066	754,296
Committed	-	-	-	288,434	-	288,434
Total Fund Balances	-	11,533	137,947	319,184	574,066	1,042,730
Total Liabilities, Deferred Inflows and Fund Balances	\$ -	\$ 11,533	\$ 137,947	\$ 319,184	\$ 959,740	\$ 1,428,404

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017

	2009 LTGO Refunding Bonds	800 MHZ	Recreation Center 2012 LTGO Bonds	Local Improvement Guaranty	LID 93-1 I-5 & 196th Project	Total Nonmajor Debt Service Funds
Revenues						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	-
Investment interest	-	-	-	3,243	48,996	52,239
Special assessments	-	-	-	-	474,837	474,837
Intergovernmental	-	-	-	-	-	-
Total Revenues	-	-	-	3,243	523,833	527,076
Debt Service:						
Principal retirement	330,000	108,951	455,000	-	515,000	1,408,951
Interest and fiscal charges	13,200	18,304	859,012	-	42,906	933,422
Total Expenditures	343,200	127,255	1,314,012	-	557,906	2,342,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	(343,200)	(127,255)	(1,314,012)	3,243	(34,073)	(1,815,297)
Other Financing Sources (Uses)						
Transfers in	315,150	128,183	1,342,458	-	-	1,785,791
Transfers out	-	-	-	(192,000)	-	(192,000)
Total Other Financing Sources (Uses)	315,150	128,183	1,342,458	(192,000)	-	1,593,791
Net Change in Fund Balances	(28,050)	928	28,446	(188,757)	(34,073)	(221,506)
Fund Balances Beginning of Year	28,050	10,605	109,501	507,941	608,139	1,264,236
Fund Balances End of Year	\$ -	\$ 11,533	\$ 137,947	\$ 319,184	\$ 574,066	\$ 1,042,730

City of Lynnwood, Washington
2009 LTGO Refunding Bonds
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ -	\$ 28,050
Fund Balances		
Restricted for debt service	\$ -	\$ 28,050

City of Lynnwood, Washington
2009 LTGO Refunding Bonds
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Debt Service:		
Principal retirement	\$ 330,000	\$ 315,000
Interest and fiscal charges	13,200	25,800
Total Expenditures	343,200	340,800
Other Financing Sources		
Transfers in	315,150	340,450
Net Change in Fund Balances	(28,050)	(350)
Fund Balances Beginning of Year	28,050	28,400
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 28,050</u>

City of Lynnwood, Washington
2009 LTGO Refunding Bonds
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Expenditures				
Debt Service:				
Principal	330,000	330,000	330,000	-
Interest	13,200	13,200	13,200	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(343,200)	(343,200)	(343,200)	-
Other Financing Sources				
Transfers in	343,800	343,800	315,150	(28,650)
Net Changes in Fund Balances	<u>\$ 600</u>	<u>\$ 600</u>	(28,050)	<u>\$ (28,650)</u>
Fund Balances Beginning of Year			<u>28,050</u>	
Fund Balances End of Year			<u>\$ -</u>	

City of Lynnwood, Washington
800 MHZ Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 11,533	\$ 10,605
Fund Balances		
Restricted for debt service	\$ 11,533	\$ 10,605

City of Lynnwood, Washington
800 MHZ Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Debt Service:		
Principal retirement	\$ 108,951	\$ 104,146
Interest and fiscal charges	18,304	23,511
Total Expenditures	<u>127,255</u>	<u>127,657</u>
Other Financing Sources (Uses)		
Transfers in	128,183	127,624
Transfers out	-	-
Total Other Financing Sources (Uses)	<u>128,183</u>	<u>127,624</u>
Net Change in Fund Balances	928	(33)
Fund Balances Beginning of Year	<u>10,605</u>	<u>10,638</u>
Fund Balances End of Year	<u>\$ 11,533</u>	<u>\$ 10,605</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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Expenditures				
Debt Service:				
Principal	234,488	234,488	108,951	125,537
Interest	31,160	31,160	18,304	12,856
Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,648)	(265,648)	(127,255)	138,393
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Transfers in	266,818	266,818	128,183	(138,635)
Net Changes in Fund Balances	<u>\$ 1,170</u>	<u>\$ 1,170</u>	928	<u>\$ (242)</u>
Fund Balances Beginning of Year			<u>10,605</u>	
Fund Balances End of Year			<u>\$ 11,533</u>	

City of Lynnwood, Washington
Recreation Center 2012 LTGO Bonds
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 137,947	\$ 109,176
Fund Balances		
Restricted for debt service	\$ 137,947	\$ 109,176

City of Lynnwood, Washington
Recreation Center 2012 LTGO Bonds
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Debt Service:		
Principal retirement	\$ 455,000	\$ 445,000
Interest and fiscal charges	859,012	872,362
Total Expenditures	1,314,012	1,317,362
Other Financing Sources		
Transfers in	1,342,458	1,317,083
Net Change in Fund Balances	28,446	(279)
Fund Balances Beginning of Year	109,501	109,780
Fund Balances End of Year	<u>\$ 137,947</u>	<u>\$ 109,501</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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Expenditures				
Debt Service:				
Principal	1,265,000	1,265,000	455,000	810,000
Interest	1,704,376	1,704,376	859,012	845,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,969,376)	(2,969,376)	(1,314,012)	1,655,364
Other Financing Sources (Uses)				
Transfers in	2,970,575	2,970,575	1,342,458	(1,628,117)
Net Changes in Fund Balances	<u>\$ 1,199</u>	<u>\$ 1,199</u>	28,446	<u>\$ 27,247</u>
Fund Balances Beginning of Year			<u>109,501</u>	
Fund Balances End of Year			<u>\$ 137,947</u>	

City of Lynnwood, Washington
Local Improvement Guaranty Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 159,611	\$ 295,488
Investments	159,408	212,453
Receivables:		
Accounts	-	-
Interest	165	-
Total Assets	<u>\$ 319,184</u>	<u>\$ 507,941</u>
Fund Balances		
Restricted for debt service	\$ 30,750	\$ 30,750
Committed	288,434	477,191
Total Fund Balances	<u>\$ 319,184</u>	<u>\$ 507,941</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Investment interest	\$ 3,243	\$ 3,060
Other Financing Sources (Uses)		
Transfers out	<u>(192,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	(192,000)	-
Net Change in Fund Balances	(188,757)	3,060
Fund Balances Beginning of Year	<u>507,941</u>	<u>504,881</u>
Fund Balances End of Year	<u><u>\$ 319,184</u></u>	<u><u>\$ 507,941</u></u>

City of Lynnwood, Washington
LID93-1 I-5 and 196th Project
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 118,510	\$ 85,725
Restricted cash and investments	-	-
Receivables:		
Accounts	841,230	1,382,067
Property taxes	-	-
Total Assets	<u>\$ 959,740</u>	<u>\$ 1,467,792</u>
Liabilities		
Accounts payable	\$ 859	\$ -
Deferred Inflows and Fund Balances		
Deferred Inflows - Special Assessments	\$ 384,815	\$ 859,653
Fund Balances		
Restricted for debt service	<u>574,066</u>	<u>608,139</u>
Total Deferred Inflows and Fund Balances	<u>\$ 959,740</u>	<u>\$ 1,467,792</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Charges for services	\$ -	\$ 7,763
Other interest	48,996	81,877
Special assessments	474,837	454,227
Total Revenues	<u>523,833</u>	<u>543,867</u>
Expenditures		
Debt Service:		
Principal retirement	\$ 515,000	\$ 490,000
Interest and fiscal charges	42,906	70,843
Total Expenditures	<u>557,906</u>	<u>560,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,073)	(16,976)
Fund Balances Beginning of Year	<u>608,139</u>	<u>625,115</u>
Fund Balances End of Year	<u>\$ 574,066</u>	<u>\$ 608,139</u>

Nonmajor Capital Projects Funds

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

	<u>Other General Capital</u>	<u>Transportation Capital</u>	<u>Facilities Capital</u>	<u>Parks and Recreation Capital</u>	<u>Public Safety Infrastructure Capital</u>
Assets					
Cash and cash equivalents	\$ 437,315	\$ 6,441,741	\$ 606,853	\$ 355,076	\$ -
Investments	-	-	-	-	-
Receivables:					
Interest	-	-	-	-	-
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Intergovernmental	-	195,926	-	1,007,143	-
Total Assets	<u>\$ 437,315</u>	<u>\$ 6,637,667</u>	<u>\$ 606,853</u>	<u>\$ 1,362,219</u>	<u>\$ -</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 223,429	\$ 15,106	\$ 892,734	\$ -
Interfund payable	-	-	-	-	-
Other current liabilities	-	-	-	-	-
Total Liabilities	-	223,429	15,106	892,734	-
Fund Balances					
Committed	-	-	-	-	-
Restricted	437,315	6,414,238	591,747	469,485	-
Total Fund Balances	437,315	6,414,238	591,747	469,485	-
Total Liabilities and Fund Balances	<u>\$ 437,315</u>	<u>\$ 6,637,667</u>	<u>\$ 606,853</u>	<u>\$ 1,362,219</u>	<u>\$ -</u>

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

	Street Capital	Traffic Signals	194th Extension Project	Roadway Surfacing	196th Improvements	36th/35th Avenue West
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 18,299	\$ 9,112	\$ 284,866	\$ 257,170
Investments	-	-	-	-	-	-
Receivables:						
Interest	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ 18,299	\$ 9,112	\$ 284,866	\$ 257,170
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,425	\$ 8,262	\$ -
Interfund payable	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Liabilities	-	-	-	1,425	8,262	-
Fund Balances						
Committed	-	-	-	-	-	-
Restricted	-	-	18,299	7,687	276,604	257,170
Total Fund Balances	-	-	18,299	7,687	276,604	257,170
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 18,299	\$ 9,112	\$ 284,866	\$ 257,170

(continued)

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

(continued)

	204th/SR99- 68 Avenue West	Park Acquisition and Development	Poplar Way Bridge Extension	Real Estate Excise Tax 2	Real Estate Excise Tax 1	Hardware Software Upgrade
Assets						
Cash and cash equivalents	\$ -	\$ 6,981	\$ 56,248	\$ 642,877	\$ 460,776	\$ 107,543
Investments	-	-	-	644,853	463,668	-
Receivables:						
Interest	-	-	-	802	758	-
Accounts	-	-	-	-	-	-
Taxes	-	-	-	108,129	108,129	-
Intergovernmental	-	938	-	-	-	-
Total Assets	\$ -	\$ 7,919	\$ 56,248	\$ 1,396,661	\$ 1,033,331	\$ 107,543
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306
Interfund payable	-	-	-	-	-	-
Other current liabilities	-	6,981	-	-	-	-
Total Liabilities	-	6,981	-	-	-	306
Fund Balances						
Committed	-	-	-	-	-	107,237
Restricted	-	938	56,248	1,396,661	1,033,331	-
Total Fund Balances	-	938	56,248	1,396,661	1,033,331	107,237
Total Liabilities and Fund Balances	\$ -	\$ 7,919	\$ 56,248	\$ 1,396,661	\$ 1,033,331	\$ 107,543

(continued)

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

(continued)

	Capital Development Plan	Justice Center Improvement	Interurban Trail	Citywide Safety Project	33RD Avenue Extension	Total Nonmajor Capital Projects Funds
Assets						
Cash and cash equivalents	\$ 412,421	\$ -	\$ 138	\$ 53,997	\$ -	\$ 10,151,413
Investments	-	-	-	-	-	1,108,521
Receivables:						
Interest	-	-	-	-	-	1,560
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	216,258
Intergovernmental	-	-	-	5,951	-	1,209,958
Total Assets	<u>\$ 412,421</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 59,948</u>	<u>\$ -</u>	<u>\$ 12,687,710</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	1,141,262
Interfund payable	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	6,981
Total Liabilities	-	-	-	-	-	1,148,243
Fund Balances						
Committed	-	-	-	-	-	107,237
Restricted	412,421	-	138	59,948	-	11,432,230
Total Fund Balances	412,421	-	138	59,948	-	11,539,467
Total Liabilities and Fund Balances	<u>\$ 412,421</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 59,948</u>	<u>\$ -</u>	<u>\$ 12,687,710</u>

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

	<u>Other General Capital</u>	<u>Transportation Capital</u>	<u>Facilities Capital</u>	<u>Parks and Recreation Capital</u>	<u>Public Safety Infrastructure Capital</u>
Revenues					
Intergovernmental	\$ -	\$ 354,353	\$ -	\$ 2,007,143	\$ -
Charges for services	-	-	-	-	-
Taxes	-	-	-	-	-
Investment interest	-	-	-	-	-
Judgements and settlements	-	-	-	-	-
Contributions and other	-	-	-	-	-
Total Revenues	<u>-</u>	<u>354,353</u>	<u>-</u>	<u>2,007,143</u>	<u>-</u>
Expenditures					
<i>Current:</i>					
General government	-	-	84,776	-	-
Economic environment	2,685	-	-	-	-
Transportation	-	174,985	-	-	-
Culture and recreation	-	-	-	4,529,004	-
Capital Outlay	<u>-</u>	<u>701,027</u>	<u>-</u>	<u>13,253</u>	<u>-</u>
Total Expenditures	<u>2,685</u>	<u>876,012</u>	<u>84,776</u>	<u>4,542,257</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,685)</u>	<u>(521,659)</u>	<u>(84,776)</u>	<u>(2,535,114)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers in	440,000	6,935,897	850,000	3,028,247	-
Transfers out	-	-	(173,477)	(23,648)	-
Total Other Financing Sources (Uses)	<u>440,000</u>	<u>6,935,897</u>	<u>676,523</u>	<u>3,004,599</u>	<u>-</u>
Net Change in Fund Balance	<u>437,315</u>	<u>6,414,238</u>	<u>591,747</u>	<u>469,485</u>	<u>-</u>
Fund Balances Beginning of Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances End of Fiscal Year	<u>\$ 437,315</u>	<u>\$ 6,414,238</u>	<u>\$ 591,747</u>	<u>\$ 469,485</u>	<u>\$ -</u>

City of Lynnwood, Washington
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended December 31, 2017

	Street Capital	Traffic Signals	194th Extension Project	Roadway Surfacing	196th Improvements	36th/35th Avenue West
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 727,013	\$ 683,534
Charges for services	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Investment interest	-	-	-	-	-	-
Judgements and settlements	-	-	-	-	-	-
Contributions and other	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,013</u>	<u>683,534</u>
Expenditures						
<i>Current:</i>						
General government	-	-	-	-	-	-
Transportation	-	-	-	69,352	-	-
Culture and recreation	-	-	-	-	-	-
Capital Outlay	<u>13,193</u>	<u>-</u>	<u>1,701</u>	<u>-</u>	<u>723,348</u>	<u>1,064,350</u>
Total Expenditures	<u>13,193</u>	<u>-</u>	<u>1,701</u>	<u>69,352</u>	<u>723,348</u>	<u>1,064,350</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,193)</u>	<u>-</u>	<u>(1,701)</u>	<u>(69,352)</u>	<u>3,665</u>	<u>(380,816)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(52,502)</u>	<u>(95,180)</u>	<u>(63,981)</u>	<u>(989,585)</u>	<u>(284,831)</u>	<u>(967,242)</u>
Total Other Financing Sources (Uses)	<u>(52,502)</u>	<u>(95,180)</u>	<u>(63,981)</u>	<u>(989,585)</u>	<u>(284,831)</u>	<u>(967,242)</u>
Net Change in Fund Balance	<u>(65,695)</u>	<u>(95,180)</u>	<u>(65,682)</u>	<u>(1,058,937)</u>	<u>(281,166)</u>	<u>(1,348,058)</u>
Fund Balances Beginning of Fiscal Year	<u>65,695</u>	<u>95,180</u>	<u>83,981</u>	<u>1,066,624</u>	<u>557,770</u>	<u>1,605,228</u>
Fund Balances End of Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,299</u>	<u>\$ 7,687</u>	<u>\$ 276,604</u>	<u>\$ 257,170</u>

(continued)

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

(continued)

	204th/SR99-68 Avenue West	Park Acquisition and Development	Poplar Way Bridge Extension	Real Estate Excise Taxes 2	Real Estate Excise Taxes 1	Hardware Software Upgrade
Revenues						
Intergovernmental	\$ -	\$ 42,857	\$ 70,970	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Taxes	-	-	-	1,122,756	1,122,756	-
Investment interest	-	-	-	14,215	13,896	-
Judgements and settlements	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Total Revenues	-	42,857	70,970	1,136,971	1,136,652	-
Expenditures						
<i>Current:</i>						
General government	-	-	-	-	-	1,400
Transportation	2,102	-	-	-	-	-
Culture and recreation	-	147,767	-	-	-	-
Capital Outlay	-	111,016	31,914	-	-	34,532
Total Expenditures	2,102	258,783	31,914	-	-	35,932
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,102)	(215,926)	39,056	1,136,971	1,136,652	(35,932)
Other Financing Sources (Uses)						
Transfers in	-	-	-	362,353	191,439	-
Transfers out	(284,684)	(11,247)	(459,599)	(1,494,781)	(1,525,155)	-
Other Financing Sources (Uses)	(284,684)	(11,247)	(459,599)	(1,132,428)	(1,333,716)	-
Net Change in Fund Balance	(286,786)	(227,173)	(420,543)	4,543	(197,064)	(35,932)
Fund Balances Beginning of Fiscal Year	286,786	228,111	476,791	1,392,118	1,230,395	143,169
Fund Balances End of Fiscal Year	\$ -	\$ 938	\$ 56,248	\$ 1,396,661	\$ 1,033,331	\$ 107,237

(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, 2017

(continued)

	Capital Development Plan	Justice Center Improvement	Interurban Trail	City-wide Safety Project	33RD Avenue Extension	Total Nonmajor Capital Projects Funds
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 66,625	\$ -	\$ 3,952,495
Charges for services	-	-	-	-	-	-
Taxes	-	-	-	-	-	2,245,512
Investment interest	-	-	-	-	-	28,111
Judgements and settlements	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,625</u>	<u>-</u>	<u>6,226,118</u>
Expenditures						
<i>Current:</i>						
General government	-	-	-	-	-	86,176
Economic environment	-	-	-	-	-	2,685
Transportation	-	-	-	-	-	246,439
Culture and recreation	-	-	-	-	-	4,676,771
Capital Outlay	<u>-</u>	<u>-</u>	<u>20,045</u>	<u>100,423</u>	<u>-</u>	<u>2,814,802</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>20,045</u>	<u>100,423</u>	<u>-</u>	<u>7,826,873</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(20,045)</u>	<u>(33,798)</u>	<u>-</u>	<u>(1,600,755)</u>
Other Financing Sources (Uses)						
Transfers in	1,473,952	-	-	-	-	13,281,888
Transfers out	<u>(3,153,579)</u>	<u>(21,878)</u>	<u>(707,254)</u>	<u>(18,600)</u>	<u>(271,231)</u>	<u>(10,598,454)</u>
Other Financing Sources (Uses)	<u>(1,679,627)</u>	<u>(21,878)</u>	<u>(707,254)</u>	<u>(18,600)</u>	<u>(271,231)</u>	<u>2,683,434</u>
Net Change in Fund Balance	<u>(1,679,627)</u>	<u>(21,878)</u>	<u>(727,299)</u>	<u>(52,398)</u>	<u>(271,231)</u>	<u>1,082,679</u>
Fund Balances Beginning of Fiscal Year	<u>2,092,048</u>	<u>21,878</u>	<u>727,437</u>	<u>112,346</u>	<u>271,231</u>	<u>10,456,788</u>
Fund Balances End of Fiscal Year	<u>\$ 412,421</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 59,948</u>	<u>\$ -</u>	<u>\$ 11,539,467</u>

City of Lynnwood, Washington
Other General Government Capital
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 437,315	\$ -
Investments	-	-
Receivables:		
Accounts	-	-
Intergovernmental	-	-
Total Assets	<u>437,315</u>	<u>-</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	-	-
Interfund	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances		
Restricted for capital outlay	<u>437,315</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 437,315</u>	<u>\$ -</u>

City of Lynnwood, Washington
Other General Government Capital
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Investment interest	\$ -	\$ -
Intergovernmental	-	-
Total Revenues	-	-
Expenditures		
Current		-
Economic environment	2,685	-
Capital Outlay - Economic Environment	-	-
Total Expenditures	2,685	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,685)	-
Other Financing (Uses)		
Transfers in	440,000	
Transfers (out)	-	
Total Other Financing Sources (Uses)	440,000	-
Net Change in Fund Balances	437,315	-
Fund Balances Beginning of Year	-	-
Fund Balances End of Year	<u>\$ 437,315</u>	<u>\$ -</u>

City of Lynnwood, Washington
Other General Government Capital
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

	<u>Original 2017-2018 Biennial Budget</u>	<u>Biennial Budget as Modified through December 2017</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Investment interest	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Economic Environment	-	-	2,685	(2,685)
Capital Outlay - Economic Environment	<u>520,000</u>	<u>440,000</u>	<u>-</u>	<u>440,000</u>
Total Expenditures	<u>520,000</u>	<u>440,000</u>	<u>2,685</u>	<u>437,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(520,000)	(440,000)	(2,685)	437,315
Other Financing Sources (Uses)				
Transfers in	520,000	440,000	440,000	-
Transfers out	-	-	-	-
	<u>520,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>
Fund Balances End of Year				
Net Changes in Fund Balances	<u>-</u>	<u>-</u>	<u>437,315</u>	<u>437,315</u>
Fund Balances Beginning of Year			<u>-</u>	
Fund Balances End of Year			<u>437,315</u>	

City of Lynnwood, Washington
Transportation Capital Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 6,441,741	\$ -
Due from other governments	195,926	
Total Assets	<u>6,637,667</u>	<u>-</u>
Liabilities		
Accounts payable	223,429	-
Retainage payable	<u>-</u>	<u>-</u>
Total Liabilities	223,429	-
Fund Balances		
Restricted for capital outlay	<u>6,414,238</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6,637,667</u>	<u>\$ -</u>

City of Lynnwood, Washington
Transportation Capital Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 354,353	\$ -
Total Revenues	354,353	-
Expenditures		
Current		
Transportation	\$ 174,985	\$ -
Capital Outlay - Transportation	701,027	-
Total Expenditures	876,012	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(521,659)	-
Other Financing Sources (Uses)		
Transfers in	6,935,897	-
Transfers out	-	-
	6,935,897	-
Net Change in Fund Balances	6,414,238	-
Fund Balances Beginning of Year	-	-
Fund Balances End of Year	<u>\$ 6,414,238</u>	<u>\$ -</u>

City of Lynnwood, Washington
Transportation Capital Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Intergovernmental	\$ 25,711,977	\$ 30,035,427	\$ 354,353	\$ (29,681,074)
Investment earnings		-	-	-
Total Revenues	25,711,977	30,035,427	354,353	(29,681,074)
Expenditures				
Current:				
Transportation	11,000,000	13,775,430	174,985	13,600,445
Capital Outlay - Transportation	24,966,977	29,966,977	701,027	29,265,950
Total Expenditures	35,966,977	43,742,407	876,012	42,866,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,255,000)	(13,706,980)	(521,659)	13,185,321
Other Financing Sources (Uses)				
Transfers in	10,255,000	13,806,980	6,935,897	(6,871,083)
Transfers out	-	(100,000)	-	100,000
Net Changes in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	6,414,238	<u>\$ 6,414,238</u>
Fund Balances Beginning of Year			-	
Fund Balances End of Year			<u>\$ 6,414,238</u>	

City of Lynnwood, Washington
Facilities Capital Infrastructure Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 606,853	\$ -
Total Assets	<u>\$ 606,853</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 15,106	\$ -
Fund Balances		
Restricted for capital outlay	<u>591,747</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 606,853</u>	<u>\$ -</u>

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

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ -	\$ -
Investment interest	-	-
Total Revenues	<u>-</u>	<u>-</u>
Expenditures		
Current		
General Government	84,776	-
Capital Outlay - General Government	<u>-</u>	<u>-</u>
Total Expenditures	<u>84,776</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,776)	-
Other Financing Sources (Uses)		
Transfers in	850,000	-
Transfers out	<u>(173,477)</u>	<u>-</u>
Net Change in Fund Balances	591,747	-
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 591,747</u>	<u>\$ -</u>

City of Lynnwood, Washington
Facilities Capital Infrastructure Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Current:				
General Government	-	69,670	84,776	(15,106)
Capital outlay - General Government	<u>1,115,000</u>	<u>936,853</u>	<u>-</u>	<u>936,853</u>
Total Expenditures	<u>1,115,000</u>	<u>1,006,523</u>	<u>84,776</u>	<u>921,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,115,000)	(1,006,523)	(84,776)	921,747
Other Financing Sources (Uses)				
Transfers in	1,115,000	1,180,000	850,000	(330,000)
Transfers out	<u>-</u>	<u>(173,477)</u>	<u>(173,477)</u>	<u>-</u>
Net Changes in Fund Balances	<u>-</u>	<u>-</u>	591,747	<u>\$ 591,747</u>
Fund Balances Beginning of Year			<u>-</u>	
Fund Balances End of Year			<u>\$ 591,747</u>	

City of Lynnwood, Washington
Parks and Recreation Capital Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 355,076	\$ -
Due from other governments	1,007,143	-
Total Assets	1,362,219	-
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 892,734	\$ -
Other payables	-	-
Total Liabilities	892,734	-
Fund Balances		
Restricted for capital outlay	469,485	-
Total Liabilities and Fund Balances	<u>\$ 1,362,219</u>	<u>\$ -</u>

City of Lynnwood, Washington
Parks and Recreation Capital Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 2,007,143	\$ -
Investment Interest	-	-
Total Revenues	<u>2,007,143</u>	<u>-</u>
Expenditures		
Current		
Culture and recreation	4,529,004	-
Capital Outlay	<u>13,253</u>	<u>-</u>
Total Expenditures	<u>4,542,257</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,535,114)	-
Other Financing Sources (Uses)		
Transfers in	3,028,247	-
Transfers out	<u>(23,648)</u>	<u>-</u>
Net Change in Fund Balances	469,485	-
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 469,485</u>	<u>\$ -</u>

City of Lynnwood, Washington
Parks and Recreation Capital Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Intergovernmental	\$ 1,175,216	\$ 3,225,000	\$ 2,007,143	\$ (1,217,857)
Investment earnings	-	-	-	-
Total Revenues	1,175,216	3,225,000	2,007,143	(1,217,857)
Expenditures				
Current:				
Culture and Recreation	-	-	4,529,004	(4,529,004)
Capital Outlay - Capital and Recreation	5,205,216	7,823,900	13,253	7,810,647
Total Expenditures	5,205,216	7,823,900	4,542,257	3,281,643
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,030,000)	(4,598,900)	(2,535,114)	2,063,786
Other Financing Sources (Uses)				
Transfers in	4,030,000	4,698,900	3,028,247	(1,670,653)
Transfers out	-	(100,000)	(23,648)	76,352
Net Changes in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	469,485	<u>\$ 469,485</u>
Fund Balances Beginning of Year			<u>-</u>	
Fund Balances End of Year			<u>\$ 469,485</u>	

City of Lynnwood, Washington
Public Safety Capital Infrastructure Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ -
Liabilities		
Accounts payable	-	-
Retainage payable	-	-
Total Liabilities	-	-
Fund Balances		
Restricted for capital outlay	-	-
Total Liabilities and Fund Balances	\$ -	\$ -

City of Lynnwood, Washington
Public Safety Capital Infrastructure Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Current		
Public Safety	\$ -	\$ -
Capital Outlay - Public Safety	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-
Other Financing Sources (Uses)		
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>
Fund Balances End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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City of Lynnwood, Washington
Public Safety Capital Infrastructure Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Modified Budget
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Current:				
Public Safety	-	-	-	-
Capital outlay - Public Safety	<u>500,000</u>	<u>500,000</u>	-	<u>500,000</u>
Total Expenditures	<u>500,000</u>	<u>500,000</u>	-	<u>500,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers in	500,000	500,000	-	(500,000)
Transfers out	-	-	-	-
Net Changes in Fund Balances	<u>\$ 500,000</u>	<u>\$ 500,000</u>	-	<u>\$ -</u>
Fund Balances Beginning of Year			-	
Fund Balances End of Year			<u>\$ -</u>	

City of Lynnwood, Washington
Street Capital Projects Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ -	\$ 67,077
Total Assets	\$ -	\$ 67,077
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 1,382
Fund Balances		
Restricted for capital outlay	\$ -	\$ 65,695
Total Liabilities and Fund Balances	\$ -	\$ 67,077

City of Lynnwood, Washington
Street Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Transportation	-	-
Capital Outlay	<u>13,193</u>	<u>94,305</u>
Total Expenditures	<u>13,193</u>	<u>94,305</u>
Other Financing Sources (Uses)		
Transfers out	\$ (52,502)	\$ -
Fund Balances Beginning of Year	<u>65,695</u>	<u>65,695</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 65,695</u>

City of Lynnwood, Washington
Traffic Signals Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ 95,180
Accounts receivable	-	-
Total Assets	<u>\$ -</u>	<u>\$ 95,180</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Restricted for capital outlay	-	95,180
Total Liabilities and Fund Balances	<u>\$ -</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ -	\$ -
Expenditures		
Debt Service		
Interest	-	-
Capital Outlay	-	-
Total Expenditures	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-
Other Financing Sources (Uses)		
Transfers out	(95,180)	-
Net Change in Fund Balances	(95,180)	-
Fund Balances Beginning of Year	95,180	95,180
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 95,180</u>

City of Lynnwood, Washington
194th Extension Project Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 18,299	\$ 83,981
Fund Balances		
Restricted for capital outlay	\$ 18,299	\$ 83,981

City of Lynnwood, Washington
194th Extension Project Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Transportation	\$ -	\$ 58,167
Capital Outlay	1,701	-
Other Financing Sources (Uses)		
Transfers out	(63,981)	-
Net Change in Fund Balances	(65,682)	(58,167)
Fund Balances Beginning of Year	83,981	142,148
Fund Balances End of Year	<u>\$ 18,299</u>	<u>\$ 83,981</u>

City of Lynnwood, Washington
Roadway Surfacing Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 9,112	\$ 1,028,315
Accounts receivable	-	48,865
Total Assets	<u>\$ 9,112</u>	<u>\$ 1,077,180</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 1,425	\$ 10,556
Fund Balances		
Restricted for capital outlay	<u>7,687</u>	<u>1,066,624</u>
Total Liabilities and Fund Balances	<u>\$ 9,112</u>	<u>\$ 1,077,180</u>

City of Lynnwood, Washington
Roadway Surfacing Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ -	\$ 800,000
Charges for services	-	7,215
Total Revenues	<u>-</u>	<u>807,215</u>
Expenditures		
Current		
Transportation	69,352	2,016,676
Capital Outlay	<u>-</u>	<u>118,314</u>
Total Expenditures	<u>69,352</u>	<u>2,134,990</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,352)	(1,327,775)
Other Financing Sources (Uses)		
Transfers in	-	1,564,927
Transfers out	<u>(989,585)</u>	<u>-</u>
Net Change in Fund Balances	(1,058,937)	237,152
Fund Balances Beginning of Year	<u>1,066,624</u>	<u>829,472</u>
Fund Balances End of Year	<u>\$ 7,687</u>	<u>\$ 1,066,624</u>

City of Lynnwood, Washington
196th Improvements Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 284,866	\$ 449,240
Accounts receivable	-	-
Intergovernmental receivable	-	164,368
Total Assets	<u>\$ 284,866</u>	<u>\$ 613,608</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 8,262	\$ 55,838
Fund Balances		
Restricted for capital outlay	<u>276,604</u>	<u>557,770</u>
Total Liabilities and Fund Balances	<u>\$ 284,866</u>	<u>\$ 613,608</u>

City of Lynnwood, Washington
196th Improvements Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 727,013	\$ 645,980
Expenditures		
Transportation	-	-
Capital Outlay	<u>723,348</u>	<u>806,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,665	(160,138)
Other Financing Sources (Uses)		
Transfers in (out)	<u>(284,831)</u>	<u>1,474</u>
Net Change in Fund Balances	(281,166)	(158,664)
Fund Balances Beginning of Year	<u>557,770</u>	<u>716,434</u>
Fund Balances End of Year	<u>\$ 276,604</u>	<u>\$ 557,770</u>

City of Lynnwood, Washington
36th/35th Avenue West
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 257,170	\$ 1,603,310
Receivables:		
Accounts	-	-
Intergovernmental	-	27,572
Total Assets	<u>\$ 257,170</u>	<u>\$ 1,630,882</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 25,654
Fund Balances		
Restricted for capital outlay	<u>257,170</u>	<u>1,605,328</u>
Total Liabilities and Fund Balances	<u>\$ 257,170</u>	<u>\$ 1,630,982</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 683,534	\$ 121,597
Other	-	267
Total Revenues	<u>683,534</u>	<u>121,864</u>
Expenditures		
Current		
General government	-	-
Transportation	-	-
Capital Outlay	<u>1,064,350</u>	<u>408,780</u>
Total Expenditures	<u>1,064,350</u>	<u>408,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(380,816)	(286,916)
Other Financing Sources (Uses)		
Transfers in (out)	<u>(967,242)</u>	<u>1,799,242</u>
Net Change in Fund Balances	(1,348,058)	1,512,326
Fund Balances Beginning of Year	<u>1,605,228</u>	<u>92,902</u>
Fund Balances End of Year	<u>\$ 257,170</u>	<u>\$ 1,605,228</u>

City of Lynnwood, Washington
204th/SR99-68 Avenue West
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ 276,786
Receivable:		
Accounts	-	-
Intergovernmental	-	10,000
Total Assets	<u>\$ -</u>	<u>\$ 286,786</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Restricted for capital outlay	-	286,786
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 286,786</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ -	\$ (76,075)
Expenditures		
Current		
Transportation	2,102	-
Capital Outlay	<u>-</u>	<u>142,732</u>
Total Expenditures	<u>2,102</u>	<u>142,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,102)	(218,807)
Other Financing Sources (Uses)		
Transfers out	<u>(284,684)</u>	<u>-</u>
Net Change in Fund Balances	(286,786)	(218,807)
Fund Balances Beginning of Year	<u>286,786</u>	<u>505,593</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 286,786</u>

City of Lynnwood, Washington
Park Acquisition and Development
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 6,981	\$ 511,785
Due from other governments	938	5,000
Total Assets	7,919	516,785
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 285,273
Other payables	6,981	3,401
Total Liabilities	6,981	288,674
Fund Balances		
Restricted for capital outlay	938	228,111
Total Liabilities and Fund Balances	<u>\$ 7,919</u>	<u>\$ 516,785</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, 2017 and 2016

	2017	2016
Revenues		
Intergovernmental	\$ 42,857	\$ -
Miscellaneous - Contributions	-	5,000
Total Revenues	<u>42,857</u>	<u>5,000</u>
Expenditures		
Current		
Culture and recreation	147,767	177,725
Capital Outlay	<u>111,016</u>	<u>301,506</u>
Total Expenditures	<u>258,783</u>	<u>479,231</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(215,926)	(474,231)
Other Financing Sources(Uses)		
Transfers in	-	540,155
Transfers out	<u>(11,247)</u>	<u>-</u>
Net Change in Fund Balances	(227,173)	65,924
Fund Balances Beginning of Year	<u>228,111</u>	<u>162,187</u>
Fund Balances End of Year	<u>\$ 938</u>	<u>\$ 228,111</u>

City of Lynnwood, Washington
Poplar Way Bridge Extension
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 56,248	\$ 480,564
Receivables:		
Accounts	-	-
Intergovernmental	-	-
Total Assets	<u>\$ 56,248</u>	<u>\$ 480,564</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 3,773
Interfund	-	-
Total Liabilities	-	3,773
Fund Balances		
Restricted for capital outlay	56,248	476,791
Total Liabilities and Fund Balances	<u>\$ 56,248</u>	<u>\$ 480,564</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 70,970	\$ 287,268
Expenditures		
Transportation	-	-
Capital Outlay	<u>31,914</u>	<u>347,357</u>
Total Expenditures	31,914	347,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,056	(60,089)
Other Financing Sources (Uses)		
Transfers in	-	259,591
Transfers out	<u>(459,599)</u>	
Net Change in Fund Balances	(420,543)	199,502
Fund Balances Beginning of Year	<u>476,791</u>	<u>277,289</u>
Fund Balances End of Year	<u>\$ 56,248</u>	<u>\$ 476,791</u>

City of Lynnwood, Washington
Real Estate Excise Taxes 2 Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 642,877	\$ 690,873
Investments	644,853	496,730
Interest receivable	802	-
Taxes receivable	<u>108,129</u>	<u>204,515</u>
Total Assets	<u>\$ 1,396,661</u>	<u>\$ 1,392,118</u>
Fund Balances		
Restricted for capital outlay	<u>\$ 1,396,661</u>	<u>\$ 1,392,118</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Taxes	\$ 1,122,756	\$ 1,086,113
Investment interest	14,215	8,295
Total Revenues	1,136,971	1,094,408
Other Financing (Uses)		
Transfers in	362,353	-
Transfers out	(1,494,781)	(902,536)
Net Change in Fund Balances	4,543	191,872
Fund Balances Beginning of Year	1,392,118	1,200,246
Fund Balances End of Year	<u>\$ 1,396,661</u>	<u>\$ 1,392,118</u>

City of Lynnwood, Washington
Real Estate Excise Taxes 2 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	1,900,000	1,900,000	1,122,756	(777,244)
Investment interest	-	-	14,215	14,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,900,000	1,900,000	1,136,971	(763,029)
Other Financing Sources (Uses)				
Transfers in	-	362,350	362,353	3
Transfers out	(2,175,000)	(3,289,561)	(1,494,781)	1,794,780
Net Changes in Fund Balances	<u>\$ (275,000)</u>	<u>\$ (1,027,211)</u>	4,543	<u>\$ 1,031,754</u>
Fund Balances Beginning of Year			<u>1,392,118</u>	
Fund Balances End of Year			<u>\$ 1,396,661</u>	

City of Lynnwood, Washington
Real Estate Excise Taxes 1 Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 460,776	\$ 596,793
Investments	463,668	429,087
Interest receivable	758	
Taxes receivable	<u>108,129</u>	<u>204,515</u>
Total Assets	<u>\$ 1,033,331</u>	<u>\$ 1,230,395</u>
Fund Balances		
Restricted for capital outlay	<u>\$ 1,033,331</u>	<u>\$ 1,230,395</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Taxes	\$ 1,122,756	\$ 1,086,879
Investment interest	13,896	6,179
Total Revenues	1,136,652	1,093,058
Other Financing (Uses)		
Transfers in	191,439	-
Transfers out	(1,525,155)	(898,452)
Net Change in Fund Balance	(197,064)	194,606
Fund Balances Beginning of Year	1,230,395	1,035,789
Fund Balances End of Year	<u>\$ 1,033,331</u>	<u>\$ 1,230,395</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

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Final Budget
Revenues				
Taxes	1,900,000	1,900,000	1,122,756	(777,244)
Investment Earnings	-	-	13,896	13,896
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,900,000	1,900,000	1,136,652	(763,348)
Other Financing Sources (Uses)				
Transfers in	-	191,440	191,439	(1)
Transfers out	(2,580,000)	(3,050,310)	(1,525,155)	1,525,155
Net Changes in Fund Balances	<u>\$ (680,000)</u>	<u>\$ (958,870)</u>	(197,064)	<u>\$ 761,806</u>
Fund Balances Beginning of Year			1,230,395	
Fund Balances End of Year			<u>\$ 1,033,331</u>	

City of Lynnwood, Washington
Hardware/Software Upgrade Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 107,543	\$ 144,669
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 306	\$ 1,500
Fund Balances		
Committed	<u>107,237</u>	<u>143,169</u>
Total Liabilities and Fund Balances	<u>\$ 107,543</u>	<u>\$ 144,669</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Current		
General Government	\$ 1,400	\$ 87,007
Capital Outlay	<u>34,532</u>	<u>115,185</u>
Total Expenditures	35,932	202,192
Other Financing Sources		
Transfers in	<u>-</u>	<u>98,754</u>
Net Change in Fund Balances	(35,932)	(103,438)
Fund Balances Beginning of Year	<u>143,169</u>	<u>246,607</u>
Fund Balances End of Year	<u>\$ 107,237</u>	<u>\$ 143,169</u>

City of Lynnwood, Washington
Capital Development Plan Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 412,421	\$ 379,321
Investments	-	272,727
Receivables:		
Accounts	-	1,440,000
Intergovernmental	-	-
Total Assets	<u>412,421</u>	<u>2,092,048</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	-	-
Interfund	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances		
Restricted for capital outlay	<u>412,421</u>	<u>2,092,048</u>
Total Liabilities and Fund Balances	<u>\$ 412,421</u>	<u>\$ 2,092,048</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Investment interest	\$ -	\$ 3,700
Judgements and settlements	-	1,440,000
Total Revenues	-	1,443,700
Other Financing (Uses)		
Transfers in	1,473,952	162,500
Transfers (out)	(3,153,579)	(155,736)
Total Other Financing Sources (Uses)	(1,679,627)	6,764
Net Change in Fund Balances	(1,679,627)	1,450,464
Fund Balances Beginning of Year	2,092,048	641,584
Fund Balances End of Year	<u>\$ 412,421</u>	<u>\$ 2,092,048</u>

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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, 2017

	Original 2017-2018 Biennial Budget	Biennial Budget as Modified through December 2017	Actual	Variance With Final Budget
Revenues				
Investment interest	-	-	-	-
Judgements and settlements	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers in	2,200,000	2,400,475	1,473,952	(926,523)
Transfers out	(3,940,000)	(3,944,500)	(3,153,579)	790,921
Net Changes in Fund Balances	<u>\$ (1,740,000)</u>	<u>\$ (1,544,025)</u>	(1,679,627)	<u>\$ (135,602)</u>
Fund Balances Beginning of Year			<u>2,092,048</u>	
Fund Balances End of Year			<u>\$ 412,421</u>	

City of Lynnwood, Washington
Justice Center Improvement Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ 129,025
Liabilities		
Accounts payable	-	102,349
Retainage payable	-	4,798
Total Liabilities	-	107,147
Fund Balances		
Restricted for capital outlay	-	21,878
Total Liabilities and Fund Balances	\$ -	\$ 129,025

City of Lynnwood, Washington
Justice Center Improvement Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenditures		
Current		
Public Safety	\$ -	\$ -
Capital Outlay	-	135,602
Total Expenditures	<u>-</u>	<u>135,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(135,602)
Other Financing Sources (Uses)		
Transfers in	-	47,650
Transfers out	(21,878)	-
	<u>(21,878)</u>	<u>47,650</u>
Net Change in Fund Balances	(21,878)	(87,952)
Fund Balances Beginning of Year	<u>21,878</u>	<u>109,830</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 21,878</u>

City of Lynnwood, Washington
Interurban Trail Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 138	\$ 812,720
Accounts Receivable	-	-
Total Assets	<u>\$ 138</u>	<u>\$ 812,720</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 85,283
Fund Balances		
Restricted for capital outlay	<u>138</u>	<u>727,437</u>
Total Liabilities and Fund Balances	<u>\$ 138</u>	<u>\$ 812,720</u>

City of Lynnwood, Washington
Interurban Trail Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ -	\$ 50,348
Expenditures		
Culture and Recreation	-	-
Capital Outlay	<u>20,045</u>	<u>286,898</u>
Total Expenditures	20,045	286,898
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,045)	(236,550)
Other Financing Sources (Uses)		
Transfers in (out)	<u>(707,254)</u>	<u>308,344</u>
Net Change in Fund Balances	(727,299)	71,794
Fund Balances Beginning of Year	<u>727,437</u>	<u>655,643</u>
Fund Balances End of Year	<u><u>\$ 138</u></u>	<u><u>\$ 727,437</u></u>

City of Lynnwood, Washington
33rd Ave W Extension
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ -	\$ 428,670
Restricted cash and cash equivalent	-	-
Receivables:		
Accounts	-	1,749
Intergovernmental	-	-
Total Assets	<u>\$ -</u>	<u>\$ 430,419</u>
Liabilities, Deferred Outflows of Revenue and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Interfund	-	-
Other current liabilities	-	159,188
Deposits payable	-	-
Total Liabilities	<u>-</u>	<u>159,188</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Fund Balances		
Restricted for capital outlay	<u>-</u>	<u>271,231</u>
Total Liabilities, Deferred Outflows of Revenue and Fund Balances	<u>\$ -</u>	<u>\$ 430,419</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

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ -	\$ -
Charges for services	-	-
Other interest	-	-
Total Revenues	<u>-</u>	<u>-</u>
Expenditures		
Current		
General Government	-	-
Capital Outlay	<u>-</u>	<u>19,716</u>
Total Expenditures	<u>-</u>	<u>19,716</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(19,716)
Other Financing Sources (Uses)		
Transfers out	<u>(271,231)</u>	<u>-</u>
Net Change in Fund Balances	(271,231)	(19,716)
Fund Balances Beginning of Year	<u>271,231</u>	<u>290,947</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 271,231</u>

City of Lynnwood, Washington
Citywide Safety Project Fund
Comparative Balance Sheet
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 53,997	\$ 65
Receivables:		
Accounts	-	-
Intergovernmental	5,951	961,650
Total Assets	<u>\$ 59,948</u>	<u>\$ 961,715</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 41,369
Interfund payable	-	808,000
Total Liabilities	-	849,369
Fund Balances		
Restricted for capital outlay	59,948	112,346
Total Liabilities and Fund Balances	<u>\$ 59,948</u>	<u>\$ 961,715</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Intergovernmental	\$ 66,625	\$ 1,165,224
Expenditures		
Current		
General Government	-	-
Capital Outlay - Transportation	<u>100,423</u>	<u>1,648,997</u>
Total Expenditures	<u>100,423</u>	<u>1,648,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,798)	(483,773)
Other Financing Sources (Uses)		
Transfers in	-	334,002
Transfers out	<u>(18,600)</u>	<u>-</u>
Net Change in Fund Balances	(52,398)	(149,771)
Fund Balances Beginning of Year	<u>112,346</u>	<u>262,117</u>
Fund Balances End of Year	<u>\$ 59,948</u>	<u>\$ 112,346</u>

City of Lynnwood, Washington
Water, Sewer and Storm Water Utility Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 11,843,282	\$ 5,097,897
Restricted assets: cash and cash equivalents	107,956	7,836,000
Investments	4,922,501	3,244,695
Receivables:		
Accounts	3,268,528	3,654,455
Interest	10,232	5,101
Prepaid items	273,289	136,655
Total Current Assets	<u>20,425,788</u>	<u>19,974,803</u>
Noncurrent Assets:		
Restricted assets: cash and cash equivalents	1,865,542	7,067,221
Notes receivable	61,322	61,322
Capital assets:		
Nondepreciable	13,759,111	9,820,041
Depreciable, net	55,948,362	56,047,525
Total Noncurrent Assets	<u>71,634,337</u>	<u>72,996,109</u>
TOTAL ASSETS	<u>92,060,125</u>	<u>92,970,912</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCE:	<u>471,728</u>	<u>465,019</u>
Total Assets and Deferred Outflows	<u>92,531,853</u>	<u>93,435,931</u>
Liabilities		
Current Liabilities:		
Accounts payable	963,433	1,424,082
Accrued payroll	263,370	189,875
Retainage payable	123,283	183,886
Custodial accounts payable	30,558	40,720
Compensated absences payable	138,074	108,977
Revenue bonds payable	1,559,514	1,405,000
Interest payable	103,961	109,400
Total Current Liabilities	<u>3,182,193</u>	<u>3,461,940</u>
Long-Term Liabilities (net of current portion):		
Compensated absences payable	289,713	217,104
Net pension liability	2,542,238	2,340,634
Revenue bonds payable	32,662,082	35,842,602
Total Long-term Liabilities	<u>35,494,033</u>	<u>38,400,340</u>
TOTAL LIABILITIES	<u>38,676,226</u>	<u>41,862,280</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>435,201</u>	<u>354,849</u>
Total Liabilities	<u>39,111,427</u>	<u>42,217,129</u>
Net Position		
Net investment in capital assets	35,362,594	38,401,124
Restricted for:		
Debt service	1,865,542	1,405,000
Operating reserves	-	1,973,258
Capital reserves	-	2,094,248
Capital projects	-	8,468,678
Unrestricted	16,192,290	269,843
Total Net Position	<u>\$ 53,420,426</u>	<u>\$ 52,612,151</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services:		
Water	\$ 6,670,868	\$ 6,111,380
Sewer	10,348,517	10,221,789
Storm	3,751,447	3,444,819
Miscellaneous	22,829	92,429
	<u>20,793,661</u>	<u>19,870,417</u>
Charges for services		
	<u>20,793,661</u>	<u>19,870,417</u>
Operating Expenses		
Administration and general-Water	1,793,506	1,813,357
Administration and general-Sewer	1,566,016	1,600,856
Administration and general-Storm	759,944	775,557
Maintenance and operation-Water	3,388,344	2,922,132
Maintenance and operation-Sewer	6,579,365	4,648,316
Maintenance and operation-Storm	1,829,843	1,063,588
Depreciation	2,389,269	1,043,069
	<u>18,306,287</u>	<u>13,866,875</u>
Total Operating Expenses	<u>18,306,287</u>	<u>13,866,875</u>
Operating Income	<u>2,487,374</u>	<u>6,003,542</u>
Non-Operating Revenues (Expenses)		
Investment interest	224,924	152,059
Interest expense	(1,212,424)	(1,345,523)
Debt issuance costs	(5,425)	(5,425)
Other nonoperating revenue	-	-
Gain (loss) on the disposition of capital assets	(1,072,469)	(126,027)
Miscellaneous revenue	3,176	3,187
	<u>(2,062,218)</u>	<u>(1,321,729)</u>
Total Non-Operating Revenues (Expenses)	<u>(2,062,218)</u>	<u>(1,321,729)</u>
Income Before Contributions and Transfers Out	425,156	4,681,813
Contributions	476,358	875,036
Transfers In	563,005	53,665
Transfers Out	<u>(656,244)</u>	<u>(2,101,824)</u>
Change in Net Position	808,275	3,508,690
Net Position Beginning of Year	<u>52,612,151</u>	<u>48,504,991</u>
Prior Period Adjustment	-	598,470
Restated Beginning Net Position	52,612,151	49,103,461
Net Position End of Year	<u>\$ 53,420,426</u>	<u>\$ 52,612,151</u>

City of Lynnwood, Washington
Water, Sewer and Storm Water Utility Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 21,179,587	\$ 19,341,921
Cash payments to employees for services	(3,414,025)	(4,655,788)
Cash payments to suppliers	(11,855,002)	(7,016,156)
Cash payments to/from other funds	(93,239)	(1,868,199)
Net Cash Provided by (Used in) Operating Activities	<u>5,817,321</u>	<u>5,801,778</u>
Cash Flows from Noncapital Financing Activities		
Other nonoperating revenues	-	-
Transfers in	-	-
Net Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Capital contributions	77,268	127,786
Cash receipts from capital grants	-	-
Cash receipts from the disposal of capital assets	350	-
Proceeds from revenue bonds	-	-
Principal paid on revenue bonds	(1,405,000)	(1,391,494)
Interest paid on revenue bonds and contracts	(1,302,538)	(1,376,323)
Payments for capital acquisitions	(7,913,725)	(10,887,973)
Net Cash Flows from Capital and Related Financing Activities	<u>(10,543,645)</u>	<u>(13,528,004)</u>
Cash Flows from Investing Activities		
Purchase of investment securities	(1,949,134)	(2,984,133)
Proceeds from sale and maturities of investment securities	271,327	-
Investment (losses)/earnings	219,793	218,880
Net Cash Flows From Investing Activities	<u>(1,458,014)</u>	<u>(2,765,253)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,184,338)	(10,491,479)
Cash and Cash Equivalents Beginning of Year	<u>20,001,118</u>	<u>30,492,597</u>
Cash and Cash Equivalents End of Year	<u>\$ 13,816,780</u>	<u>\$ 20,001,118</u>

City of Lynnwood, Washington
Water, Sewer and Storm Water Utility Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	\$ 2,487,374	\$ 6,003,542
Adjustments:		
Depreciation	2,389,269	1,043,069
(Increase) Decrease in Assets:		
Accounts receivable	385,927	(414,502)
Inventories, deposits, prepaid and other	(136,634)	(54,546)
Increase (Decrease) in Liabilities:		
Accounts payable	460,649	(1,115,608)
Compensated absences payable	101,706	56,386
Other current liabilities	129,030	283,437
Net Cash Provided by (Used in) Operating Activities	<u>\$ 5,817,321</u>	<u>\$ 5,801,778</u>
Schedule of Non-Cash Capital and Related Financing Activities		
Capital assets written off or retired	\$ 1,113,194	\$ 126,027
Contribution of capital assets	399,090	875,036
Total Non-Cash Activities	<u>\$ 1,512,284</u>	<u>\$ 1,001,063</u>

City of Lynnwood, Washington
Golf Course Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 108,275	\$ 177,368
Investments	108,280	127,525
Receivables:		
Interest	152	-
Prepaid expenses	5,349	2,581
Inventories	32,210	24,273
Total Current Assets	<u>254,266</u>	<u>331,747</u>
Noncurrent Assets:		
Restricted:		
Cash and investments	14,727	18,117
Customer prepayments	18,468	17,291
Capital assets:		
Nondepreciable	3,663,369	3,760,952
Depreciable, net	641,676	178,222
Total Noncurrent Assets	<u>4,338,240</u>	<u>3,974,582</u>
Total Assets	<u>4,592,506</u>	<u>4,306,329</u>
Liabilities		
Current Liabilities:		
Accounts payable	70,035	32,496
Interfund payable	133,000	133,000
Deposits payable	18,468	18,805
Custodial accounts	689	374
Unearned revenue	14,727	15,378
Total Current Liabilities	<u>236,919</u>	<u>200,053</u>
Interfund payable	1,384,000	1,092,000
Total Long-Term Liabilities	<u>1,384,000</u>	<u>1,092,000</u>
Total Liabilities	<u>1,620,919</u>	<u>1,292,053</u>
Net Position		
Investment in capital assets	4,305,045	3,939,174
Unrestricted (deficit)	(1,333,458)	(924,898)
Total Net Position	<u>\$ 2,971,587</u>	<u>\$ 3,014,276</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 1,000,116	\$ 1,018,762
Rentals	130,305	128,531
Miscellaneous	648	455
Total Operating Revenues	<u>1,131,069</u>	<u>1,147,748</u>
Operating Expenses		
Administration and general	1,140,163	1,072,277
Maintenance and operations	3,324	3,355
Depreciation	31,019	32,154
Total Operating Expenses	<u>1,174,506</u>	<u>1,107,786</u>
Operating Income (Loss)	<u>(43,437)</u>	<u>39,962</u>
Non-Operating Revenues (Expenses)		
Gain (loss) on disposition of capital assets	-	-
Investment interest	3,183	2,392
Interest expense	(11,791)	(5,608)
Miscellaneous	12,388	-
Bond related items	-	-
Total Non-Operating Revenues (Expenses)	<u>3,780</u>	<u>(3,216)</u>
Income Before Contributions	(39,657)	36,746
Transfers Out	<u>(3,032)</u>	<u>-</u>
Change in Net Position	(42,689)	36,746
Net Position Beginning of Year	<u>3,014,276</u>	<u>2,977,530</u>
Net Position End of Year	<u>\$ 2,971,587</u>	<u>\$ 3,014,276</u>

City of Lynnwood, Washington
Golf Course Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,131,069	\$ 1,150,140
Cash payments for goods and services	(1,114,002)	(1,056,142)
Other cash received (paid)	9,064	(3,355)
Net Cash Provided by (Used in) Operating Activities	26,131	90,643
Cash Flows from/To Noncapital Financing Activities		
Cash flows from/(to) interfund loans	277,176	19,392
Cash Flows from Investment Activities		
Purchase of investment securities	(32,087)	(67,840)
Proceeds from sale and maturities of investment securities	51,333	
Investment earnings	3,031	
Cash Flows from Capital and Related Financing Activities		
Payments for capital acquisitions	(396,890)	(97,583)
Net Increase (Decrease) in Cash and Cash Equivalents	(71,306)	(55,388)
Cash and Cash Equivalents Beginning of Year	<u>212,776</u>	<u>268,164</u>
Cash and Cash Equivalents End of Year	<u>\$ 141,470</u>	<u>\$ 212,776</u>

Continued

City of Lynnwood, Washington
Golf Course Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

(Continued)

	2017	2016
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ (43,437)	\$ 39,962
Adjustments:		
Depreciation	31,019	32,154
Other nonoperating disbursements	12,388	-
(Increase) Decrease in Assets:		
Accounts receivable	-	2,392
Inventories, deposits and prepaid items	(10,705)	(1,218)
Increase (Decrease) in Liabilities:		
Accounts payable	37,539	19,511
Compensated absences payable	-	-
Other liabilities	(673)	(2,158)
Net Cash Provided by (Used in) Operating Activities	\$ 26,131	\$ 90,643
Schedule of Non-Cash Capital and Related Financing Activities		
Retirement and write-off of capital assets	\$ -	\$ 4,000
	-	-
Total Non-Cash Activities	\$ -	\$ 4,000

City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Net Position
December 31, 2017

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 2,318,681	\$ 33,030	\$ 15,351	\$ 2,367,062
Investments	732,750	31,696	15,331	779,777
Receivables:				
Accounts	8,152	-	-	8,152
Intergovernmental	74,391	-	-	74,391
Interest	988	-	11	999
Prepaid insurance	23,669	190,544	-	214,213
Total Current Assets	3,158,631	255,270	30,693	3,444,594
Noncurrent Assets:				
Capital assets:				
Nondepreciable	54,085	-	-	54,085
Depreciable, net	5,619,776	-	-	5,619,776
Total Noncurrent Assets:	5,673,861	-	-	5,673,861
Deferred Outflows	62,624	-	-	62,624
Total Assets and Deferred Outflows	8,895,116	255,270	30,693	9,181,079
Liabilities				
Current Liabilities:				
Accounts payable	58,559	-	-	58,559
Wages payable	41,894	-	-	41,894
Claims and judgments payable	-	91,000	-	91,000
Compensated absences payable	20,581	-	-	20,581
Total Current Liabilities	121,034	91,000	-	212,034
Noncurrent Liabilities				
Compensated absences payable	42,218	-	-	42,218
Net pension liability payable	320,341	-	-	320,341
Total Liabilities	362,559	-	-	362,559
Deferred Inflows	57,255	-	-	57,255
Total Liabilities and Deferred Inflows	540,848	91,000	-	631,848
Net Position				
Investment in capital assets	5,673,861	-	-	5,673,861
Unrestricted	2,680,407	164,270	30,693	2,875,370
Total Net Position	\$ 8,354,268	\$ 164,270	\$ 30,693	\$ 8,549,231

City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2017

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Total
Operating Revenues				
Charges for services	\$ 3,097,618	\$ -	\$ -	\$ 3,097,618
Miscellaneous	-	-	-	-
Total Operating Revenues	<u>3,097,618</u>	<u>-</u>	<u>-</u>	<u>3,097,618</u>
Operating Expenses				
Administration and general	4,557	-	-	4,557
Maintenance and operations	4,012,502	-	-	4,012,502
Insurance and claims	-	-	-	-
Miscellaneous services	-	-	-	-
Depreciation	857,194	-	-	857,194
Total Operating Expenses	<u>4,874,253</u>	<u>-</u>	<u>-</u>	<u>4,874,253</u>
Operating Income (Loss)	<u>(1,776,635)</u>	<u>-</u>	<u>-</u>	<u>(1,776,635)</u>
Non-Operating Revenues				
Other nonoperating revenue	-	(1,470)	-	(1,470)
Investment interest	20,761	(155)	193	20,799
Gain on disposition of capital assets	(867,102)	-	-	(867,102)
Total Non-Operating Revenues	<u>(846,341)</u>	<u>(1,625)</u>	<u>193</u>	<u>(847,773)</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in Net Position	<u>(2,622,976)</u>	<u>(1,625)</u>	<u>193</u>	<u>(2,624,408)</u>
Net Position Beginning of Year	10,977,244	165,895	30,500	11,173,639
Net Position End of Year	<u>\$ 8,354,268</u>	<u>\$ 164,270</u>	<u>\$ 30,693</u>	<u>\$ 8,549,231</u>

City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2017

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Total
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from interfund services provided	\$ 3,097,618	\$ -	\$ -	\$ 3,097,618
Other cash receipts	-	-	-	-
Cash payments to employees for services	(523,814)	-	-	(523,814)
Cash payments for goods and services	(3,496,070)	(387,464)	-	(3,883,534)
Net Cash Provided by (Used in) Operating Activities	<u>(922,266)</u>	<u>(387,464)</u>	<u>-</u>	<u>(1,309,730)</u>
Cash Flows from Non-Capital financing activities				
Interfund loan received	(19,956)	-	-	(19,956)
Insurance recoveries	-	865	-	865
Net Cash Flows from non-Capital and related financing activities	<u>(19,956)</u>	<u>865</u>	<u>-</u>	<u>(19,091)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(611,417)	-	-	(611,417)
Proceeds from sale of equipment	-	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(611,417)</u>	<u>-</u>	<u>-</u>	<u>(611,417)</u>
Cash Flows from Investing Activities				
Purchase of investment securities	(300,681)	(47,514)	(3,641)	(351,836)
Proceeds from sale and maturities of investment securities	762,931	204,655	1,067	968,653
Interest and dividends on investments	19,773	(155)	182	19,800
Net Cash Provided by (Used in) Investing Activities	<u>482,023</u>	<u>156,986</u>	<u>(2,392)</u>	<u>636,617</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,071,616)	(229,613)	(2,392)	(1,303,621)
Cash and Cash Equivalents Beginning of Year	<u>3,390,297</u>	<u>262,643</u>	<u>17,743</u>	<u>3,670,683</u>
Cash and Cash Equivalents End of Year	<u>\$ 2,318,681</u>	<u>\$ 33,030</u>	<u>\$ 15,351</u>	<u>\$ 2,367,062</u>

City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2017

	<u>Equipment Rental Reserve</u>	<u>Self Insurance</u>	<u>Reserve Retirement Contribution</u>	<u>Total</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ (1,776,635)	\$ -	\$ -	\$ (1,776,635)
Adjustments:				
Depreciation	857,194	-	-	857,194
(Increase) Decrease in Assets:				
Receivables, net	32,873	-	-	32,873
Inventories, deposits and prepaid expenses	(11,166)	154,714	-	143,548
Increase (Decrease) in Liabilities:				
Accounts and other payables	(17,693)	(539,843)	(2,335)	(559,871)
Compensated absences	(6,839)	-	-	(6,839)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (922,266)</u>	<u>\$ (385,129)</u>	<u>\$ (2,335)</u>	<u>\$ (1,309,730)</u>

City of Lynnwood, Washington
Equipment Rental Reserve Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,318,681	\$ 3,390,797
Investments	732,750	1,195,000
Receivables:		
Accounts	8,152	21,069
Intergovernmental	74,391	94,347
Interest	988	-
Prepaid Insurance	23,669	12,503
Total Current Assets	<u>3,158,631</u>	<u>4,713,716</u>
Noncurrent Assets:		
Capital assets:		
Nondepreciable	54,085	81,462
Depreciable, net	5,619,776	6,709,271
Total Noncurrent Assets:	<u>5,673,861</u>	<u>6,790,733</u>
Deferred Outflows	<u>62,624</u>	<u>37,723</u>
Total Assets and Deferred Outflows	<u>8,895,116</u>	<u>11,542,172</u>
Liabilities		
Current Liabilities:		
Accounts payable	58,559	79,257
Wages payable	41,894	35,186
Interfund loan payable	-	-
Compensated absences payable	20,581	18,670
Total Current Liabilities	<u>121,034</u>	<u>133,113</u>
Noncurrent Liabilities		
Compensated absences payable	42,218	50,968
Net pension liability	320,341	414,120
Total Noncurrent Liabilities	<u>362,559</u>	<u>465,088</u>
Deferred Inflows	<u>57,255</u>	<u>4,157</u>
Total Liabilities and Deferred Inflows	<u>540,848</u>	<u>602,358</u>
Net Position		
Investment in capital assets	5,673,861	6,790,733
Unrestricted	2,680,407	4,186,511
Total Net Position	<u>\$ 8,354,268</u>	<u>\$ 10,977,244</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 3,097,618	\$ 3,180,607
Miscellaneous	-	56
Total Operating Revenues	<u>3,097,618</u>	<u>3,180,663</u>
Operating Expenses		
Administration and general	4,557	109,501
Maintenance and operations	4,012,502	1,858,245
Depreciation	857,194	839,384
Total Operating Expenses	<u>4,874,253</u>	<u>2,807,130</u>
Operating Income (Loss)	<u>(1,776,635)</u>	<u>373,533</u>
Non-Operating Revenues		
Investment interest	20,761	16,636
Gain (loss) on disposition of capital assets	(867,102)	249,867
Total Non-Operating Revenues	<u>(846,341)</u>	<u>266,503</u>
Income Before Transfers in	(2,622,976)	640,036
Transfers in	-	131,631
Transfers out	<u>-</u>	<u>(18,428)</u>
Change in Net Position	(2,622,976)	753,239
Net Position Beginning of Year	<u>10,977,244</u>	<u>10,224,005</u>
Net Position End of Year	<u>\$ 8,354,268</u>	<u>\$ 10,977,244</u>

City of Lynnwood, Washington
Equipment Rental Reserve Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from interfund services provided	\$ 3,097,618	\$ 3,293,810
Other cash receipts	-	56
Cash payments to employees for services	(523,814)	(734,913)
Cash payments for goods and services	(3,496,070)	(1,296,540)
Net Cash Provided by (Used in) Operating Activities	<u>(922,266)</u>	<u>1,262,413</u>
Cash Flows from Noncapital Financing Activities		
Interfund loan received/(paid)	(19,956)	(171,387)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(611,417)	(890,231)
Proceeds from sale of equipment	-	249,867
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(611,417)</u>	<u>(640,364)</u>
Cash Flows from Investing Activities		
Purchase of investment securities	(300,681)	(752,155)
Proceeds from sale and maturities of investment securities	762,931	
Interest and dividends on investments	19,773	16,636
Net Cash Provided by (Used in) Investing Activities	<u>482,023</u>	<u>(735,519)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,071,616)	(284,857)
Cash and Cash Equivalents Beginning of Year	<u>3,390,297</u>	<u>3,675,154</u>
Cash and Cash Equivalents End of Year	<u>\$ 2,318,681</u>	<u>\$ 3,390,297</u>

City of Lynnwood, Washington
Equipment Rental Reserve Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income/ (Loss)	\$ (1,776,635)	\$ 373,533
Adjustments:		
Depreciation	857,194	839,384
Other non-operating receipts and disbursements	-	-
(Increase) Decrease in Assets:		
Receivables, net	32,873	1,386
Inventories, deposits and prepaid expenses	(11,166)	34,343
Increase (Decrease) in Liabilities:		
Accounts and other payables	(17,693)	21,106
Compensated absences	(6,839)	(7,339)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (922,266)</u>	<u>\$ 1,262,413</u>

City of Lynnwood, Washington
Self Insurance Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 33,030	\$ 262,643
Investments	31,696	188,837
Interest receivable	-	-
Prepaid insurance	190,544	345,258
Total Current Assets	<u>255,270</u>	<u>796,738</u>
Liabilities		
Current Liabilities:		
Accounts payable	-	542,178
Claims and judgements payable	91,000	88,665
Interfund loans payable	-	-
Total Current Liabilities	<u>91,000</u>	<u>630,843</u>
Net Position		
Restricted	<u>\$ 164,270</u>	<u>\$ 165,895</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ -	\$ 827,068
Operating Expenses		
Administration and general	-	-
Maintenance and operations	-	-
Insurance and claims	-	785,491
Total Operating Expenses	-	785,491
Operating Income (Loss)	-	41,577
Non-Operating Revenues (Expenses)		
Investment interest	(155)	580
Insurance and claims	(1,470)	54,820
Interest expense	-	-
Total Non-Operating Revenues	(1,625)	55,400
Income Before Transfers in	(1,625)	96,977
Transfers in	-	-
Change in Net Position	(1,625)	96,977
Net Position Beginning of Year	165,895	68,918
Net Position End of Year	<u>\$ 164,270</u>	<u>\$ 165,895</u>

City of Lynnwood, Washington
Self Insurance Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from interfund services provided	\$ -	\$ 827,068
Payments to other funds for services	-	-
Cash payments for goods and services	(387,464)	(162,493)
Net Cash Provided by (Used in) Operating Activities	<u>(387,464)</u>	<u>664,575</u>
Cash Flows from non-capital and related financing activities:		
Insurance recoveries	865	54,820
Receipts from non-capital grants	-	-
Interfund loans received/(paid)	-	(275,000)
Cash Flows from non-capital and related financing activities	<u>865</u>	<u>(220,180)</u>
Cash Flows from capital and related financing activities:		
Proceeds from disposition of capital assets	-	-
Capital Contributions	-	-
Net Cash Provided by (Used in) Capital and related financing activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Purchase of investments	(47,514)	(187,110)
Proceeds from sale and maturities of investment securities	204,655	-
Interest and dividends on investments	(155)	-
Net Cash Provided by (Used in) Investing Activities	<u>156,986</u>	<u>(187,110)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(229,613)	257,285
Cash and Cash Equivalents Beginning of Year	<u>262,643</u>	<u>5,358</u>
Cash and Cash Equivalents End of Year	<u>\$ 33,030</u>	<u>\$ 262,643</u>

City of Lynnwood, Washington
Self Insurance Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ -	\$ 41,577
Adjustments:		
Depreciation	-	-
Other non-operating receipts/disbursements	-	-
(Increase) Decrease in Assets:		
Receivables, net	-	-
Inventories, deposits and prepaid expenses	154,714	26,905
Increase (Decrease) in Liabilities:		
Accounts Payable	(539,843)	596,093
Other Current Liabilities	<u>(2,335)</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (387,464)</u>	<u>\$ 664,575</u>

City of Lynnwood, Washington
Reserve Retirement Contribution Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	\$ 15,351	\$ 17,743
Investments	15,331	12,757
Interest receivable	11	-
	\$ 30,693	\$ 30,500
 Net Position		
Unrestricted	\$ 30,693	\$ 30,500

City of Lynnwood, Washington
Reserve Retirement Contribution Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ -	\$ -
Miscellaneous	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>
Operating Expenses		
Administration and general	-	-
Miscellaneous services	-	18,857
Total Operating Expenses	<u>-</u>	<u>18,857</u>
Operating (Loss)	-	(18,857)
Non-Operating Revenues		
Investment interest	193	269
Change in Net Position	193	(18,588)
Net Position Beginning of Year	<u>30,500</u>	<u>49,088</u>
Net Position End of Year	<u>\$ 30,693</u>	<u>\$ 30,500</u>

City of Lynnwood, Washington
Reserve Retirement Contribution Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from interfund services provided	\$ -	\$ -
Other cash receipts	-	-
Cash payments to employees for services	-	-
Other cash payments	-	(18,857)
Net Cash Provided by (Used in) Operating Activities	-	(18,857)
Cash Flows from Capital and Related Financing Activities		
Proceeds from disposition of capital assets	-	-
Payments for capital acquisitions	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-
Cash Flows from Investing Activities		
Purchase of investments	(3,641)	(4,115)
Proceeds from sale and maturities of investment securities	1,067	-
Interest and dividends on investments	182	269
Net Cash Provided by (Used in) Investing Activities	(2,392)	(3,846)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,392)	(22,703)
Cash and Cash Equivalents Beginning of Year	17,743	40,446
Cash and Cash Equivalents End of Year	\$ 15,351	\$ 17,743

City of Lynnwood, Washington
Reserve Retirement Contribution Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating (Loss)	\$ -	\$ (18,857)
Adjustments:		
Depreciation	-	-
(Increase) Decrease in Assets:		
Intergovernmental receivable	-	-
Increase (Decrease) in Liabilities:		
Intergovernmental payable	-	-
Compensated absences	-	-
Net Cash Provided by (Used in) Operating Activities	\$ -	\$ (18,857)

City of Lynnwood, Washington
Private Purpose Trust Funds
Combining Statement of Net Position
December 31, 2017

	<u>Recreation Scholarships</u>	<u>Court Trust</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 18,571	\$ 42,308	\$ 60,879
Investments	1,311	-	1,311
Total Current Assets	<u>19,882</u>	<u>42,308</u>	<u>62,190</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Restricted for private trust	<u>19,882</u>	<u>42,308</u>	<u>62,190</u>
Total Net Position	<u>\$ 19,882</u>	<u>\$ 42,308</u>	<u>\$ 62,190</u>

City of Lynnwood, Washington
Private Purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
December 31, 2017

	<u>Recreation Scholarships</u>	<u>Court Trust</u>	<u>Total</u>
Additions:			
Contributions:			
Other	\$ 242	\$ -	\$ 242
Total Additions	<u>242</u>	<u>-</u>	<u>242</u>
Deductions:			
Benefits and Disbursements	-	8,983	8,983
Total Deductions	<u>-</u>	<u>8,983</u>	<u>8,983</u>
Change in Net Position	242	(8,983)	(8,741)
Net Position Beginning of Year	<u>19,640</u>	<u>51,291</u>	<u>70,931</u>
Net Position End of Year	<u>\$ 19,882</u>	<u>\$ 42,308</u>	<u>\$ 62,190</u>

City of Lynnwood, Washington
Comparative Statement of Net Plan Position
Recreation Scholarship funds
Fiduciary Funds
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Restricted cash and investments	\$ 18,571	\$ 18,658
Investments	1,311	982
Total Assets	<u>\$ 19,882</u>	<u>\$ 19,640</u>
Net Position		
Held in trust for scholarships	<u>\$ 19,882</u>	<u>\$ 19,640</u>

City of Lynnwood, Washington
Comparative Statement of Changes in Fiduciary Net Position
Recreation Scholarship Funds
Fiduciary Funds
For the Years Ended December 31, 2017 and 2016

	2017	2016
Additions		
Contributions	\$ 242	\$ 1,055
Beginning Net Position	19,640	18,585
Ending Net Position	\$ 19,882	\$ 19,640

City of Lynnwood, Washington
Comparative Statement of Net Position
Court Trust Fund
Fiduciary Funds
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Restricted cash and investments	\$ 42,308	\$ 51,291
Net Position		
Custodial Accounts	\$ 42,308	\$ 51,291

City of Lynnwood, Washington
Statement of Changes in Fiduciary Net Position
Court Trust Fund
Fiduciary Funds
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Additions		
Court collections		\$ 65,257
Deductions		
Disbursements	\$ 8,983	\$ 45,850
Change in Net Position	\$ (8,983)	\$ 19,407
Beginning Net Position	\$ 51,291	\$ 31,884
Ending Net Position	<u>\$ 42,308</u>	<u>\$ 51,291</u>

City of Lynnwood, Washington
Comparative Statement of Net Plan Position
Firemen's Pension Trust Fund
Fiduciary Funds
For the Years Ended December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 184,022	\$ 238,348
Investments	183,796	171,370
Interest Receivable	150	-
Prepaid expenses	-	-
Total Assets	\$ 367,968	\$ 409,718
Net Position		
Restricted for pensions	\$ 367,968	\$ 409,718

City of Lynnwood, Washington
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
Fiduciary Funds
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Additions		
Intergovernmental revenues	\$ 54,134	\$ 55,130
Investment interest	2,584	2,960
Total Additions	<u>\$ 56,718</u>	<u>\$ 58,090</u>
Deductions		
Benefits	\$ 96,468	\$ 158,042
Administrative Expenses	2,000	-
Total Deductions	<u>\$ 98,468</u>	<u>\$ 158,042</u>
Change in Net Position	\$ (41,750)	\$ (99,952)
Beginning Net Position	409,718	509,670
Ending Net Position	<u><u>\$ 367,968</u></u>	<u><u>\$ 409,718</u></u>

City of Lynnwood, Washington
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

Miscellaneous Suspense Fund	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Assets				
Cash and cash equivalents	\$ 492,540	\$ 1,655,310	\$ 1,704,103	\$ 443,747
Liabilities				
Accounts payable	\$ 492,540	\$ 1,655,310	\$ 1,704,103	\$ 443,747
Payroll Clearing				
Payroll Clearing	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Assets				
Cash and cash equivalents	\$ -	\$ 25,015,579	\$ 25,015,579	\$ -
Liabilities				
Wages and Vouchers payable	\$ -	\$ 25,015,579	\$ 25,015,579	\$ -
AP Clearing				
AP Clearing	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Assets				
Cash and cash equivalents	\$ -	\$ 2,998	\$ 1,804	\$ 1,194
Liabilities				
Vouchers Payable	\$ -	\$ 2,998	\$ 1,804	\$ 1,194
Investment Clearing				
Investment Clearing	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Assets				
Cash and cash equivalents	\$ (58,164)	\$ 81,512,726	\$ 81,454,562	\$ -
Liabilities				
Due to other funds	\$ (58,164)	\$ 81,512,726	\$ 81,454,562	\$ -
Totals				
Totals	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Assets				
Cash and cash equivalents	\$ 434,376	\$ 108,186,613	\$ 108,176,048	\$ 444,941
Liabilities				
Vouchers Payable	\$ 492,540	\$ 26,673,887	\$ 26,721,486	\$ 444,941
Due to other funds	(58,164)	81,512,726	81,454,562	-
Total Liabilities	\$ 434,376	\$ 108,186,613	\$ 108,176,048	\$ 444,941

FEDERAL AWARDS AND SINGLE AUDIT



City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

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 Children Formula Grant Program	16.588	F16-31103-035	\$ 1,897	\$ -	\$ 1,897	1, 2, 7
Bureau of Justice Assistance	Bulletproof Vest Partnership Program	16.607	OMB#1121-0235	\$ -	\$ 8,679	\$ 8,679	1, 2, 7
Highway Planning and Construction Cluster							
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	CM-0524(011) LA-7931	\$ 468,930	\$ -	\$ 468,930	1, 2, 7
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	STPUL-9931(009) LA-7167	4,778	-	4,778	1, 2, 7
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	STPUL-9931(017) LA-8974	765,472	-	765,472	1, 2, 7
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	STPUL-2004(037) LA-5787	66,513	-	66,513	1, 2, 7
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	TAP-9999(783) LA-8998	804	-	804	1, 2, 7
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	HSP-000S(310) LA-7807	66,345	-	66,345	1, 2, 7
Federal Highway Administration (FHWA), Department of Transportation(via WSDOT)	Highway Planning and Construction	20.205	HSP-000S(311) LA-7808	870	-	870	1, 2, 7
Total Highway Planning and Construction Cluster:				\$ 1,373,712	\$ -	\$ 1,373,712	
Highway Safety Cluster							
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WASPC)	National Highway Traffic Safety	20.600	Traffic Safety Equipment Grant - Lidar and Alco-Sensor FST	\$ 3,926	\$ -	\$ 3,926	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	LEL to promote Target Zero PT17-04	2,322	-	2,322	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	Law Enforcement Liaison Grant FFY18	236	-	236	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	Target Zero: Statewide Distracted Driving Patrols	1,806	-	1,806	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	Flex Funding (Local DUI, Speed, Distracted, and Seat Belt Patrols)	2,884	-	2,884	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	Target Zero: Impaired Driving FFY17	5,431	-	5,431	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	Target Zero: Impaired Driving FFY18	1,422	-	1,422	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.600	Target Zero: Statewide Seat Belt Patrols	2,139	-	2,139	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.616	Target Zero: Motorcycle Safety	4,403	-	4,403	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.616	Target Zero: Target Zero Teams (DUI) FFY17	8,012	-	8,012	1, 2, 7
Department of Transportation National Highway Traffic Safety Administration (NHTSA), (via WTSC)	National Highway Traffic Safety	20.616	Target Zero: Target Zero Teams (DUI) FFY18	4,078	-	4,078	1, 2, 7
Total Highway Safety Cluster:				\$ 36,659	\$ -	\$ 36,659	
U.S. Department of Homeland Security Federal Emergency Management Agency (FEMA)	Assistance to Firefighters Grant	97.044	EMW-2015-FR-00073	\$ -	\$ 226,158	\$ 226,158	1, 2, 7
Total Federal Awards Expended				\$ 1,412,267	\$ 234,837	\$ 1,647,104	

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, 2017**

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. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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.

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STATISITCAL SECTION

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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 Category¹
 Last Ten Calendar Years
 (Amounts Expressed in \$1,000)
 (accrual basis of accounting)

	Amounts									
	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	Restated December 31, 2014	Restated December 31, 2015	December 31, 2016	December 31, 2017
Governmental Activities										
Net investment in capital assets	\$ 101,902	\$ 112,038	\$ 119,542	\$ 103,947	\$ 102,878	\$ 105,273	\$ 108,229	\$ 122,437	\$ 122,041	\$ 115,143
Restricted	10,824	5,317	3,434	8,796	6,906	9,357	12,091	13,139	15,688	19,279
Unrestricted	10,394	1,058	661	8,085	14,259	19,684	22,572	12,973	15,757	15,521
Subtotal Governmental Activities Net Position	123,120	118,413	123,637	120,828	124,043	134,314	142,892	148,549	153,486	149,943
Business-type Activities										
Net investment in capital assets	39,047	37,485	36,825	44,192	41,185	39,477	39,111	35,485	42,340	39,668
Restricted	6,202	5,841	1,733	8,960	5,997	2,759	3,144	1,579	13,941	1,865
Unrestricted	8,821	8,046	17,138	2,596	6,985	12,388	12,472	15,104	(494)	14,614
Subtotal Business-type Activities Net Position	54,070	51,372	55,696	55,748	54,167	54,624	54,727	52,168	55,787	56,147
Primary Government										
Net investment in capital assets	140,949	149,523	156,367	148,139	144,063	144,750	147,340	157,922	164,381	154,811
Restricted	17,026	11,158	5,167	17,756	12,903	12,116	15,235	14,718	29,629	21,144
Unrestricted	19,215	9,104	17,799	10,681	21,244	32,072	35,044	28,077	15,263	30,135
Total Primary Government Net Position	\$ 177,190	\$ 169,785	\$ 179,333	\$ 176,576	\$ 178,210	\$ 188,938	\$ 197,619	\$ 200,717	\$ 209,273	\$ 206,090
Total Percentage Increase or Decrease From Prior Fiscal Year	N/A	-4.2%	5.6%	-1.5%	0.9%	6.0%	4.6%	1.6%	5.9%	-1.6%
	Percentage of Total									
	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	December 31, 2017
Governmental Activities										
Net investment in capital assets	82.8%	94.6%	96.7%	86.0%	82.9%	78.4%	75.7%	82.4%	79.5%	76.8%
Restricted	8.8%	4.5%	2.8%	7.3%	5.6%	7.0%	8.5%	8.8%	10.2%	12.9%
Unrestricted	8.4%	0.9%	0.5%	6.7%	11.5%	14.6%	15.8%	8.7%	10.3%	10.4%
Subtotal Governmental Activities Net Position	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%
Business-type Activities										
Net investment in capital assets	72.2%	73.0%	66.1%	79.3%	76.0%	72.3%	71.5%	68.0%	75.9%	70.7%
Restricted	11.5%	11.4%	3.1%	16.1%	11.1%	5.1%	5.7%	3.0%	25.0%	3.3%
Unrestricted	16.3%	15.6%	30.8%	4.6%	12.9%	22.6%	22.8%	29.0%	-0.9%	26.0%
Subtotal Business-type Activities Net Position	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Primary Government										
Net investment in capital assets	79.5%	88.1%	87.2%	83.9%	80.8%	76.6%	74.6%	78.7%	78.5%	75.1%
Restricted	9.6%	6.6%	2.8%	10.1%	7.2%	6.4%	7.7%	7.3%	14.2%	10.3%
Unrestricted	10.8%	19.3%	6.0%	6.0%	12.0%	17.0%	17.7%	14.0%	7.3%	14.6%
Total Primary Government Net Position	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

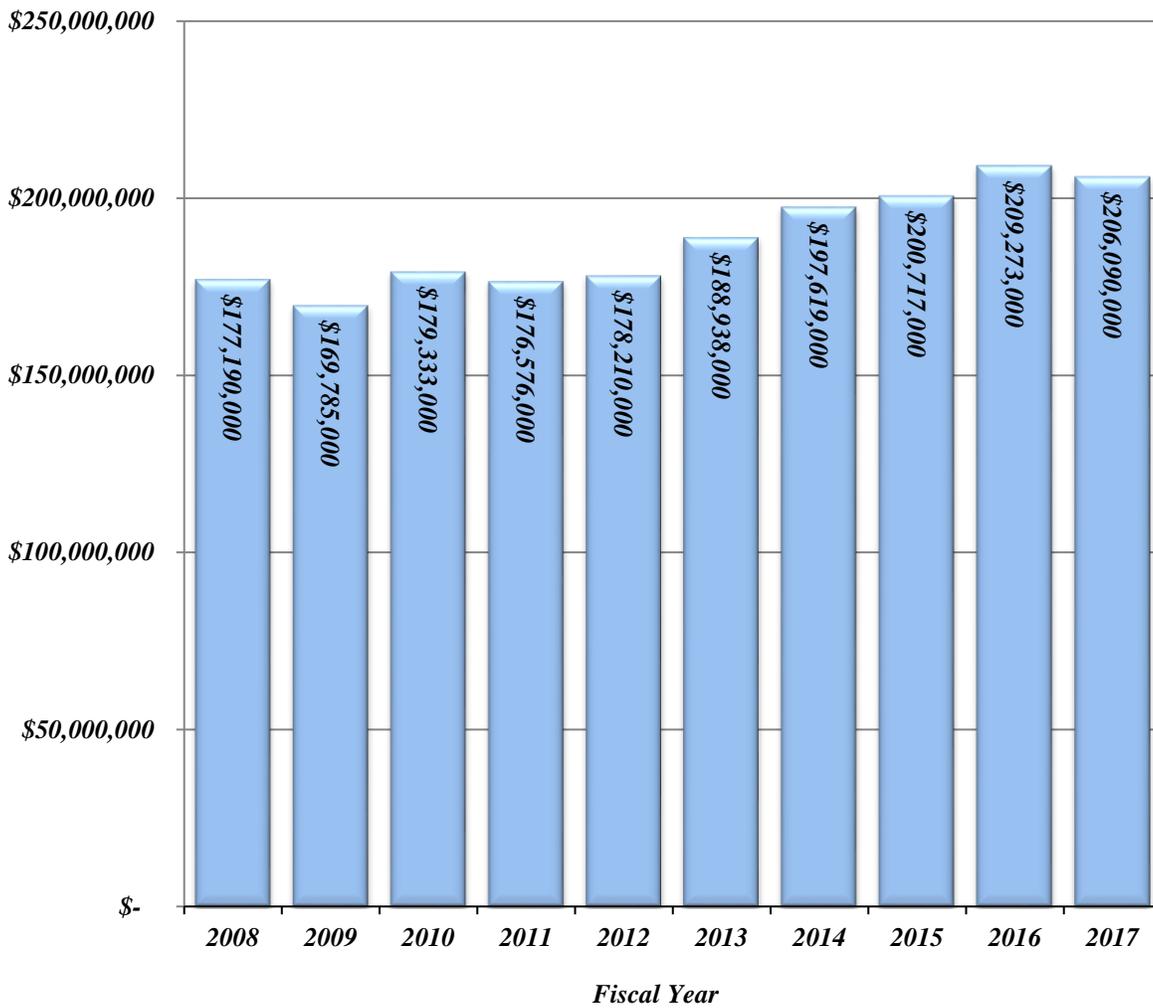
Notes:

¹ 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.

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
General government	\$ 7,947	\$ 8,953	\$ 7,298	\$ 6,661	\$ 7,864	\$ 12,126	\$ 13,938	\$ 11,731	\$ 13,988	\$ 16,590
Judicial	-	-	1,174	1,046	1,060	1,567	998	1,080	1,056	1,080
Public safety	25,203	27,527	25,856	24,493	25,552	26,684	26,272	29,038	32,400	32,573
Physical environment	4,594	5,027	2,781	1,785	1,985	33	295	-	-	-
Transportation	6,052	5,272	5,283	4,255	4,983	7,362	8,843	6,110	5,975	7,194
Natural environment	-	-	-	-	-	153	110	283	346	-
Social services	-	-	-	-	-	408	418	460	362	520
Human services	616	718	-	-	-	-	-	-	-	-
Economic environment	-	-	3,291	2,834	2,668	2,780	4,230	2,874	3,443	3,757
Culture and recreation	6,507	7,039	5,789	7,289	7,406	8,250	6,833	6,793	6,923	12,050
Utilities	-	-	-	-	-	-	-	82	2	(55)
Interest on long-term debt	669	660	749	1,094	1,209	1,119	1,110	1,058	993	934
Total Expenses	51,588	55,196	52,221	49,457	52,727	60,482	63,047	59,509	65,488	74,643
Program Revenues:										
Charges for services:										
General government	6,798	6,563	1,749	2,760	2,683	6,880	4,907	5,262	3,768	4,371
Culture and recreation	1,913	1,766	1,727	2,185	2,860	2,715	2,695	2,407	2,725	5,010
Other activities	3,305	2,752	9,761	6,833	7,378	9,944	11,036	6,490	8,104	8,798
Operating grants and contributions	1,045	1,270	3,965	1,257	1,603	1,495	2,588	1,220	1,139	1,533
Capital grants and contributions	3,918	4,810	2,577	2,305	1,729	4,947	6,495	11,922	7,104	3,127
Total Program Revenues	16,979	17,161	19,779	15,340	16,253	25,981	27,721	27,301	22,840	22,839
Net (Expense) Revenue	(34,609)	(38,035)	(32,442)	(34,117)	(36,474)	(34,501)	(35,326)	(32,208)	(42,648)	(51,804)
General Revenues										
Taxes:										
Property	10,168	10,008	10,387	11,092	11,072	11,515	11,511	11,515	11,861	11,917
Sales	19,255	15,844	16,151	16,828	18,076	19,070	19,856	21,130	23,268	24,345
Other	3,752	4,359	6,232	7,996	8,573	10,575	9,878	10,031	9,917	11,539
Investment earnings	1,643	802	388	271	237	204	168	-	293	249
Miscellaneous	617	(79)	1,667	7	(74)	5	14	748	199	114
Gain (loss) on disposal of capital assets	-	-	-	-	-	(23)	247	175	-	-
Transfers in	496	2,701	696	617	1,387	1,828	1,737	1,869	2,048	96
Total General Revenues	35,931	33,635	35,521	36,811	39,271	43,174	43,411	45,468	47,586	48,260
Change in Net Position	\$ 1,322	\$ (4,400)	\$ 3,079	\$ 2,694	\$ 2,797	\$ 8,673	\$ 8,085	\$ 13,260	\$ 4,938	\$ (3,544)

Notes:

Data Source:
 Applicable years' comprehensive annual financial report.

Exhibit III

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Water/Sewer/Storm Water Utilities	\$ 11,446	\$ 12,017	\$ 11,612	\$ 12,841	\$ 14,314	\$ 14,297	\$ 14,917	\$ 17,442	\$ 15,144	\$ 21,001
Golf	1,019	1,101	1,449	1,082	1,068	977	1,019	1,115	1,113	1,188
Total Expenses	12,465	13,118	13,061	13,923	15,382	15,274	15,936	18,557	16,257	22,189
Program Revenues:										
Charges for services:										
Water/Sewer/Storm Water Utilities	11,487	11,750	12,543	13,740	14,348	16,125	17,242	18,292	19,870	20,794
Golf	1,075	1,070	984	1,067	949	1,083	1,113	1,213	1,148	1,131
Operating grants and contributions	-	-	-	-	106	-	170	-	-	-
Capital grants and contributions	205	96	248	212	124	225	823	111	875	476
Total Program Revenues	12,767	12,916	13,775	15,019	15,527	17,433	19,348	19,616	21,893	22,401
Net (Expense) Revenue	302	(202)	714	1,096	145	2,159	3,412	1,059	5,636	212
Investment earnings	434	205	96	72	50	27	18	16	154	228
Miscellaneous	-	-	-	-	-	234	46	2	3	16
Disposal of capital assets	-	-	-	2	-	(4)	1	-	(126)	-
Transfers	(496)	(2,701)	(696)	(617)	(1,387)	(1,827)	(1,737)	(1,869)	(2,048)	(96)
Total General Revenues	(62)	(2,496)	(600)	(543)	(1,337)	(1,570)	(1,672)	(1,851)	(2,017)	148
Change in Net Position	\$ 240	\$ (2,698)	\$ 114	\$ 553	\$ (1,192)	\$ 589	\$ 1,740	\$ (792)	\$ 3,619	\$ 360

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities ¹	\$ 51,588	\$ 55,196	\$ 52,221	\$ 49,457	\$ 52,727	\$ 60,482	\$ 63,047	\$ 59,509	\$ 65,488	\$ 74,643
Business-type activities ²	12,465	13,118	13,061	13,923	15,382	15,274	15,936	18,557	16,257	22,189
Total Expenses	64,053	68,314	65,282	63,380	68,109	75,756	78,983	78,066	81,745	96,832
Program Revenues:										
Governmental activities ¹	16,979	17,161	19,779	15,340	16,253	25,981	27,721	27,301	22,840	22,839
Business-type activities ²	12,767	12,916	13,775	15,019	15,527	17,433	19,348	19,616	21,893	22,401
Total Program Revenues	29,746	30,077	33,554	30,359	31,780	43,414	47,069	46,917	44,733	45,240
Net (Expense) Revenue	(34,307)	(38,237)	(31,728)	(33,021)	(36,329)	(32,342)	(31,914)	(31,149)	(37,012)	(51,592)
General Revenues:										
Governmental activities ¹	35,931	33,635	35,521	36,811	39,271	43,174	43,411	45,468	47,586	48,260
Business-type activities ²	(62)	(2,496)	(600)	(543)	(1,337)	(1,570)	(1,672)	(1,851)	(2,017)	148
Total General Revenues	35,869	31,139	34,921	36,268	37,934	41,604	41,739	43,617	45,569	48,408
Change in Net Position	\$ 1,562	\$ (7,098)	\$ 3,193	\$ 3,247	\$ 1,605	\$ 9,262	\$ 9,825	\$ 12,468	\$ 8,557	\$ (3,184)

Notes:

Data Source:

¹See Exhibit II

²See Exhibit III

Exhibit V

City of Lynnwood, Washington
Fund Balances - Governmental Funds
Calendar Years 2008 - 2010
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

	December 31,		
	2008	2009	2010
General Fund			
Reserved	\$ 6,106	\$ (116)	\$ 4,638
General Fund Percentage Change	-1.5%	-101.9%	-4098.3%
All Other Governmental Funds			
Reserved	1,943	2,161	1,992
Unreserved	-	-	25
Special Revenue Funds	6,896	5,305	4,281
Capital Projects Funds	8,880	3,173	(16,935)
Subtotal All Other Governmental Funds	17,719	10,639	(10,637)
Total Governmental Funds	\$ 23,825	\$ 10,523	\$ (5,999)
All Governmental Funds Percentage Change	-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 - 2017
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

	December 31,						
	2011	2012	2013	2014	2015	2016	2017
General Fund							
Nonspendable	\$ 910	\$ 721	\$ 434	\$ 2,453	\$ 103	\$ 21	\$ 41
Restricted	88	180	86	87	-	-	-
Committed	31	1,033	2,030	5,848	5,815	6,000	6,000
Assigned	4,716	3,710	2,920	1,502	2,019	4,551	5,662
Unassigned	6,780	12,580	15,683	8,012	11,493	10,114	8,149
Total General Fund	<u>\$ 12,525</u>	<u>\$ 18,224</u>	<u>\$ 21,153</u>	<u>\$ 17,902</u>	<u>\$ 19,430</u>	<u>\$ 20,686</u>	<u>\$ 19,852</u>
General Fund Percentage Change	<u>0.0%</u>	<u>45.5%</u>	<u>16.1%</u>	<u>-15.4%</u>	<u>8.5%</u>	<u>6.5%</u>	<u>-4.0%</u>
All Other Governmental Funds							
Restricted	\$ 5,266	\$ 5,983	\$ 8,834	\$ 10,619	\$ 13,138	\$ 15,688	\$ 19,279
Committed	1,247	1,715	1,558	1,099	340	817	671
Assigned	1,417	486	371	176	-	-	-
Unassigned	(26,038)	(1,156)	(1,069)	(142)	-	-	-
Total All Other Governmental Funds	<u>\$ (18,108)</u>	<u>\$ 7,028</u>	<u>\$ 9,694</u>	<u>\$ 11,752</u>	<u>\$ 13,478</u>	<u>\$ 16,505</u>	<u>\$ 19,950</u>
All Other Governmental Funds Percentage Change	<u>0.0%</u>	<u>-138.8%</u>	<u>37.9%</u>	<u>21.2%</u>	<u>14.7%</u>	<u>22.5%</u>	<u>20.9%</u>
Total Governmental Funds	<u>\$ (5,583)</u>	<u>\$ 25,252</u>	<u>\$ 30,847</u>	<u>\$ 29,654</u>	<u>\$ 32,908</u>	<u>\$ 37,191</u>	<u>\$ 39,802</u>
All Governmental Funds Percentage Change	<u>0.0%</u>	<u>-552.3%</u>	<u>22.2%</u>	<u>-3.9%</u>	<u>11.0%</u>	<u>13.0%</u>	<u>7.0%</u>

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

Data Source:
Applicable years' comprehensive annual financial report.

Exhibit VI

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

Revenue Source	For the Calendar Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Dollar Amounts									
Taxes	\$ 32,157	\$ 29,139	\$ 31,800	\$ 35,000	\$ 36,781	\$ 39,285	\$ 33,476	\$ 41,979	\$ 44,348	\$ 47,056
Licenses and permits	2,411	1,972	1,919	3,077	3,332	3,360	3,564	4,767	4,757	5,393
Intergovernmental	7,354	8,500	8,951	5,433	5,187	5,740	1,360	8,600	6,933	7,638
Charges for services	4,000	3,879	3,921	4,943	5,897	6,068	5,412	5,486	4,846	5,503
Fines and forfeitures	5,081	4,803	7,428	3,987	3,963	4,437	1,629	4,901	4,723	4,593
Investment earnings	1,457	\$ 701	357	266	232	200	16	108	275	228
Miscellaneous	478	443	412	373	438	405	434	642	2,456	1,141
Total revenues	\$ 52,938	\$ 49,437	\$ 54,788	\$ 53,079	\$ 55,830	\$ 59,495	\$ 45,891	\$ 66,483	\$ 68,338	\$ 71,552
% change from prior year	N/A	-6.6%	10.8%	-3.1%	5.2%	6.6%	-22.9%	44.9%	2.8%	4.7%
	Percentage of Total									
Taxes	60.7%	58.9%	58.0%	65.9%	65.9%	66.0%	72.9%	63.1%	64.9%	65.8%
Licenses and permits	4.6%	4.0%	3.5%	5.8%	6.0%	5.6%	7.8%	7.2%	7.0%	7.5%
Intergovernmental	13.9%	17.2%	16.3%	10.2%	9.3%	9.6%	3.0%	12.9%	10.1%	10.7%
Charges for services	7.6%	7.8%	7.2%	9.3%	10.6%	10.2%	11.8%	8.3%	7.1%	7.7%
Fines and forfeitures	9.6%	9.7%	13.6%	7.5%	7.1%	7.5%	3.5%	7.4%	6.9%	6.4%
Investment earnings	2.8%	1.4%	0.7%	0.5%	0.4%	0.3%	0.0%	0.2%	0.4%	0.3%
Miscellaneous	0.9%	0.9%	0.8%	0.7%	0.8%	0.7%	0.9%	1.0%	3.6%	1.6%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

¹ 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
Amounts								
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
2017	11,917	24,345	510	135	678	810	8,661	47,056
% Change in Dollars								
Over 10 Years	31.4%	8.1%	65.2%	-37.5%	5.2%	63.8%	157.8%	28.3%
Percentage of Total								
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%
2017	25.3%	51.7%	1.1%	0.3%	1.4%	1.7%	18.5%	100.0%

Notes:

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

Data Source:

Applicable years' annual financial report and city records.

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

Function	For the Calendar Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Current:										
General government	\$ 8,751	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183	\$ 10,410
Public safety	24,020	26,498	24,608	23,857	24,624	25,309	26,172	28,267	30,928	32,317
Judicial	-	-	1,166	1,046	1,060	1,055	997	1,083	1,058	1,105
Utilities & environment	-	-	-	-	-	1,280	251	201	154	31
Economic environment	-	-	-	-	-	2,786	2,997	2,931	3,659	3,939
Physical environment	4,703	5,070	5,915	4,882	4,685	-	110	-	-	-
Transportation	3,722	2,039	2,508	1,963	2,541	2,808	1,417	5,514	5,485	3,950
Social services	616	718	-	-	-	6,608	417	460	499	520
Culture and recreation	6,018	6,590	5,322	6,390	6,290	4,644	5,690	5,884	6,342	11,310
Total Current	\$ 47,830	\$ 50,538	\$ 48,373	\$ 46,194	\$ 47,507	\$ 52,820	\$ 47,954	\$ 53,300	\$ 58,308	\$ 63,582
% Change From Prior Year	N/A	5.7%	-4.3%	-4.5%	2.8%	11.2%	-9.2%	11.1%	9.4%	9.0%
Capital Outlay	\$ 6,524	\$ 12,721	\$ 23,950	\$ 6,884	\$ 4,381	\$ 4,644	\$ 338	\$ 8,866	\$ 5,341	\$ 3,172
% Change From Prior Year	N/A	95.0%	88.3%	-71.3%	-36.4%	6.0%	-92.7%	2523.1%	-39.8%	-40.6%
Debt Service										
Principal	\$ 1,501	\$ 5,818	\$ 1,745	\$ 1,276	\$ 1,292	\$ 1,424	\$ 1,295	\$ 1,401	\$ 1,354	\$ 1,409
Interest	669	643	694	1,017	1,209	1,172	1,119	1,058	993	934
Other charges	-	-	-	-	217	-	-	-	-	-
Total Debt Service	\$ 2,170	\$ 6,461	\$ 2,439	\$ 2,293	\$ 2,718	\$ 2,596	\$ 2,414	\$ 2,459	\$ 2,347	\$ 2,343
% Change From Prior Year	N/A	197.7%	-62.3%	-6.0%	18.5%	-4.5%	-7.0%	1.9%	-4.6%	-0.2%
Total Expenditures	\$ 56,524	\$ 69,720	\$ 74,762	\$ 55,371	\$ 54,606	\$ 60,060	\$ 50,706	\$ 64,625	\$ 65,996	\$ 69,097
% Change From Prior Year	N/A	23.3%	7.2%	-25.9%	-1.4%	10.0%	-15.6%	27.5%	2.1%	4.7%
Debt Service as a % of Noncapital Expenditures	4.3%	11.3%	4.8%	4.7%	5.4%	4.7%	4.8%	4.4%	3.9%	3.6%

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

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

Function	For the Calendar Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Amounts									
Current:										
General government	\$ 8,751	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183	\$ 10,410
Public safety	24,020	26,498	24,608	23,857	24,624	25,309	26,172	28,267	30,928	32,317
Judicial	-	-	1,166	1,046	1,060	1,055	997	1,083	1,058	1,105
Utilities & environment	-	-	-	-	-	1,280	251	201	154	31
Economic environment	-	-	-	-	-	2,786	2,997	2,931	3,659	3,939
Physical environment	4,703	5,070	5,915	4,882	4,685	-	110	-	-	-
Transportation	3,722	2,039	2,508	1,963	2,541	2,808	1,417	5,514	5,485	3,950
Social services	616	718	-	-	-	6,608	417	460	499	520
Culture and recreation	6,018	6,590	5,322	6,390	6,290	4,644	5,690	5,884	6,342	11,310
Total Current	\$ 47,830	\$ 50,538	\$ 48,373	\$ 46,194	\$ 47,507	\$ 52,820	\$ 47,954	\$ 53,300	\$ 58,308	\$ 63,582
	Percentage of Total									
Current:										
General government	18.3%	19.0%	18.3%	17.4%	17.5%	15.8%	20.7%	16.8%	17.5%	16.4%
Public safety	50.2%	52.4%	50.9%	51.6%	51.8%	47.9%	54.6%	53.0%	53.0%	50.8%
Judicial	0.0%	0.0%	2.4%	2.3%	2.2%	2.0%	2.1%	2.0%	1.8%	1.7%
Utilities & environment	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	0.5%	0.4%	0.3%	0.1%
Economic environment	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	6.2%	5.5%	6.3%	6.2%
Physical environment	9.8%	10.0%	12.2%	10.6%	9.9%	0.0%	0.2%	0.0%	0.0%	0.0%
Transportation	7.8%	4.0%	5.2%	4.2%	5.3%	5.3%	3.0%	10.3%	9.4%	6.2%
Social services	1.3%	1.4%	0.0%	0.0%	0.0%	12.5%	0.9%	0.9%	0.9%	0.8%
Culture and recreation	12.6%	13.0%	11.0%	13.8%	13.2%	8.8%	11.9%	11.0%	10.9%	17.8%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:
¹ Includes all governmental fund types.

Data Source:
 Applicable years' annual financial report.

Exhibit X

City of Lynnwood, Washington
Summary of Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

Source	For the Calendar Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Revenues	\$ 52,938	\$ 49,437	\$ 54,788	\$ 53,079	\$ 55,830	\$ 59,495	\$ 45,891	\$ 66,483	\$ 68,338	\$ 71,552
Total Expenditures	56,524	69,720	74,762	55,371	54,606	60,060	50,706	64,625	65,996	69,097
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,586)	(20,283)	(19,974)	(2,292)	1,224	(565)	(4,815)	1,858	2,342	2,455
Other Financing Sources										
Transfers in	11,875	16,650	8,141	6,084	33,998	7,568	2,311	7,687	7,480	17,007
Transfers out	(11,919)	(14,296)	(7,495)	(5,672)	(30,958)	(5,435)	(3,527)	(5,818)	(5,545)	(16,911)
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	59
Total Other Financing Sources	658	7,113	3,465	3,943	28,425	2,135	(848)	1,867	1,941	155
Net Change in Fund Balances	\$ (2,928)	\$ (13,170)	\$ (16,509)	\$ 1,651	\$ 29,649	\$ 1,570	\$ (5,663)	\$ 3,725	\$ 4,283	\$ 2,610

Data Source:
Applicable years' annual financial report.

Exhibit XI

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

Calendar Year Ended December 31,	Total Direct Tax Rate ¹	Total Assessed Value ^{2,3}	Annual Percentage Change
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%
2017	2.1328	5,654,422,666	9.3%

Notes:

¹ Tax rates expressed in rate per \$1,000.

² All property is assessed at 100% of fair market value.

³ Assessed value by property classes is not available.

Data Source:

Snohomish County Tax Assessor's Annual Report

Exhibit XII

City of Lynnwood, Washington
Direct and Overlapping Property Tax Rates
Last Ten Calendar Years
(rate per \$1,000 of assessed taxable value)

Calendar Year	Direct			Overlapping				Grand Total
	General Fund	General Fund (EMS)	City of Lynnwood Total	Edmonds School District	Snohomish County	Wash. State	Other	
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
2017	1.73	0.41	2.14	4.78	0.84	2.03	0.79	10.57

Data Source:

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

Exhibit XIII

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 ¹	Total Collections to Date		Total Uncollected Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
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%
2017	12,059,919	11,840,572	98.18%	104,767	11,945,339	99.05%	114,580	0.95%

Notes:

¹ The amounts are reported in the year to which they apply, not to the year collected.

Data Source:

Snohomish County Tax Assessor's Annual Report

City of Lynnwood, Washington
Principal Property Taxpayers
 Calendar Year Ended December 31, 2017 and 2008

2017				
Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Alderwood Mall LLC	Retail Sales	\$ 146,689,253	1	2.59%
MGP XI Alderwood LLC	Retail Sales	70,700,600	2	0.78%
HPP Hudson Northview LLC	Real Estate Management	44,069,900	3	1.25%
Alaska Electrical Pension Fund	Business Complex	37,300,381	4	0.66%
Redstone WA Property LLC	Office Building	37,042,000	5	0.66%
Lynnwood Center LLC	Retail Sales	32,285,269	6	0.57%
RLJ HS Seattle Lynnwood LLC	Hotel/Motel	31,527,253	7	0.56%
Gemini Alderwood Park Fee Owner LLC	Apartment	28,832,000	8	0.51%
FO Lynnwood Property LLC	Real Estate Management	27,908,000	9	0.49%
Fred Meyer Stores Inc	Retail Sales	27,029,706	10	0.48%
Total Principal Taxpayers		483,384,362		8.55%
All Other Taxpayers		5,171,038,304		91.45%
Total		<u>\$ 5,654,422,666</u>		<u>100.00%</u>

2008				
Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Alderwood Mall LLC	Retail Sales	\$ 132,110,500	1	2.54%
Transwestern Investment Co.	Real Estate Management	40,600,500	2	0.78%
Northview Corporate Center LLC	Commercial	38,680,300	3	0.74%
ECI Three Adlerwood LLC	Retail Sales	37,297,400	4	0.72%
Alderwood Plaza LLC	Commercial	30,229,500	5	0.58%
Lynnwood Center LLC	Commercial	28,520,809	6	0.55%
Verizon Northwest Inc.	Retail Sales	25,814,282	7	0.50%
Fred Meyer Stores Inc	Retail Sales	20,793,400	8	0.40%
Macy's	Retail Sales	20,669,200	9	0.40%
Alderwood Shopping Center 04 E LLC	Retail Sales	19,691,800	10	0.38%
Total Principal Taxpayers		394,407,691		7.57%
All Other Taxpayers		4,812,845,451		92.43%
Total		<u>\$ 5,207,253,142</u>		<u>100.00%</u>

Data Source:

Snohomish County Assessor's Office

Exhibit XV

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

Calendar Year	Direct City	Overlapping			Transportation Benefit District	State of Washington	Total Direct and Overlapping Rate
		Local Transit	Regional Transit Authority	Snohomish County			
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%	1.20%	0.90%	0.20%		6.50%	9.80%
2017	1.00%	1.20%	1.40%	0.20%	0.10%	6.50%	10.40%

Data Source :

State of Washington, Department of Revenue

Exhibit XVI

City of Lynnwood, Washington
Principal Sales Taxpayers
Calendar Years 2017 and 2008

2017			
Principal Taxpayers by Category	Taxes Paid	Rank	% of Taxes Paid
Motor Vehicle & Parts Dealers	\$ 4,620,988	1	19.0%
General Merchandise Stores	2,844,557	2	11.7%
Clothing & Clothing Accessories Store	2,135,823	3	8.8%
Food Services & Drinking Places	1,713,734	4	7.0%
Electronics & Appliances	949,099	5	3.9%
Total Principal Taxpayers	12,264,203		50.4%
All Other Taxpayers	12,080,456		49.6%
Total Paid	<u>\$ 24,344,659</u>		<u>100.0%</u>
2008			
Principal Taxpayers by Category	Taxes Paid	Rank	% of Taxes Paid
Motor Vehicle & Parts Dealers	\$ 2,658,549	1	15.4%
Clothing & Clothing Accessories Store	2,188,893	2	12.6%
General Merchandise Stores	2,180,549	3	12.6%
Food Services & Drinking Places	1,285,880	4	7.4%
Electronics & Appliance Stores	1,119,638	5	6.5%
Total Principal Taxpayers	9,433,509		54.5%
All Other Taxpayers	7,884,655		45.5%
Total Paid	<u>\$ 17,318,164</u>		<u>100.0%</u>

Data Source:

State of Washington, Department of Revenue

Exhibit XVII

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

December 31,	Governmental Activities			Business-type	Total Outstanding Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Personal Income ¹	Percentage of Total Personal Income ²	Estimated Population ¹	Total Debt Per Capita ³
	General	Special	Total	Revenue							
	Obligation Bonds	Assessment Bonds		Bonds ⁴							
2008	\$ 6,252,663	\$ 5,095,000	\$ 11,347,663	\$ 10,000,000	\$ 21,347,663	Bond Insurance	\$ 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	Bond Insurance	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	588,605	42,033,456	603,899,840	6.96%	35,836	\$ 1,173
2011	28,051,771	3,430,000	31,481,771	14,756,515	46,238,286	588,605	45,649,681	619,492,047	7.37%	35,860	\$ 1,273
2012	27,522,029	3,185,000	30,707,029	13,595,758	44,302,787	588,605	43,714,182	674,638,431	6.48%	35,900	\$ 1,218
2013	26,673,142	2,125,000	28,798,142	12,410,000	41,208,142	588,605	40,619,537	675,765,961	6.01%	35,960	\$ 1,130
2014	25,818,178	1,670,000	27,488,178	11,870,000	39,358,178	588,605	38,769,573	714,404,916	5.43%	36,485	\$ 1,063
2015	24,935,221	1,105,000	26,040,221	37,107,602	63,147,823	1,865,542	61,282,281	722,144,329	8.49%	36,420	\$ 1,683
2016	24,071,075	615,000	24,686,075	35,783,434	60,469,509	1,865,542	58,603,967	747,419,381	7.84%	36,590	\$ 1,602
2017	23,177,123	100,000	23,277,123	34,221,596	57,498,719	1,865,542	55,633,177	769,841,962	7.23%	36,950	\$ 1,506

Notes:
¹ Exhibit XXV
² Net Bonded Debt/Personal Income
³ Net Bonded Debt/Population
⁴ 2017 Includes unamortized portion of premium.

Exhibit XVIII

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

Calendar Year	G.O. Bonds ¹	Percentage of Actual Taxable Value of Property	Estimated Population	Debt Per Capita
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%	35,860	782
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
2017	23,177,123	0.41%	36,950	627

Notes:

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

Exhibit XIX

City of Lynnwood, Washington
Direct and Overlapping Debt
December 31, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Overlapping Debt ²			
Edmonds School District	\$ 325,395,000	22.52%	\$ 73,270,607
Public Hospital District #2	2,745,000	20.96%	575,354
Snohomish County	<u>375,760,000</u>	5.38%	<u>20,228,342</u>
Total Overlapping Debt	<u>703,900,000</u>		94,074,303
City Direct Debt ³	<u>23,277,123</u>	100%	<u>23,277,123</u>
Total Direct and Overlapping Governmental Debt			<u><u>\$ 117,351,426</u></u>

Notes:

¹ 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.

² Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

Data Source:

³ Exhibit XVIII

City of Lynnwood, Washington
Legal Debt Margin - 2.5% Limit for General Purpose
Last Ten Calendar Years

	December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value ¹	\$ 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	\$ 5,654,422,666
Legal Debt Margin ²										
Debt limit (2.5% of assessed value)	\$ 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	\$ 141,360,567
Debt applicable to limit:										
General obligation debt	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	23,177,123
Add: Available assets	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156	149,480
Total debt applicable to limit	6,553,371	6,125,432	23,355,593	28,889,434	28,081,785	26,977,665	25,983,282	25,099,331	24,219,231	23,326,603
Legal debt margin	\$ 123,627,958	\$ 129,320,868	\$ 107,581,069	\$ 89,270,649	\$ 77,102,614	\$ 74,963,726	\$ 84,119,874	\$ 94,181,190	\$ 105,104,364	\$ 118,033,964
As a percentage of debt limit	94.97%	95.48%	82.16%	75.55%	73.30%	73.54%	76.40%	78.96%	81.27%	83.50%

Notes:

² 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:

¹ Exhibit XVII

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

	December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value ¹	<u>\$ 5,207,253,142</u>	<u>\$ 5,417,851,993</u>	<u>\$ 5,237,466,464</u>	<u>\$ 4,726,403,303</u>	<u>\$ 4,207,375,958</u>	<u>\$ 4,077,655,634</u>	<u>\$ 4,404,126,247</u>	<u>\$ 4,771,220,851</u>	<u>\$ 5,172,943,809</u>	<u>\$ 5,654,422,666</u>
Legal Debt Margin ²										
Debt limit (1.5% of assessed value)	\$ 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	\$ 84,816,340
Debt applicable to limit:										
General obligation debt	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	23,177,123
Add: Available assets	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156	149,480
Total debt applicable to limit	6,553,371	6,125,432	23,355,593	28,889,434	28,081,785	26,977,665	25,983,282	25,099,331	24,219,231	23,326,603
Legal debt margin	<u>\$ 71,555,426</u>	<u>\$ 75,142,348</u>	<u>\$ 55,206,404</u>	<u>\$ 42,006,616</u>	<u>\$ 35,028,854</u>	<u>\$ 34,187,170</u>	<u>\$ 40,078,612</u>	<u>\$ 46,468,982</u>	<u>\$ 53,374,926</u>	<u>\$ 61,489,737</u>
As a percentage of debt limit	<u>91.61%</u>	<u>92.46%</u>	<u>70.27%</u>	<u>59.25%</u>	<u>55.50%</u>	<u>55.89%</u>	<u>60.67%</u>	<u>64.93%</u>	<u>68.79%</u>	<u>72.50%</u>

Notes:

² 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:

¹ Exhibit IX

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

	December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value ¹	\$ 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	\$ 5,654,422,666
Legal Debt Margin ²										
Debt limit (1% of assessed value)	\$ 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	\$ 56,544,227
Debt applicable to limit:										
General obligation debt	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	23,177,123
Add: Available assets	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156	149,480
Total debt applicable to limit	6,553,371	6,125,432	23,355,593	28,889,434	28,081,785	26,977,665	25,983,282	25,099,331	24,219,231	23,326,603
Legal debt margin	\$ 45,519,160	\$ 48,053,088	\$ 29,019,072	\$ 18,374,599	\$ 13,991,975	\$ 13,798,891	\$ 18,057,980	\$ 22,612,878	\$ 27,510,207	\$ 33,217,624
As a percentage of debt limit	87.41%	88.69%	55.41%	38.88%	33.26%	33.84%	41.00%	47.39%	53.18%	58.75%

Notes:

² 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:

¹ Exhibit IX

City of Lynnwood, Washington
Legal Debt Margin - 2.5% Utility Purpose Limit Voted
Last Ten Calendar Years

	December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value ¹	<u>\$ 5,207,253,142</u>	<u>\$ 5,417,851,993</u>	<u>\$ 5,237,466,464</u>	<u>\$ 4,726,403,303</u>	<u>\$ 4,207,375,958</u>	<u>\$ 4,077,655,634</u>	<u>\$ 4,404,126,247</u>	<u>\$ 4,771,220,851</u>	<u>\$ 5,172,943,809</u>	<u>\$ 5,654,422,666</u>
Legal Debt Margin ²										
Debt limit (2.5% of assessed value)	<u>\$ 130,181,329</u>	<u>\$ 135,446,300</u>	<u>\$ 130,936,662</u>	<u>\$ 118,160,083</u>	<u>\$ 105,184,399</u>	<u>\$ 101,941,391</u>	<u>\$ 110,103,156</u>	<u>\$ 119,280,521</u>	<u>\$ 129,323,595</u>	<u>\$ 141,360,567</u>
Debt applicable to limit:										
General obligation debt	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 130,181,329</u>	<u>\$ 135,446,300</u>	<u>\$ 130,936,662</u>	<u>\$ 118,160,083</u>	<u>\$ 105,184,399</u>	<u>\$ 101,941,391</u>	<u>\$ 110,103,156</u>	<u>\$ 119,280,521</u>	<u>\$ 129,323,595</u>	<u>\$ 141,360,567</u>
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:

² 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:

¹ Exhibit IX

City of Lynnwood, Washington
Legal Debt Margin - 2.5% Open Space, Park and Capital Facilities Voted
Last Ten Calendar Years

	December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value ¹	\$ 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	\$ 5,654,422,666
Legal Debt Margin ²										
Debt limit (2.5% of assessed value)	\$ 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	\$ 141,360,567
Debt applicable to limit:										
General obligation debt	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	23,177,123
Less: Available assets	300,708	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156	149,480
Total debt applicable to limit	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	23,027,643
Legal debt margin	\$ 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	\$ 118,332,924
As a percentage of debt limit	95.43%	96.25%	82.96%	76.97%	74.37%	74.13%	76.70%	79.23%	81.50%	83.71%

Notes:

² 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:

¹ Exhibit IX

Exhibit XXIV

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

Calendar Year	Operating Revenues	Less Operating Expenses¹	Net Available Revenues	Principal	Interest	Total	Fixed Charges Coverage Ratio
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
2017	20,793,661	15,917,018	4,876,643	1,405,000	1,302,538	2,707,538	1.80

Notes:

¹ 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 ¹	Personal Income ²	Personal Per Capita Income ³	Median Age ⁴	School Enrollment ⁵	Unemployment Rate		
						City ⁶	Washington State ⁷	United States ⁸
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%
2017	36,950	769,841,962	20,835	37.0	7,290	4.2%	4.8%	4.4%

Notes:

³ Estimated - per income divided by population.

Data Source:

¹ Snohomish County: <https://snohomishcountywa.gov/DocumentCenter/View/51216/Exhibit-H---Population-Counts>

² U.S. Department of Commerce, <https://www.bea.gov/newsreleases/national> . Calculated annual per capital increase rate from 2016 to 2017 for Snohomish County (1.03) and multiplied the 2016 City of Lynnwood Personal Income amount by that rate to establish 2017 figure.

³ Personal income ⁽²⁾ divided by the Population ⁽¹⁾ .

⁴ <https://suburbanstats.org/population/washington/how-many-people-live-in-lynnwood>

⁵ Office of Superintendent of Public Instruction, Washington State Enrollment Report, Emonds School District Schools within City limits only. Does not include private schools or college enrollment.

⁶ Washington State Employment Security: <https://esd.wa.gov/labormarketinfo/labor-force> Data File: LAUS-Historical-NSA-

⁷ 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, 2017 and 2008

		2017		
Employer	Product/Service	Number of Employees	Rank	Percentage of Total City Employment
Edmonds School District ¹	Public Education	1,842	1	7.59%
Edmonds Community College ²	Public Education	756	2	3.12%
City of Lynnwood ³	Government	518	3	2.14%
Nordstrom	Retail	433	4	1.78%
Fred Meyer Stores	Retail	309	5	1.27%
Macy's West Stores Inc	Retail	297	6	1.22%
Costco	Wholesale Warehouse	271	7	1.12%
Costco Business Center	Wholesale Warehouse	241	8	0.99%
ADP LLC	Computer Related Services	211	9	0.87%
Zumiez	Corporate Headquarters	197	10	0.81%
Total Principal Employers		5,075		20.92%
Total Other Employers ⁴		19,185		79.08%
Total Employers		24,260		100.00%

		2008		
Employer	Product/Service	Number of Employees	Rank	Percentage of Total City Employment
Nordstrom Inc	Retail	431	1	2.16%
Volunteers of America	Retail	350	2	1.75%
Macy's	Retail	340	3	1.70%
J C Penney Corp	Retail	314	4	1.57%
Fred Meyers	Retail	224	5	1.12%
Sears	Retail	197	6	0.99%
Target	Retail	185	7	0.93%
Armstrong In-Home Care	Medical	139	8	0.70%
P F Chang's China Bistro	Restaurant	131	9	0.66%
Continental Services Inc.	Restaurant	126	10	0.63%
Total Principal Employers		2,437		12.19%
Total Other Employers		17,562		87.81%
Total Employers		19,999		100.00%

Data Source:

¹ Per Edmonds School District, they do not have an FTE (Full Time Equivalent) number that includes substitutes, hourly employees or coaches. Their teacher (or EEA) FTE is approximately 1275. Approximate # of employees working within the city limits of Lynnwood is 1842 including substitutes, hourly employees and coaches, which do not have a designated location other than the district office. Data acquired from Edmonds School District HR Analyst.

² FTE information received from the Edmonds Community College HR

³ City of Lynnwood Employees based on FTE count per budget documents which includes approximately 150 FTE part time employees in positions ranging from part-time camp counselors during summer months to interns and volunteers to full time police officers and maintenance workers.

⁴ The total employers data was acquired from the Business License Department based on number of employees reported at the time their 2017 business license was issued less the numbers listed above for top listed employers other than government or public education.

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	91.50	91.50	117.34	79.67	79.67	84.41	82.06	86.50	94.00	89.23
Public Safety										
Police										
Officer	77.00	85.00	85.00	75.00	75.00	72.00	72.00	72.00	72.00	74.00
Civilians	16.00	15.00	15.00	12.00	12.00	12.00	12.00	14.00	14.00	11.00
Detention and corrections	16.00	16.00	16.00	17.00	17.00	15.00	15.00	15.00	15.00	16.00
Animal control	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire ¹										
Firefighters, medics and officers	57.00	60.00	60.00	53.00	53.00	58.00	57.00	56.00	56.00	-
Civilians	3.00	3.40	3.40	1.40	1.40	1.50	2.50	2.50	2.50	-
Public Works										
Engineering and inspections	24.50	20.63	20.63	20.75	20.75	18.00	20.50	21.00	21.00	19.75
Street maintenance	20.00	12.00	12.00	11.00	11.00	9.15	9.15	10.00	10.00	8.80
Water	5.00	10.00	19.00	9.00	9.00	9.00	9.35	9.00	9.00	8.85
Sewer	15.00	19.00	19.00	19.00	19.00	19.00	20.00	19.00	19.00	21.85
Storm drainage	4.00	6.00	6.00	10.00	10.00	10.00	11.00	10.00	10.00	11.75
Culture and Recreation	51.00	56.97	56.97	46.83	46.83	41.98	41.98	38.50	35.00	39.75
Total	382.00	397.50	432.34	355.65	355.65	351.04	353.54	354.50	358.50	301.98
Percentage Change From Prior Year	2.3%	4.1%	8.8%	-17.7%	0.0%	-1.3%	0.7%	0.3%	1.1%	-15.8%

Data Source:

City budgets

¹ Fire Department Employees were transferred to South Snohomish County Regional Fire & Rescue in 2017. No longer City employees.

Throughout the year, the City will employ approximately 150 FTE (full time equivalent) part time employees in positions ranging from part-time camp counselors during summer months to interns and volunteers to fulltime police officers and maintenance workers.

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

	December 31,				
	2013	2014	2015	2016	2017
General Government					
Building permits	2,247	2,423	3,278	2,454	2,512
Public Safety					
Police					
Inmates booked	4,065	4,047	4,628	3,764	3,093
Physical arrests (UCR) ¹					
Adults	2,226	2,430	2,251	2,815	2,840
Juveniles	431	362	283	221	190
Municipal Court					
Traffic Violations	7,001	6,641	8,030	8,111	5,533
Parking/PE	24,700	29,301	34,378	36,820	34,856
Criminal violations	2,443	2,320	2,168	2,475	2,379
DUI/Physical Control	304	221	211	261	245
Fire					
Number of calls answered	6,940	6,963	7,636	9,026	6,932
Inspections	5,171	4,958	5,960	5,081	678
Transportation					
Potholes repaired	81	28	125	146	141
Culture and Recreation					
Total recreation program registrations (net)	29,022	29,857	28,849	33,424	34,848
Recreation center usage	256,129	244,183	263,998	271,019	267,365
Water					
Average daily consumption (CCF) ²	3,952	3,960	4,094	4,012	4,103
Hydrant inspected/repaired/replacement	1,705	1,106	692	849	1,083
Sewer					
Average daily sewer treatment (MGD) ³	4.15	4.52	4.17	4.48	4.61
Finance					
Number of public disclosure requests	272	453	562	489	432

Notes:

¹ UCR - Uniform Crime Reporting Program

² CCF - Hundreds of cubic feet

³ MGD - Millions of gallons per day

Exhibit XXIX

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

Function/program	December 31,				
	2013	2014	2015	2016	2017
Public Safety					
Police					
Number of Stations	1	1	1	1	1
Number of Police Vehicles	81	79	85	86	81
Fire					
Number of Stations	2	2	2	2	-
Transportation					
Miles of streets, lane miles	272	272	272	272	306
Number of signals	55	55	55	57	60
Number of street lights	356	373	370	370	436
Culture and recreation					
Number of parks	17	17	17	17	17
Open space and undeveloped parks	120.94 acres	120.94 acres	123.96 acres	142.72 acres	142.72 acres
Miles of trails outside of parks	6.78	6.78	7.6	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
Water					
Number of consumers	8,053	8,538	8,558	9,203	9,242
Miles of water mains	-	162	136	135	136
Fire hydrants	1,007	1,043	1,045	1,032	1,089
Sewer					
Miles of sanitary sewers	96.9	106.7	106.4	105.4	105.8
Number of sewer customers	8,514	8,071	8,083	8,987	9,598
Maximum monthly treatment plant capacity	7.4 MGD				

