

Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ending December 31, 2018



CITY OF LYNNWOOD
WASHINGTON



CITY OF LYNNWOOD, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

December 31, 2018

Prepared by:

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

CITY OF LYNNWOOD, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

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INTRODUCTORY SECTION

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August 29, 2019

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, 2018. The accompanying CAFR confirms that the City of Lynnwood's financial standing continues to be strong and that our fiduciary oversight is ever-vigilant.

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 managing and accounting for Lynnwood's fiscal resources, the City uses rigorous standards, procedures, and controls to protect and document our municipal assets and liabilities. Although the State Auditor's Office (SAO) has issued an unmodified ("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.

Those controls include Lynnwood's 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 fifteen miles north of Seattle and nine 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 transforming into 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 38,260 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 capacity for a 2035 population of 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. In November 2017, voters approved the formation of a Regional Fire Authority (RFA) that includes Lynnwood. Accordingly, Lynnwood's Fire and Emergency Medical Service (EMS) services were transferred to South County Fire & Rescue.

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 (although at a lower rate than recent years). As a regional employment center and a retail shopping destination, Lynnwood is recognized as a key catalyst for the economic health of Snohomish County. In 2016, the City accounted for 4,125 business licenses. Value-added new construction during 2018 exceeded \$49 million, and is projected to exceed that amount during 2019 – partially as a result of physical construction of Lynnwood Link light rail system. High-density, transit-oriented development is being planned around the new light rail station. Local businesses employ more than 21,700 people.

Partially due to the formation of the RFA in 2017, the City has one of the lowest property tax levy rates in the Puget Sound region. For 2018, the General Levy rate was \$0.57 per \$1,000 of assessed valuation [plus (for 2018 only) a special levy of \$0.37 for Emergency Medical Service (EMS)]. In 2018, voters approved a new special EMS levy for South County Fire & Rescue, and ended Lynnwood's EMS levy.

The vicinity of Alderwood Mall is a very active area of the City. Alderwood Mall 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 and retailers, two multi-screen theaters, and the Alderwood Village lifestyle center. Alderwood Mall continues to foster new investment in its environs, including new multifamily and mixed-use development. Stores within walking distance of Alderwood Mall include: Target, Kohl's, Total Wine, Marshalls, TJ Max, Ross, Nordstrom Rack, Best Buy, Video Only, Whole Foods, Barnes & Noble, Anko, and Costco.

To the west, 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 projects such as 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 2018, Lynnwood received a lodging tax distribution of \$770,491, a 4.9 percent decrease from 2017. 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. Since opening for business in 2005, 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 developed by Tyler Technologies. Additional deployments/enhancements will be undertaken as needed. Munis includes modules for utility accounts and billing, and human resources. Tyler 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 significant undertaking that supports our mission to carefully steward the City's funds.

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 2018 the City transferred \$3,114,866 in tax and permit revenues to its Economic Development Infrastructure Fund (EDIF), which had a balance of over \$9.4 million at the end of 2018.

Projects completed or in progress in 2018 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 \$40.9 million at the end of 2018.

Numerous public and privately-funded developments are being planned in Lynnwood. For example, Edmonds Community College (located in Lynnwood) is constructing 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 approximately 500 dwellings and new Home Depot. 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 is underway. 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, through Lynnwood, to the City of Everett. ST3 will include at least one additional transit station in Lynnwood.

The Lynnwood City Center, a long-term re-development strategy, is located within the boundary of the 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 ending December 31, 2017. This was the twenty-fifth year that Lynnwood has received this prestigious award. Lynnwood's CAFR is readable, efficiently organized, and complies with Generally Accepted Accounting Principles (GAAP) and other program requirements. We believe that our CAFR for 2018 continues to meet or exceed the Certificate of Achievement award requirements.

The City also received the GFOA's Distinguished Budget Presentation Award for its budget for the 2017-18 Biennium. As confirmed by GFOA, Lynnwood's Budget excels as a policy document, a financial plan, an operations guide, and a successful communications tool.

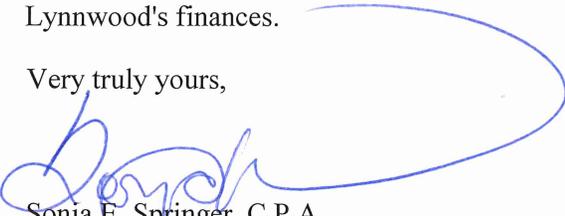
2018 Comprehensive Annual Financial Report
Letter of Transmittal

The preparation of the CAFR 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, Serena Battulga, 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 its 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, 2017

Christopher P. Morill

Executive Director/CEO

**ELECTED AND
 APPOINTED OFFICIALS**

(As Of December 31, 2018)



MAYOR
 Nicola Smith
Term Expires 2021

CITY COUNCIL



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



Shannon Sessions
 Council Vice President
 Position 7—*Term Expires 2019*



Christine Frizzell
 Position 1
Term Expires 2021



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

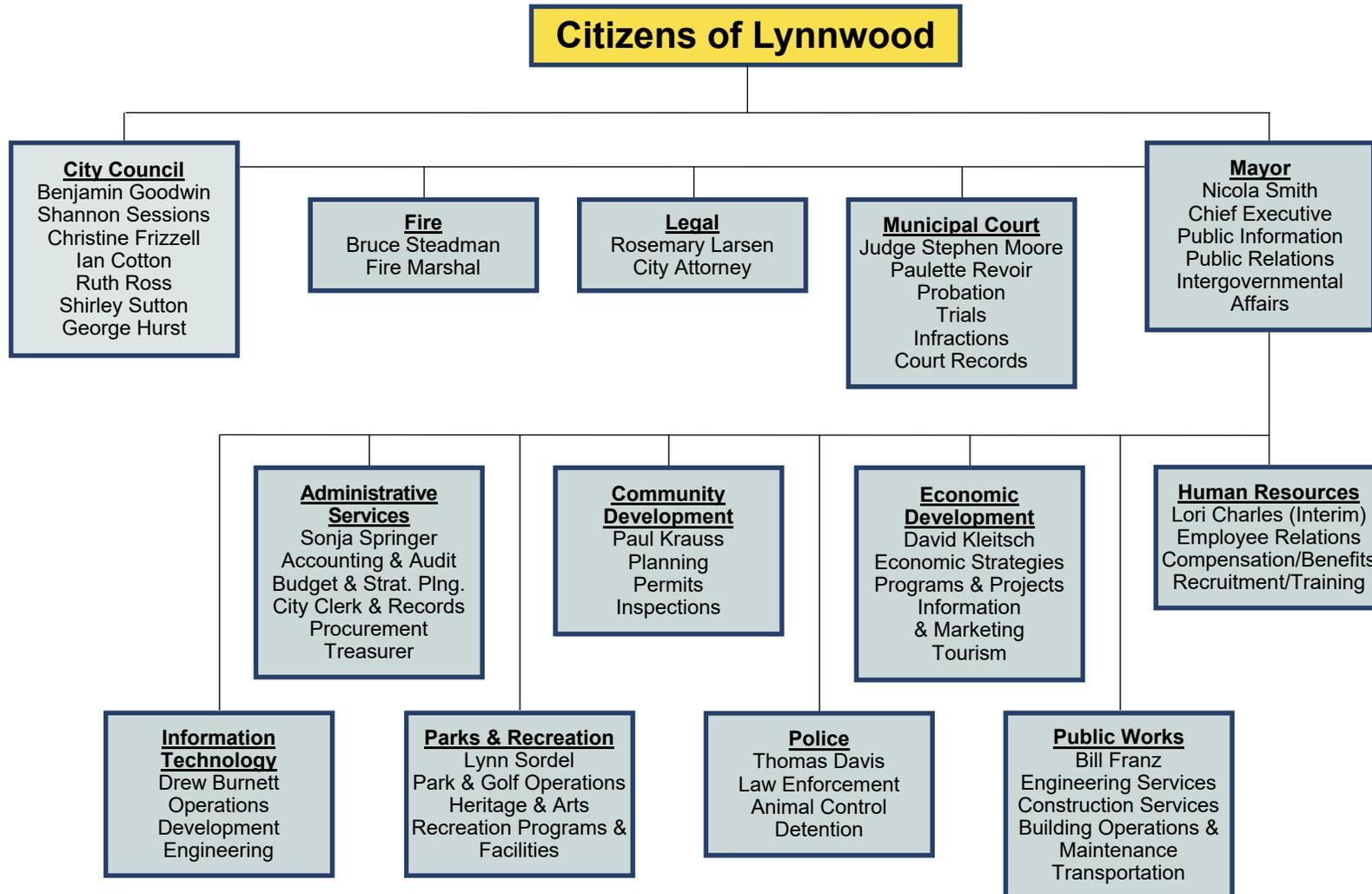
EXECUTIVE STAFF & LEGAL COUNSEL

Assistant City Administrator
 Finance Director
 Information Technology Director
 Police Chief
 Fire Chief (South County Fire & Rescue)
 Public Works Director
 Community Development Director
 Parks and Recreation Director
 Human Resources Director—Interim
 Economic Development Director
 Court Administrator
 City Attorney

Art Ceniza
 Sonja Springer
 Drew Burnett
 Tom Davis
 Bruce Steadman
 William Franz
 Paul Krauss
 Lynn Sordel
 Lori Charles
 David Kleitsch
 Paulette Revoir
 Inslee, Best, Doezie & Ryder, P.S.



2018 Organization Chart



FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 29, 2019

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, as of and for the year ended December 31, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

As discussed in Note 4 to the financial statements, in 2018, the Lynnwood Public Facilities District, a discretely presented component unit of the City, changed its method of accounting for costs associated with environmental contamination. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 and individual fund statements and schedules are presented for the purposes of additional analysis and are 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 are 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 August 29, 2019, 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 style with a large, stylized initial "P".

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, 2018. 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 and deferred outflows exceeded its liabilities and deferred inflows by \$219,715,472 (net position) for the calendar year reported.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$167,810,141 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 \$30,026,064 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 \$21,879,267 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 \$45,205,280 this year. This compares to the prior year ending fund balance of \$39,801,805, showing an increase of \$5,403,475 or 13.6% during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$5,352,952, or 11.1% 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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 34 and 35 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 36-39 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 40-43 of this report.

- *Fiduciary fund* type represents funds held in trust, and includes the firemen's pension trust fund and two fiduciary funds. The statements for these funds are presented on pages 44 and 45.

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 47 of this report.

Required Supplementary Information

This section includes the budgetary schedules for the general fund and disclosure related to pensions and other-postemployment benefits. These are presented in the on pages 94-102.

Supplementary Information

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

Financial Analysis of the City as a Whole

The City's net position at calendar year-end was \$219,715,472. 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	
	2018	2017 (restated)	2018	2017	2018	2017 (restated)
Assets:						
Current	\$ 55,678,336	\$ 50,829,104	\$ 19,486,467	\$ 20,301,917	\$ 75,164,803	\$ 71,131,021
Capital assets	144,856,992	138,420,335	79,257,739	74,012,518	224,114,731	212,432,853
Other	10,831,026	11,014,184	17,234,846	576,059	28,065,872	11,590,243
Total assets	211,366,354	200,263,623	115,979,052	94,890,494	327,345,406	295,154,117
Deferred outflows of resources	4,564,117	2,877,436	419,942	471,728	4,984,059	3,349,164
Liabilities:						
Current	6,411,223	6,839,408	3,834,917	3,286,112	10,246,140	10,125,520
Non-current	43,705,335	47,901,413	52,178,283	35,494,033	95,883,618	83,395,446
Total liabilities	50,116,558	54,740,821	56,013,200	38,780,145	106,129,758	93,520,966
Deferred inflows of resources	5,705,437	4,132,633	778,798	435,201	6,484,235	4,567,834
Net position:						
Net investment in capital assets	122,615,405	115,143,212	45,194,736	39,667,639	167,810,141	154,810,851
Restricted	29,450,366	19,278,571	575,698	1,865,542	30,026,064	21,144,113
Unrestricted	8,042,705	9,845,822	13,836,562	14,613,695	21,879,267	24,459,517
Net position	\$ 160,108,476	\$ 144,267,605	\$ 59,606,996	\$ 56,146,876	\$ 219,715,472	\$ 200,414,481

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 8.7 to 1 as compared to 7.4 to 1 at December 31, 2017. The current ratio for the business-type activities at December 31, 2018 is 5.1 to 1 as compared to 6.2 to 1 at December 31, 2017. For the City overall, the current ratio is 7.3 to 1 as compared to 7.0 to 1 at December 31, 2017. These ratios are strong.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$15,840,871 for governmental activities and increased by \$3,460,120 for business-type activities. The City's overall financial position increased during calendar year 2018 by \$19,300,991. Although the city has established reserve policies the Governmental Accounting Standards Board (GASB) does limits the term "Restricted" to restrictions placed by outside parties such as bondholders.

76.6% 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 75.5% 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, 76.4% of the City's total net position is included in capital assets.

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

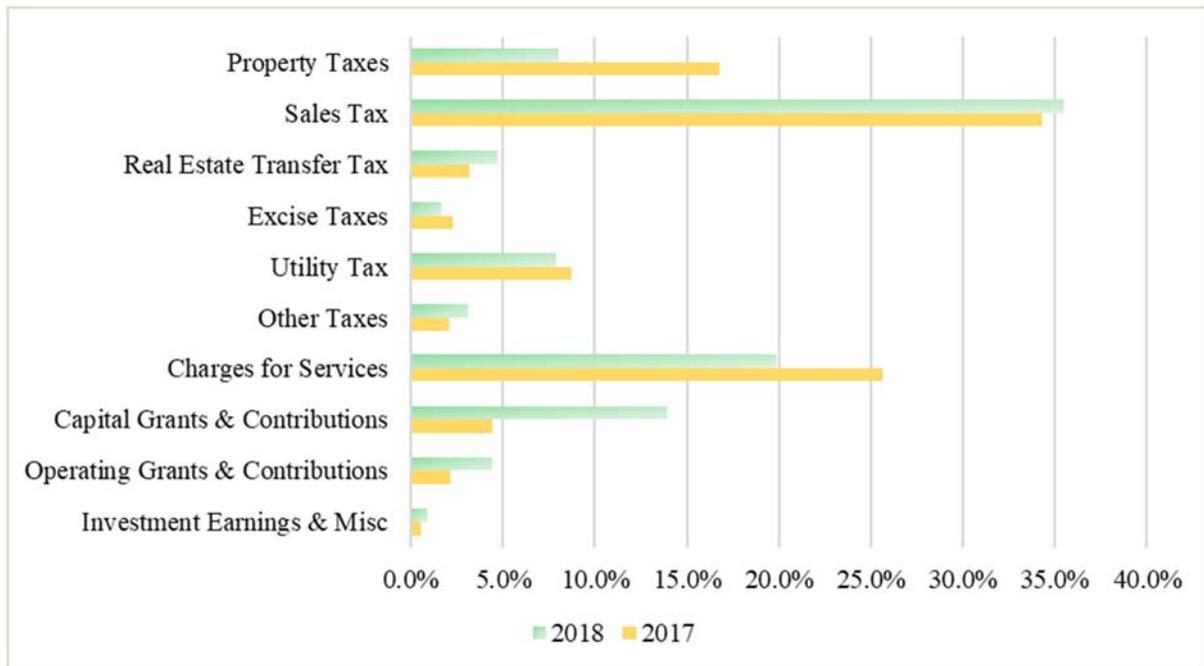
	Summary of Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program:						
Charges for services	\$ 15,068,765	\$ 18,178,663	\$ 22,915,405	\$ 21,924,730	\$ 37,984,170	\$ 40,103,393
Operating grants and contributions	3,347,017	1,533,353	-	-	3,347,017	1,533,353
Capital grants and contributions	10,529,047	3,127,332	280,465	476,358	10,809,512	3,603,690
General:						
Property taxes	6,100,350	11,916,807	-	-	6,100,350	11,916,807
Sales taxes	26,893,450	24,344,659	-	-	26,893,450	24,344,659
Business and other taxes	13,159,655	11,538,906	-	-	13,159,655	11,538,906
Investment earnings	579,102		475,214		1,054,316	-
Other revenues	104,486	363,419	5,338	243,671	109,824	607,090
Total revenues	75,781,872	71,003,139	23,676,422	22,644,759	99,458,294	93,647,898
Program Expenses:						
General government	9,144,034	16,589,969	-	-	9,144,034	16,589,969
Economic environment	5,740,132	3,757,195	-	-	5,740,132	3,757,195
Judicial	1,032,081	1,080,312	-	-	1,032,081	1,080,312
Culture and recreation	8,940,249	12,049,772	-	-	8,940,249	12,049,772
Public safety	23,247,263	32,573,429	-	-	23,247,263	32,573,429
Social services	548,383	520,115	-	-	548,383	520,115
Transportation	9,873,081	7,193,668	-	-	9,873,081	7,193,668
Utilities	36,155	(55,286)	-	-	36,155	(55,286)
Interest on long-term debt	937,523	933,849	-	-	937,523	933,849
Water/sewer/storm utility	-	-	19,417,664	21,000,769	19,417,664	21,000,769
Golf course	-	-	1,240,738	1,188,114	1,240,738	1,188,114
Total expenses	59,498,901	74,643,023	20,658,402	22,188,883	80,157,303	96,831,906
Revenues over (under) expenses	16,282,971	(3,639,884)	3,018,020	455,876	19,300,991	(3,184,008)
Transfers	(442,100)	96,271	442,100	(96,271)	-	-
Changes in net position	15,840,871	(3,543,613)	3,460,120	359,605	19,300,991	(3,184,008)
Beginning net position:						
as originally reported	149,942,773	153,486,386	56,146,876	55,787,271	206,089,649	209,273,657
Change in accounting principle	(5,675,168)	-	-	-	(5,675,168)	-
Beg net positon-restated	144,267,605	153,486,386	56,146,876	55,787,271	200,414,481	209,273,657
Ending net position	\$ 160,108,476	\$ 149,942,773	\$ 59,606,996	\$ 56,146,876	\$ 219,715,472	\$ 206,089,649

GOVERNMENTAL ACTIVITIES-REVENUES

Although total tax revenues decreased by \$1,646,917 or 3.5% less than those reported in 2017, the decrease was the result of lowering of the property tax after the City’s Fire Department was transferred to the South County Fire District No. 1. Sales taxes increased by \$2,548,791 or 10.5%, mostly due to the new Transportation Benefit District (TBD) sales tax of 0.1% that went into effect April 1, 2017 and accounts for \$1.7 million of the sales tax increase. Retail sales, the largest sector comprising 42% of the overall sales tax base decreased, albeit by less than one percent from 2017. Construction taxes, which are one-time revenues in nature, account for nearly half of the overall sales tax increase.

Business and other taxes increased by \$1,620,749, which was comparable to the prior year’s increase of \$1,623,262. The increase was 14.1 % from 2017 and primarily the result of an increase in real estate excise taxes (REET) of \$1.3 million.

As the chart below depicts, in total, in 2018 taxes make up 60.9% of the total revenues stream as compared to 67.3% in 2017. 2018 property taxes make up 8.0% of revenues, as compared to 16.8% in 2017, and 2018 sales taxes make up 35.5% of total revenues as compared to 34.3% in 2017.



The operating grants and contributions for general government of \$454,303 included the following:

- Public Utility District Privilege Tax - \$268,143
- Other Miscellaneous Revenues and Donations - \$181,531

The operating grants for culture and recreation of \$973,638 included the following:

- Donations, Parks and Senior Services - \$49,676
- Public Hospital District No 2 agreements for:
 - Move 60 Teen Program - \$104,620
 - Parks and Recreation staff support services - \$17,630
 - Third Grade Swim program - \$52,520
- Lodging Tax - \$749,192

The operating grants for public safety of \$728,321 included the following:

- LEOFF Pension Plan Special Funding - \$330,687
- City of Edmonds – Police Services - \$78,963
- Snohomish County Regional Drug and Gang Task Force - \$27,053
- Administrative Office of the Courts - \$38,623
- Washington Traffic Safety Commission - \$13,488

The operating grants and contributions for transportation of \$1,181,296 included the following:

- Sound Transit Interlocal Agreement for Transit Center Planning - \$350,063
- Motor Vehicle Fuel Tax and Other Street Operating Funds - \$802,193
- Snohomish County PUD - \$5,368

The operating grants and contributions for utilities of \$9,459 included the following:

- Department of Ecology Grant - \$9,459

The capital grants and contributions for general government of \$384,815 include the LID 93-1 I-5 and 196th Project funded by special assessment.

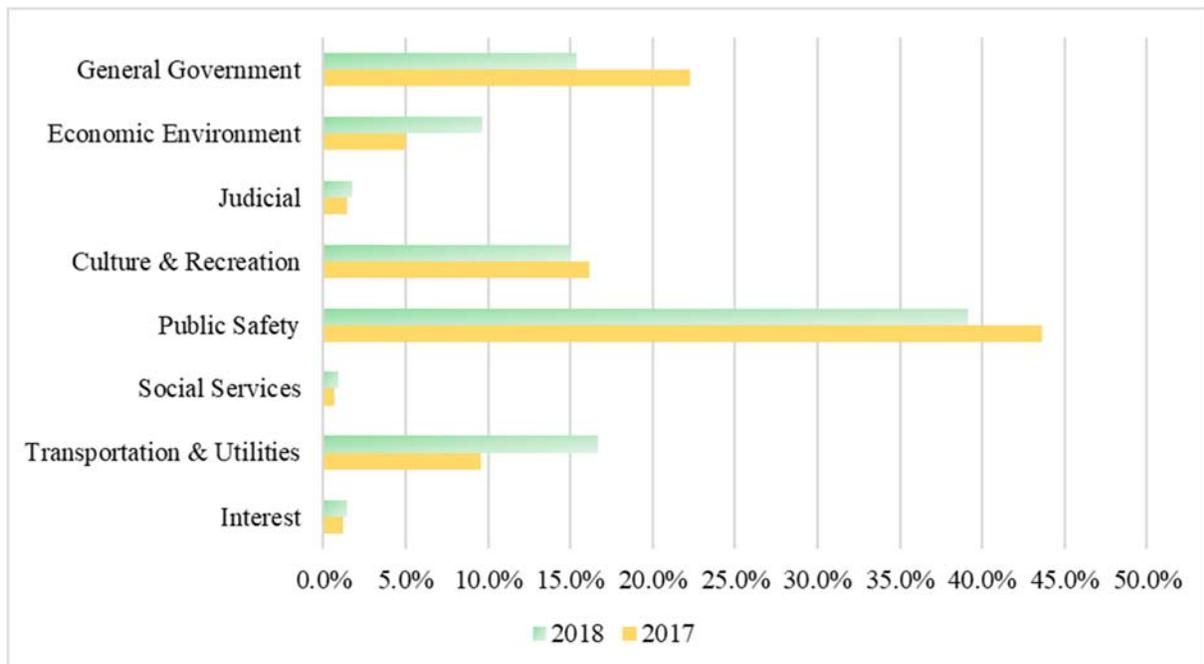
The capital grants and contributions for transportation of \$10,144,232 included the following:

- Federal indirect grants through Washington State DOT for:
 - 35th and 36th Avenue West Roadway - \$2,726,540
 - Interurban Trail Missing Link - South Segment \$1,286,857
 - 196th and SR 524 Improvements - \$346,386
 - Poplar Way Bridge Extension - \$13,700
- Washington State Transportation Improvement Board for 196th Improvements - \$4,775,830
- Alderwood Water - \$20,302
- Edmonds School District ILA - \$500,000

It is noteworthy that program revenues cover 48.7% of governmental operating expenses, up from 31% a year ago. The taxpayers and the City's other general governmental revenues cover the remaining 51.3% 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 2018 and 2017:



Of the City's governmental activities functions, 39.1% of the total costs relates to public safety in 2018 as compared to 43.6% in 2017. The decrease is due to transition of fire protection services to South County Fire District No. 1 in late 2017. Transportation & Utilities expenses make up 16.7% of total costs in 2018 as compared to 9.6% in 2017, due to increased engineering expenditures associated with street maintenance and road improvement projects like chip sealing. General

government expenses make up 15.4% as compared to 22.2% in 2017. General government expenses decreased \$7.4 million. Most of this decrease, \$6 million, was a result of a one-time loss on capital assets in 2017 when the City transferred the fire department assets to the Regional Fire Authority; this loss was reported under General Government expense in 2017. In 2017, the Lodging Tax fund expenditures of \$1.4 million were classified and reported as general government; in 2018 they are correctly classified as economic environment expenditures. Economic environment expenditures in 2017 were \$3.8 million and in 2018 economic environment expenditures increased to \$5.7 million or 52.8% due to the reclassification of the Lodging Tax fund expenditures from general government to economic environment.

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	
	2018	2017	2017	2017
General government	\$ 9,144,034	\$ 16,589,969	\$ 3,515,458	\$ 11,241,122
Judicial	1,032,081	1,080,312	(760,031)	(138,594)
Public safety	23,247,263	32,573,429	20,337,032	27,665,829
Utilities	36,155	(55,286)	(506,138)	(625,401)
Transportation	9,873,081	7,193,668	(3,056,695)	3,587,956
Natural environment	-	-	-	9,946
Economic environment	5,740,132	3,757,195	4,806,424	2,646,709
Social services	548,383	520,115	548,383	520,115
Culture and recreation	8,940,249	12,049,772	4,732,116	5,962,144
Interest on debt	868,553	933,849	868,553	933,849
Total	\$ 59,429,931	\$ 74,643,023	\$ 30,485,102	\$ 51,803,675

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)		%
	2018	2017	Change
Water/sewer/storm utility	\$ 3,930,329	\$ 2,487,374	58%
Golf course	80,053	(43,437)	84%
Total	\$ 4,010,382	\$ 2,443,937	64%

The following analysis is provided for the major enterprise funds.

Sewer/Water/Storm Utility Fund – Operating revenues increased \$830,040 or 4.0% in 2018 over 2017. Water charges for services increased \$145,069 or 2.2%. Sewer charges for services increased \$490,500 or 4.7%. Storm charges for services increased \$140,948 or 3.8%. Increases are primarily due to rate increases in 2018 of 5% for water, 5% for sewer and 7% for storm.

Total operating expenses decreased \$612,915 or 3.3% from the 2017 amount. At December 31, 2018, net position totals \$56,684,217. Of this amount, \$40,949,223 or 72.2% is invested in capital assets.

The various expenses changed from 2017 to 2018 as follows:

- Administration and general – water – increase of \$21,944 or 1.2%.
- Administration and general – sewer – reduction of \$34,877 or 2.2%
- Administration and general – stormwater – reduction of \$54,660 or 7.2%
- Maintenance and operations – water – increase of \$272,945 or 8.1%
- Maintenance and operations – sewer – reduction of \$1,055,193 or 16.0%
- Maintenance and operations – stormwater - increase of \$338,051 or 14.1%

There has been significant fluctuation between years are due to allocation of costs between functions resulting from capital activities and the associated financing. This is most apparent in the sewer division where, in 2017, operating costs included many one-time non-capitalized peripheral costs associated with the volume of construction activity.

Transfers in totaled \$442,100 and included \$132,000 from the Transportation Benefit District Fund and \$310,100 from the Real Estate Excise Tax 2 Fund.

Golf Course Fund – Operating revenues increased \$160,635 or 14.2%. The number of rounds sold in 2018 increased by 13.41% to 45,596 from 40,203 in 2017. The increase in revenue and golf rounds is primarily attributable to completion of additional parking. During 2017 parking construction which hampered access to the facility.

Total operating expenses increased \$37,145 or 3.2%, over the 2017 amount. There was operating income of \$80,053 in 2018, compared to an operating loss of \$43,437 in 2017. This was due to the effect of the construction of 50 additional parking spaces in 2017 which made parking difficult in the early spring. First year indications are that the additional parking spaces are increasing the number of golf rounds.

At December 31, 2018, the net position totaled \$3,026,625 compared with \$2,971,587 as of December 31, 2017.

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 \$45,205,280 as compared to \$39,801,805 at December 31, 2017.

The restricted amount at December 31, 2018 was \$23,731,396, which includes \$1,025,111 for debt service, \$13,189,441 for capital improvements, and \$9,516,844 for a variety of other restrictions.

Over \$6 million is committed, primarily for revenue fluctuations. The general fund reports approximately \$9.5 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 \$9.5 million intended (assigned) to be spent on future economic development. These funds are included in the Economic Infrastructure Development fund, another managerial fund that is included in the General Fund.

The General Fund reports an unassigned amount of fund balance of \$ 5,352,952. This amount will be used for future one-time operating costs. The total ending fund balances of governmental funds show an increase of over \$5.4 million compared to an increase of \$2.6 million at December 31, 2017.

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$1,038,167 or 5.2% in 2018, after interfund transfers to other funds. The difference between revenues and expenditures was \$4,418,417 before interfund transfers. \$1,766,751 was transferred to service debt, \$1,117,500 was transferred to fund capital projects, \$1,000,000 was transferred to the Street Operating Fund (Non Major Special Revenue Fund) and \$61,000 was transferred to the Solid Waste Management fund (Non Major Special Revenue Fund). Total transfers were \$628,041 (13.7%) less than total transfers in 2017.

Total revenues decreased by \$5,664,217 or 10.3% in 2018. The primary cause of this decrease was the reduction in property taxes and aid car fees received, due to transition of the fire department to a separate special purpose district. Sales tax revenues increased by 4.4% or \$958,047 over the 2017 amount.

Permits and fees increased \$682,400 or 39.7% from 2017. The city continued to experience strong new development activity in 2018. 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 2018 was \$248,745,837.

In 2018, total expenditures decreased by \$6,534,896 or 11.9% compared to 2017. The decrease is due to transition of the fire department, which resulted in a decrease of \$8,987,953 or 23.8% in total public safety expenditures.

Culture and recreation expenses increased \$921,651 or 13.9% from 2017. This increase is mostly due to the expansion of cultural and recreational programs offered by the City's Parks, Recreation and Cultural Arts department.

The City Council adopted updated Financial Management Policies in 2017. 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, 2018, the City has met the policy requirements for reserves in 2019 as follows:

2018 General Fund Expenditures		<u>\$ 48,238,689</u>
Reserve Requirement (2.5 months)		10,049,727
Reserves:		
Rate Stabilization Fund	\$ 6,000,000	
Unassigned Fund Balance	<u>5,352,952</u>	
Total Reserve Balance		<u>11,352,952</u>
Exceeds Reserve Requirement		<u><u>\$ 1,303,225</u></u>

Transportation Capital Fund – the Transportation Capital Fund, while not new, is now classified as a major fund due to the increased dollar amount of activity. As the name indicates, the fund is used to account for transportation related capital projects, which in 2018 included among others, 35th/36th Ave W Roadway Improvements, the Poplar Way Extension Bridge, and 196th Street SW (SR524) Improvements. Revenues increased by \$9,240,072 from 2017 to 2018 due to significant amounts of grant funding received in 2018. Expenditures increased by \$13,532,974 due to spending on major capital projects. Fund balance increased slightly (\$309,196 or 4.8%) from 2017 to 2018.



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 and capital funds are reviewed and amended as needed by the City Council. Though December 31, 2018, the budget was amended four times 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 \$5.9 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 \$9.3 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 two budget amendments that were approved in 2018 included a \$200,000 increase to the Community Development budget to pay for consultants to perform permit and plan reviews due to the increased workload. Also included was an increase to the Police budget of \$148,000 for increased assessments from Snohomish County 911 and Snohomish County Emergency Radio System (SERS). At the end of 2018 the final budget amendment added \$702,000 for the fees required to receive additional Ground Emergency Medical Transport (GEMT) fees of \$1.4 million that didn't occur until third quarter of 2019.

The final General Fund revenue budget was \$5.5 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. In 2018 a budget amendment added \$200,000 in additional permit revenue and \$180,000 for increased investment interest revenues. The final budget amendment in 2018 added \$1.4 million for estimated GEMT revenues that ultimately didn't occur until the third quarter of 2019.

Actual results compared to final budget

Total General Fund revenues over the biennium were \$111 million or 93% of the final biennial budget of \$119.3 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 97% of the final adopted biennial budget. Property tax revenues were 100.6% of the biennial budget. In 2018 \$6.2 million was received, as compared to almost \$12 million received in 2017. The property tax levy reduction was done as a result of savings from the RFA.

Sales tax revenues, which represents almost 39% of the total budgeted General Fund revenues, totaled almost \$45 million for the biennium and accounted for 97% of the \$46.2 million budget for sales tax. Sales tax revenues in 2018 increased by \$958,047 from 2017, which is a positive and strong 4.36% increase.

Planning and inspection fees exceeded the biennial budget by \$746,930, and business licenses revenues exceeded the final biennial budget by \$546,516. Both revenues were higher due to the new development and businesses in the city in 2017 and 2018. Investment revenues which totaled \$517,697 during the biennium, exceeded the budget by \$301,276 due to better management of the investment portfolio and increasing interest rates compared to previous years.

Total General Fund expenditures were \$103 million or 92% of the final biennial budget. The Administrative Services budget includes \$4.2 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, Fleet and Golf funds in the financial statements. Adjusting for this amount, the General Fund expenditures were almost 96% of the final budget. All General Fund department's expenditures were within their biennial budget, except for the Police department, which overspent their biennial budget by \$112,262 or 0.28%. The Police budget for contracted jail services was over expended by \$430,000 with a biennial budget of \$1,980,000. Contracted jail costs have increased over the years and the budget was not adequate to cover these costs. The Police Department has put measures in place to reduce jail costs in the future.

Capital Assets and Debt Administration

Capital Assets

The City's net book value of capital assets as of December 31, 2018 increased by 4.65% for governmental activities and increased by 7.09% in business-type activities. The overall increase was 5.50% 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	
	2018	2017	2018	2017	2018	2017
Nondepreciable assets:						
Land	\$ 40,690,314	\$ 38,490,590	\$ 8,259,914	\$ 8,259,914	\$ 48,950,228	\$ 46,750,504
Easements	439,018	439,018	4,340,120	4,340,120	4,779,138	4,779,138
Art, non-depreciable	128,219	128,219	-	-	128,219	128,219
Construction in progress	15,785,197	9,814,995	1,480,897	4,822,448	17,266,094	14,637,443
Total nondepreciable assets	57,042,748	48,872,822	14,080,931	17,422,482	71,123,679	66,295,304
Depreciable assets:						
Buildings	42,300,910	42,300,910	34,447,324	34,598,458	76,748,234	76,899,368
Improvements other than buildings	22,662,879	22,033,497	2,774,233	2,774,233	25,437,112	24,807,730
Machinery and equipment	16,930,996	16,503,049	4,675,878	4,623,205	21,606,874	21,126,254
Infrastructure	92,816,490	90,110,162	72,695,438	64,322,600	165,511,928	154,432,762
Total depreciable assets	174,711,275	170,947,618	114,592,873	106,318,496	289,304,148	277,266,114
Total accumulated depreciation	86,897,029	81,400,105	49,416,069	49,728,460	136,313,098	131,128,565
Book value - depreciable assets	87,814,246	89,547,513	65,176,804	56,590,036	152,991,050	146,137,549
Percentage depreciated	50%	48%	43%	47%	47%	47%
Book value - all assets	\$ 144,856,994	\$ 138,420,335	\$ 79,257,735	\$ 74,012,518	\$ 224,114,729	\$ 212,432,853

At December 31, 2018, the depreciable capital assets for governmental activities were 50% depreciated. This compares with the December 31, 2017 percentage of 48%. For business-type activities, the percentage decreased from 47% to 43% reflecting the disposition and write-off of long reported building assets no longer in service.

At December 31, 2018, the major projects included in the governmental activities construction in progress includes:

- Poplar Way Bridge Extension - \$3,174,555
- 36th Avenue West Improvements - \$6,876,854
- 196th Street SW Improvements - \$5,154,293
- Beech Road Improvements- \$194,405

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

- Law Enforcement: 2 traffic motorcycles- \$48,295, 9 vehicles - \$330,192, 2 K9s- \$19,048, 1 Drone Camera System with Software- \$34,385, 1- Video Storage Server- \$15,256
- Public Works: 1 service vehicle - \$24,610
- Parks and Recreation: Utility Vehicle- \$10,969
- Administrative Services: Document Scanner - \$12,971
- Information Services: Networking Hardware- \$25,568, Server Hardware- \$194,727

Governmental activities land and infrastructure increased approximately \$4,906,052 consisting primarily of:

- Completion of Interurban Trail South Segment 212th & 63rd
- Permanent right-of-way purchases for the 196th St Improvement project

With the City's business-type activities, 43% of the asset values were depreciated at December 31, 2018, as compared to the 47% at December 31, 2017.

At December 31, 2018, the major projects included in the business-type activities construction in progress include:

- Force Main #8 - \$389,129
- Lift Station 8- \$510,413
- Lift Station 4 & 8 Improvements- \$312,342
- Lift Station 10 Flood Protection- \$52,921

At December 31, 2018, major projects completed include:

- SR99/SR524 Adaptive Signal - \$574,148
- Interurban Trail South Segment - \$2,609,433
- Ash Way & Maple Rd Improvements- \$2,914,304
- Sewer Improvements: LS #4, #8, & #10- Project 2- \$4,767,847

(continued on subsequent page)

Long-Term Liabilities

The following table reports outstanding long-term liabilities at both December 31, 2018 and 2017:

	Governmental Activities		Business-type Activities		Totals	
	2018	2017 (restated)	2018	2017	2018	2017 (restated)
General obligation bonds	\$ 22,241,587	\$ 23,177,123	\$ -	\$ -	\$ 22,241,587	\$ 23,177,123
Special assessment bonds	-	100,000	-	-	-	100,000
Revenue bonds	-	-	52,235,464	34,221,596	52,235,464	34,221,596
Subtotal	22,241,587	23,277,123	52,235,464	34,221,596	74,477,051	57,498,719
Net pension liability	8,469,127	11,436,960	1,746,845	2,542,238	10,215,972	13,979,198
OPEB - LEOFF 1-Police	11,617,646	12,036,582	-	-	11,617,646	12,036,582
Claims and judgements	85,201	91,000	-	-	85,201	91,000
Compensated absences	3,176,284	3,097,205	332,376	427,787	3,508,660	3,524,992
Total	\$ 45,589,845	\$ 49,938,870	\$ 54,314,685	\$ 37,191,621	\$ 99,904,530	\$ 87,130,491

In a report issued on September 18, 2018, Standard & Poor's (S&P) assigned its 'AA' Rating to the city's 2018 utility system revenue bonds that Council authorized on May 14, 2018. 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 2010 and 2015 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.

The City's outstanding governmental debt decreased incrementally as the City issued no new debt and paid the scheduled amounts of the outstanding debt. The City's business-type debt increased due to issuance of utility revenue bonds in the amount of \$20,380,000 plus a premium of \$2,608,959.



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 Lynnwood’s highest levy which occurred in 2017. This means that if the need arises, the City Council has the ability to significantly increase property tax revenue without voter approval.

Sound Transit’s Lynnwood Link light rail, scheduled to begin service in summer 2024, is also fueling Lynnwood’s strong real estate market. To optimize available revenues, the City continues to proactively pursue and obtain state and federal funding to expand the capacity of municipal infrastructure. This includes streets, parks, sidewalks, facilities, utilities and open space.

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, emerging light rail service, and economic prominence supports sustained economic vitality.

Population and employment growth within the City reflect steady progress towards implementing the community’s vision as a designated Regional Growth Area. 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 \$249 million in new permitted development in 2018, which generated over \$2.4 million in permit fee revenue during 2018. The local lodging industry remains strong, reflected by more than \$770,000 in lodging tax revenue during 2018.

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 a key component of Lynnwood’s economic future. 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. With mid-rise buildings over structured parking, this type of 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 initial design. Site work for the Sound Transit Lynnwood Link Light Rail has begun (2019) after considerable planning and engineering work throughout 2018. Pedestrian/bicycle trails near the transit center will be upgraded to support non-motorized access to the light rail service. These projects address the community vision for a multi-modal transportation network.

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: 19100 44th Ave W; Lynnwood, WA 98036.

BASIC FINANCIAL STATEMENTS

City of Lynnwood, Washington
Statement of Net Position
December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents (Note 3-A)	\$ 29,853,449	\$ 3,898,516	\$ 33,751,965	\$ 6,927,509
Restricted assets: cash and cash equivalents	-	19,533	19,533	-
Investments (Note 3-A)	9,684,489	12,396,234	22,080,723	1,938,845
Receivables:				
Accounts	4,018,525	2,981,274	6,999,799	533,378
Taxes	6,946,669	-	6,946,669	-
Interest	5,958	12,177	18,135	-
Intergovernmental	4,567,264	-	4,567,264	-
Internal	236,846	(236,846)	-	-
Prepaid items	365,136	391,616	756,752	76,226
Inventory	-	23,963	23,963	23,780
Total Current Assets	55,678,336	19,486,467	75,164,803	9,499,738
Noncurrent Assets				
Investment in joint venture	1,793,402	-	1,793,402	-
Net pension assets	7,786,624	-	7,786,624	-
Restricted assets: cash and cash equivalents	-	18,424,524	18,424,524	1,745,457
Note receivable	-	61,322	61,322	-
Internal receivable	1,251,000	(1,251,000)	-	-
Capital assets (Note 3-D)				
Nondepreciable	57,042,748	14,080,930	71,123,678	7,499,248
Depreciable, net	87,764,005	65,176,809	152,940,814	15,817,074
Total Noncurrent Assets	155,637,779	96,492,585	252,130,364	25,061,779
Total Assets	211,316,115	115,979,052	327,295,167	34,561,517
Deferred Outflows of Resources				
Deferred Outflows-loss on refunding	-	-	-	25,358
Deferred Outflows-OPEB	234,381	-	234,381	-
Deferred Outflows of Resources-Pensions	4,329,736	419,942	4,749,678	23,264
Total Deferred Outflows of Resources	4,564,117	419,942	4,984,059	48,622
Liabilities				
Current Liabilities				
Accounts payable	2,163,165	1,031,654	3,194,819	266,571
Accrued expenses	1,655,849	241,301	1,897,150	83,056
Retainage payable	-	78,199	78,199	-
Other payables	350,138	-	350,138	-
Deposits payable	-	21,962	21,962	713,414
Custodial accounts payable	11,561	3,116	14,677	-
Compensated absences payable	917,923	106,701	1,024,624	1,626
Unearned revenue	277,030	18,662	295,692	-
Accrued interest	68,970	303,621	372,591	-
Current portion of environmental remediation	-	-	-	841,645
General obligation refunding bonds payable	966,587	-	966,587	1,771,117
Revenue bonds payable	-	2,029,701	2,029,701	-
Total Current Liabilities	6,411,223	3,834,917	10,246,140	3,677,429
Long-Term Liabilities (net of current portion): (Note 3-F)				
Deposits payable	-	-	-	70,457
Compensated absences payable	2,258,361	225,675	2,484,036	21,588
Claims and judgments payable	85,201	-	85,201	-
Other postemployment benefits	11,617,646	-	11,617,646	80,286
Net pension liability	8,469,127	1,746,845	10,215,972	127,091
Environmental remediation	-	-	-	4,739,545
General obligation refunding bonds payable	21,275,000	-	21,275,000	6,516,700
Revenue bonds payable, net of premiums/discounts	-	50,205,763	50,205,763	15,369,131
Total Long-term Liabilities	43,705,335	52,178,283	95,883,618	26,924,798
Total Liabilities	50,116,558	56,013,200	106,129,758	30,602,227
Deferred Inflows of Resources				
Deferred Inflows of Resources - gain on refunding	-	133,239	133,239	40,424
Deferred Inflows of Resources - pensions	5,705,437	645,559	6,350,996	50,723
Total Deferred Inflows of Resources	5,705,437	778,798	6,484,235	91,147
Net Position				
Net investment in capital assets (Note 3-J)	122,565,166	45,194,736	167,759,902	(355,692)
Restricted for:				
Debt service	122,476	575,698	698,174	1,000,000
Capital outlay	12,100,390	-	12,100,390	-
Criminal justice	3,778,428	-	3,778,428	-
Tourism	1,151,905	-	1,151,905	-
Drug enforcement	205,661	-	205,661	-
Other purposes	201,377	-	201,377	-
Streets	4,179,473	-	4,179,473	-
Pension asset	7,710,656	-	7,710,656	-
Unrestricted	8,042,705	13,836,562	21,879,267	3,272,457
Total Net Position	\$ 160,058,237	\$ 59,606,996	\$ 219,665,233	\$ 3,916,765

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Balance Sheet
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Transportation Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 11,791,564	\$ 3,806,694	\$ 11,446,005	\$ 27,044,263
Investments	3,620,848	-	5,078,966	8,699,814
Receivables:				
Accounts	3,516,233	-	502,292	4,018,525
Taxes	5,797,382	-	1,149,287	6,946,669
Interest	-	-	4,991	4,991
Intergovernmental	426,121	\$ 3,870,768	100,051	4,396,940
Interfund	1,384,000	-	-	1,384,000
Prepaid	77,917	-	-	77,917
Total Assets	<u>\$ 26,614,065</u>	<u>\$ 7,677,462</u>	<u>\$ 18,281,592</u>	<u>\$ 52,573,119</u>
Liabilities				
Accounts payable	\$ 878,771	\$ 828,955	\$ 342,805	\$ 2,050,531
Accrued salaries and wages payable	1,546,254	-	69,513	1,615,767
Custodial accounts payable	11,561	-	-	11,561
Other current liabilities payable	224,107	125,073	958	350,138
Unearned revenue	-	-	277,030	277,030
Total Liabilities	2,660,693	954,028	690,306	4,305,027
Deferred Inflows of Resources				
Deferred Inflows of Resources - property tax	133,932			133,932
Deferred Inflows of Resources - municipal court	2,460,498			2,460,498
Deferred Inflows of Resources - red-light photo	468,382			468,382
Total Deferred Inflows of Resources	<u>3,062,812</u>	<u>-</u>	<u>-</u>	<u>3,062,812</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,723,505</u>	<u>954,028</u>	<u>690,306</u>	<u>7,367,839</u>
Fund Balances				
Nonspendable	77,917		-	77,917
Restricted	-	6,723,434	15,016,276	21,739,710
Committed	6,000,000		1,377,670	7,377,670
Assigned	9,459,691		1,197,340	10,657,031
Unassigned	5,352,952		-	5,352,952
Total Fund Balances	<u>20,890,560</u>	<u>6,723,434</u>	<u>17,591,286</u>	<u>45,205,280</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,614,065</u>	<u>\$ 7,677,462</u>	<u>\$ 18,281,592</u>	<u>\$ 52,573,119</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, 2018

Total Governmental Fund Balances	\$	45,205,280
 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	\$ 219,914,218	
Less accumulated depreciation	<u>(80,554,975)</u>	139,359,243
 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.		
		1,793,402
 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.		
		3,062,812
 Deferred inflows and outflows for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		
		(1,340,072)
 Deferred inflows and outflows for OBEB reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		
		234,381
 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.		
		7,786,624
 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.		
		9,177,196
 The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.		
		103,846
 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	\$ (22,241,587)	
Other postemployment benefits payable	(11,617,646)	
Net pension liability payable	(8,270,107)	
Compensated absences payable	(3,126,165)	
Accrued interest payable	<u>(68,970)</u>	\$ (45,324,475)
 Net Position Of Governmental Activities	 \$	 <u>160,058,237</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, 2018

	<u>General</u>	<u>Transportation Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 36,214,811	\$ -	\$ 9,447,161	\$ 45,661,972
Intergovernmental	1,589,699	9,594,425	2,345,475	13,529,599
Special assessments	-	-	384,815	384,815
Licenses and permits	5,574,046	-	136,240	5,710,286
Charges for services	3,979,661	-	1,687,657	5,667,318
Fines and forfeitures	4,292,162	-	38,566	4,330,728
Investment earnings	347,267	-	193,113	540,380
Other interest	-	-	29,308	29,308
Rent and leases	428,253	-	-	428,253
Miscellaneous	231,205	-	72,545	303,750
Total Revenues	<u>52,657,104</u>	<u>9,594,425</u>	<u>14,334,880</u>	<u>76,586,409</u>
Expenditures				
Current:				
General government	8,606,022	-	397,559	9,003,581
Economic Environment	4,410,255	-	1,533,841	5,944,096
Judicial	1,054,363	-	-	1,054,363
Culture and recreation	7,529,452	-	893,883	8,423,335
Public safety	24,457,707	-	606,932	25,064,639
Social services	548,383	-	-	548,383
Transportation	1,408,880	2,978,556	2,282,960	6,670,396
Utilities	-	-	29,557	29,557
Capital Outlay	223,327	11,430,430	454,193	12,107,950
Debt Service:				
Principal retirement	-	-	1,035,536	1,035,536
Interest and fiscal charges	300	-	868,253	868,553
Total Expenditures	<u>48,238,689</u>	<u>14,408,986</u>	<u>8,102,714</u>	<u>70,750,389</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,418,415</u>	<u>(4,814,561)</u>	<u>6,232,166</u>	<u>5,836,020</u>
Other Financing Sources (Uses)				
Proceeds from disposition of assets	-	-	9,555	9,555
Transfers in	565,000	5,398,757	4,942,289	10,906,046
Transfers out	(3,945,250)	(275,000)	(7,127,896)	(11,348,146)
Total Other Financing Sources (Uses)	<u>(3,380,250)</u>	<u>5,123,757</u>	<u>(2,176,052)</u>	<u>(432,545)</u>
Net Change in Fund Balances	1,038,165	309,196	4,056,114	5,403,475
Fund Balances Beginning of Year	<u>19,852,395</u>	<u>6,414,238</u>	<u>13,535,172</u>	<u>39,801,805</u>
Fund Balances End of Year	<u>\$ 20,890,560</u>	<u>\$ 6,723,434</u>	<u>\$ 17,591,286</u>	<u>\$ 45,205,280</u>

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net Changes In Fund Balances - Total Governmental Funds		\$ 5,403,475
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (5,272,359)	
Capital outlay	12,107,950	
Less amount of capital outlay not capitalized	-	6,835,591
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.		
		(222,822)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes, fines and special assessments:		
Deferred as of 12/31/18	\$ 3,062,812	
Deferred as of 12/31/17	(4,239,393)	(1,176,581)
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.		
		779,233
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.		
		627,966
The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.		
		(141,291)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.		
		1,035,536
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.		
		487,825
Net pension debits reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		
		2,322,431
A one-month portion of interest on long-term debt is accrued in the governmental-activities but not on the governmental funds statement of revenues expenditures and changes and fund balance.		
		(68,970)
Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/18	\$ (3,126,165)	
Liability @ 12/31/17	3,034,404	(91,761)
Change In Net Position of Governmental Activities		\$ 15,790,632

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,804,647	\$ 93,869	\$ 3,898,516	\$ 2,809,186
Restricted assets: cash and cash equivalents	19,533	-	19,533	-
Investments	12,329,552	66,682	12,396,234	984,675
Receivables:				
Accounts	2,981,274	-	2,981,274	-
Intergovernmental	-	-	-	170,324
Interest	12,111	66	12,177	967
Inventories	-	23,963	23,963	-
Prepaid items	381,406	10,210	391,616	287,219
Total Current Assets	19,528,523	194,790	19,723,313	4,252,371
Noncurrent Assets:				
Restricted assets: cash and cash equivalents	18,383,899	40,625	18,424,524	-
Notes receivable	61,322	-	61,322	-
Capital assets:				
Nondepreciable	10,417,561	3,663,369	14,080,930	76,802
Depreciable, net	64,594,665	582,144	65,176,809	5,370,708
Total Noncurrent Assets	93,457,447	4,286,138	97,743,585	5,447,510
TOTAL ASSETS	112,985,970	4,480,928	117,466,898	9,699,881
TOTAL DEFERRED OUTFLOWS OF RESOURCES	419,942	-	419,942	54,938
Liabilities				
Current Liabilities:				
Accounts payable	1,001,990	29,664	1,031,654	112,634
Accrued payroll	241,301	-	241,301	40,082
Retainage payable	78,199	-	78,199	-
Interfund payable	-	133,000	133,000	-
Custodial accounts payable	3,101	15	3,116	-
Compensated absences payable	106,701	-	106,701	14,705
Claims and judgments payable	-	-	-	85,201
Deposits payable	-	21,962	21,962	-
Unearned revenue	-	18,662	18,662	-
Revenue bonds payable	2,029,701	-	2,029,701	-
Accrued interest payable	303,621	-	303,621	-
Total Current Liabilities	3,764,614	203,303	3,967,917	252,622
Long-Term Liabilities: (net of current portion)				
Compensated absences payable	225,675	-	225,675	35,414
Interfund payable	-	1,251,000	1,251,000	-
Net pension liability	1,746,845	-	1,746,845	199,020
Revenue bonds payable	50,205,763	-	50,205,763	-
Total Long-term Liabilities	52,178,283	1,251,000	53,429,283	234,434
TOTAL LIABILITIES	55,942,897	1,454,303	57,397,200	487,056
Deferred Inflows of Resources				
Deferred Inflows of Resources - gain on refunding	133,239	-	133,239	-
Deferred Inflows of Resources - pensions	645,559	-	645,559	90,567
TOTAL DEFERRED INFLOWS OF RESOURCES	778,798	-	778,798	90,567
Net Position				
Net investment in capital assets	40,949,223	4,245,513	45,194,736	5,447,510
Restricted for:				
Debt service	575,698	-	575,698	-
Unrestricted	15,159,296	(1,218,888)	13,940,408	3,729,686
TOTAL NET POSITION	\$ 56,684,217	\$ 3,026,625	59,710,842	\$ 9,177,196
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.			(103,846)	
Adjusted Total Net Position			\$ 59,606,996	

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, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Operating Revenues				
Charges for services	\$ 21,623,701	\$ 1,130,234	\$ 22,753,935	\$ 2,828,665
Rentals	-	160,242	160,242	-
Miscellaneous	-	1,228	1,228	317
Total Operating Revenues	<u>21,623,701</u>	<u>1,291,704</u>	<u>22,915,405</u>	<u>2,828,982</u>
Operating Expenses				
Administration and general	4,051,873	1,143,806	5,195,679	69,783
Operations and maintenance	10,914,179	8,314	10,922,493	1,491,344
Depreciation	2,727,320	59,531	2,786,851	772,396
Total Operating Expenses	<u>17,693,372</u>	<u>1,211,651</u>	<u>18,905,023</u>	<u>2,333,523</u>
Operating Income	<u>3,930,329</u>	<u>80,053</u>	<u>4,010,382</u>	<u>495,459</u>
Non-Operating Revenues (Expenses)				
Interest and fiscal charges	(1,314,436)	(29,087)	(1,343,523)	-
Other nonoperating revenue	-	-	-	2,636
Gain (Loss) on disposition of capital assets	(302,047)	-	(302,047)	91,148
Debt issuance costs	(249,100)	-	(249,100)	-
Investment earnings	471,142	4,072	475,214	38,722
Miscellaneous revenue	5,338	-	5,338	-
Total Non-Operating Revenues (Expenses)	<u>(1,389,103)</u>	<u>(25,015)</u>	<u>(1,414,118)</u>	<u>132,506</u>
Income (Loss) Before Contributions and Transfers	<u>2,541,226</u>	<u>55,038</u>	<u>2,596,264</u>	<u>627,965</u>
Contributions	280,465	-	280,465	-
Transfers In	442,100	-	442,100	-
Transfers Out	-	-	-	-
Change in Net Position	<u>3,263,791</u>	<u>55,038</u>	<u>3,318,829</u>	<u>627,965</u>
Net Position Beginning of Year	<u>53,420,426</u>	<u>2,971,587</u>	<u>56,392,013</u>	<u>8,549,231</u>
Net Position End of Year	<u>\$ 56,684,217</u>	<u>\$ 3,026,625</u>	<u>\$ 59,710,842</u>	<u>\$ 9,177,196</u>
Reconciliation of the fund level operating statement to the government-wide statement of activities:				
Change in net position	\$ 3,263,791	\$ 55,038	\$ 3,318,829	
Internal service fund charges (credits) to enterprise funds, resulting in changes to operating expenses.	141,291	-	141,291	
Adjusted Change in Net Position	<u>\$ 3,405,082</u>	<u>\$ 55,038</u>	<u>\$ 3,460,120</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, 2018

	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	\$ 21,965,160	\$ 1,298,459	\$ 23,263,619	\$ 694,948
Cash received from interfund services provided	-	-	-	2,046,253
Cash payments to employees for services	(5,017,555)	-	(5,017,555)	(886,734)
Cash payments for goods and services	(9,700,139)	(1,180,791)	(10,880,930)	(790,160)
Cash received from (paid to) other funds	-	(8,314)	(8,314)	-
Net Cash Provided by (Used in) Operating Activities	7,247,466	109,354	7,356,820	1,064,307
Cash Flows from Non-Capital financing activities				
Interfund loan received (paid)	-	(162,087)	(162,087)	-
Other nonoperating revenues	69,683	-	69,683	-
Insurance recoveries	-	-	-	2,636
Net Cash Flows from non-Capital and related financing activities	69,683	(162,087)	(92,404)	2,636
Cash Flows from Capital and Related Financing Activities				
Proceeds from revenue bonds	22,988,959	-	22,988,959	-
Proceeds from disposition of capital assets	2,000	-	2,000	97,165
Principal paid on revenue bonds	(4,780,000)	-	(4,780,000)	-
Cash received from (paid to) other funds	442,100	-	442,100	-
Interest paid on revenue bonds	(1,238,530)	-	(1,238,530)	-
Capital contributions	222,417	-	222,417	-
Bond issuance costs	(277,532)	-	(277,532)	-
Payments for capital acquisitions	(9,347,476)	-	(9,347,476)	(555,840)
Net Cash Provided by (Used in) Capital and Related Financing Activities	8,011,938	-	8,011,938	(458,675)
Cash Flows from Investing Activities				
Purchase of investment securities	(8,306,448)	-	(8,306,448)	(663,338)
Proceeds from sale and maturities of investment securities	899,397	41,598	940,995	458,440
Investment earnings	469,263	4,159	473,422	38,754
Net Cash Provided by (Used in) Investing Activities	(6,937,788)	45,757	(6,892,031)	(166,144)
Net Increase (Decrease) in Cash and Cash Equivalents	8,391,299	(6,976)	8,384,323	442,124
Cash and Cash Equivalents Beginning of Year	13,816,780	141,470	13,958,250	2,367,062
Cash and Cash Equivalents End of Year	\$ 22,208,079	\$ 134,494	\$ 22,342,573	\$ 2,809,186

(continued)

City of Lynnwood, Washington
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2018

(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)	\$ 3,930,329	\$ 80,053	\$ 4,010,382	\$ 495,459
Adjustments:				
Depreciation	2,727,320	59,531	2,786,851	772,396
Other non-operating receipts and disbursements				(7,000)
(Increase) Decrease in Assets:				
Accounts receivable	287,254	-	287,254	(95,933)
Inventories, deposits, and prepaid items	(108,117)	3,386	(104,731)	(73,006)
Increase (Decrease) in Liabilities:				
Accounts payable	38,557	(40,371)	(1,814)	40,588
Compensated absences payable	(95,411)	-	(95,411)	(6,804)
Other Current Liabilities	467,534	6,755	474,289	(61,393)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,247,466</u>	<u>\$ 109,354</u>	<u>\$ 7,356,820</u>	<u>\$ 1,064,307</u>
Schedule of Non-Cash Capital and Related Financing Activities				
Capital assets written off or retirement	\$ 300,047	\$ 5,400	\$ 305,447	\$ -
Contribution of capital assets from developers	58,048		58,048	-
Fair value of investments increased (decreased) by	(638)	(95)	(733)	(488)
Total Non-Cash Activities	<u>\$ 357,457</u>	<u>\$ 5,305</u>	<u>\$ 362,762</u>	<u>\$ (488)</u>

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Pension Trust	Private Purpose Trust
Assets		
Cash and cash equivalents	\$ 196,884	\$ 62,762
Investments	140,033	8,891
Interest Receivable	135	
Total Assets	337,052	71,653
Liabilities		
Wages and Vouchers Payable	-	-
Total Liabilities	-	-
Net Position		
Restricted for pensions	337,052	-
Restricted for private trust	-	71,653
Total Net Position	\$ 337,052	\$ 71,653

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, 2018

	Pension Trust	Private-purpose Trust
Additions:		
Contributions:		
Intergovernmental	\$ 61,710	\$ -
Other	6,977	22,831
Total Additions	68,687	22,831
Deductions:		
Benefits and disbursements	95,103	13,368
Administrative expenses	4,500	-
Total Deductions	99,603	13,368
Change in Net Position	(30,916)	9,463
Net Position Beginning of Year	367,968	62,190
Net Position End of Year	\$ 337,052	\$ 71,653

See accompanying 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, 2018, the outstanding sales tax and revenue bonds were \$7.5 million and \$15.3 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 two major governmental funds the first of which is 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.

The *Transportation Capital Fund* has previously been reported as a nonmajor fund but, now meets the criteria to be reported as a major fund and is reported alongside the General Fund.

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, unearned revenues consist of:

- 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. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this statement is to improve accounting and financial reporting for postemployment benefits other than pensions. It replaces the requirement of GASB statements No. 45 and No. 57. Specifically, this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. It identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefits payments to their actuarial present value, and attribute that present value to periods of employee service. Requirements were also established for note disclosures and required supplemental information. The City has made the required adjustments as prescribed by GASB Statement No. 75. As a result of this implementation the Net OPEB Obligation was replaced by the total OPEB Liability resulting in a restatement of the December 31, 2017 balances. Specific application of the new standard is provided in Note 3-I Other Postemployment Benefits.

The collective financial impact resulting from the implementation of GASB Statements No. 75 is the restatement of 2017 beginning balances by \$5,675,168 for the City of Lynnwood’s portion of the net OPEB liability incurred in prior years, reflected in the Governmental Activities. Refer to financial statement Note 3-I and financial statement Note 4-E for further details on the impact to the City of Lynnwood.

GASB Statement No. 86 – Certain Debt Extinguishment Issues. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which existing resources are placed into an irrevocable trust for the sole purpose of extinguishing debt. It improves the accounting and financial reporting for prepaid insurance on debt that is extinguished and improves the required note disclosures for debt that is defeased in substance. Although the City did have a debt extinguishment during the year, the extinguishment was partially funded from new debt proceeds. Therefore, the provisions of GASB Statement No. 86 do not apply.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, state shared program revenues, public transportation and fuel tax. Additional detail on and the composition of receivable balances are presented in Note 3-B.

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 acquisition value 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. Pursuant to GASB 89, interest incurred during the construction of capital assets utilized by enterprise funds is not capitalized. In 2018 the total amount of interest incurred by the enterprise funds, all of which was, charged to expense was \$1,343,523.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)**1-F-6 Compensated Absences**

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
For accrued sick leave hours from one to 720 hours, the accrued sick leave hours shall be paid on a five-to-one ratio (five hours of sick leave equals one hour of pay). The maximum payout amount shall be 144 hours of paid time.
2. Termination by layoff
For accrued sick leave hours from one to 720 hours, the accrued sick leave hours shall be paid on a three-to-one ratio (three hours of accrued sick leave equals one hour of pay). The maximum payout amount shall be 368 hours of paid time. (Ord. 3287 § 5, 2018).
3. Retirement (Consistent with the Requirements of the Employee's Applicable Washington State Retirement System), or on Death
 - a. An Employee with Less Than 1,000 Hours of Accrued Sick Leave. The first 192 hours of accrued sick leave shall be paid at 100 percent (every hour of sick leave equals one hour of pay). For accrued sick leave from 193 to 999 hours, the accrued sick leave hours shall be paid on a three-to-one ratio (three hours of accrued sick leave equals one hour of pay). The maximum payout amount shall be 368 hours of paid time. As an example only, an employee with 720 accrued hours of sick leave receives 368 hours of paid time as the total accrued sick leave payout amount.
 - b. An Employee with 1,000 or More Hours of Accrued Sick Leave. The first 100 hours of accrued sick leave shall be paid at 100 percent (every hour of sick leave equals one hour of pay). For accrued sick leave hours from 101 to 1,600 hours, each hour of accrued sick leave shall be paid at 30 percent (for each hour of accrued sick leave, the employee receives 30 percent of one hour of pay). The maximum payout amount shall be the amount equal to 550 hours of paid time. As an example only, an employee with 1,600 accrued hours of sick leave receives 550 hours of paid time as the total accrued sick leave payout amount.

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

OPEB - Lifetime full medical coverage is provided to uniformed Police personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system prior to October 1, 1977. An actuarially determined liability 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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. Specific details about long-term debt are reported in Note 3-G.

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 straight-line method.

Pursuant to GASB Statement No. 65, bond issuance costs, except for insurance which is amortized over the life of the bonds, are recognized as an outflow of resources in the reporting period in which they are incurred.

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

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only the City Council also may modify or rescind the commitment. The City Council passed Resolution number 2014-20 in 2014 to designate \$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. \$583,324, is also identified as committed in nonmajor governmental funds; \$282,100 in Special Revenue Fund, \$294,705 in Debt Service Funds and \$6,519 in nonmajor Capital Projects Funds.
- ***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 \$9.5 million intended (assigned) to be spent on future economic development.
- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

- Committed
- Assigned
- Unassigned

Fund Balance Policy – The City Council approved a full rewrite of Lynnwood’s Financial Policies with the adoption of Resolution 2017-07 on April 10, 2017. The revised policies, developed according to GFOA and GAAP best practices, include requirements for:

- Reserve Funds¹
- 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.

¹ The term “Reserve” is a title used in the policy outlined in the Resolution, and is not a designation reported in the financial statements outlined under GASB Statement No. 54.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1-F-11 Operating Revenues and Expenses

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

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

1-F-12 Interfund Activity

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

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

1-F-13 Estimates

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

1-F-14 Comparative Data

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

1-F-15 Deferred Outflows/Inflows of Resources

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

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

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information – The City adopts a biennial budget encompassing all governmental funds except two, the Transportation Benefit District (TBD) and the Public Facilities District (PFD). Each is governed by a separate board which adopts an annual budget.

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 five (5) times during the 2017-2018 biennium.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Cash and Cash Equivalents and Investments

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

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

Deposits

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s bank balances of deposits as of December 31, 2018, 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, 2018, were \$52,196,022 or \$52,455,668 including Fiduciary Funds of \$259,646.

Cash Balances at December 31, 2018	General Fund	Other Governmental	Internal Service Funds	Water and Sewer Utility	Golf Course	Fiduciary Funds	Total
Cash and Cash Equiv.	\$ 11,791,564	\$ 15,252,699	\$ 2,809,186	\$ 3,804,647	\$ 93,869	\$ 259,646	\$ 34,011,611
Restricted Cash	-	-	-	18,403,432	40,625		18,444,057
	<u>\$ 11,791,564</u>	<u>\$ 15,252,699</u>	<u>\$ 2,809,186</u>	<u>\$ 22,208,079</u>	<u>\$ 134,494</u>	<u>\$ 259,646</u>	<u>\$ 52,455,668</u>

Restricted Cash in the Water and Sewer Utility Fund includes unspent bond proceeds of \$18,383,899 associated with the 2018 bond issue. The remaining restricted cash of \$19,533 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, 2018, the City had the following investments at amortized cost:

<u>Investments</u>	<u>Maturities</u>	<u>City's own investments</u>	<u>Investments held by City as an agent for other local governments, individuals, or private organizations</u>	<u>Total</u>
Washington Local Government Investment Pool	n/a	\$ 44,531,584	\$ -	\$ 44,531,584
Total		\$ 44,531,584	\$ -	\$ 44,531,584

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.

Note 3 – Detailed Notes on All Funds (Continued)

At December 31, 2018, the City had the following fair value measurements:

Type of Asset	12/31/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities	\$ 22,227,425	\$ -	\$ 22,227,425	\$ -
Total			\$ 22,227,425	

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, 2018 are:

Debt Security	S & P Rating
Federal Farm Credit Bank	AAA
Federal Home Loan Mortgage Corporation	AAA
Federal Home Loan Bank	AAA
Resolution Funding Corp	Non-Rated
Farmer Mac	Non-Rated

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, the Federal Home Loan Mortgage Corporation and the Federal Home Loan Bank, government-sponsored enterprises, which are not explicitly backed by the federal government, are 18.9%, 26.6% and 8.9% 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.

Note 3 – Detailed Notes on All Funds (Continued)

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	Transportation	Nonmajor Funds		
		Capital Projects	Special Revenue	Debt Service	Capital Projects
Receivables:					
Accounts	\$ 19,803,270		\$ 102,410	\$ 399,882	
Interest	-		2,757	131	\$ 2,103
Property Taxes	166,908				
Utility Taxes	1,210,642				
Sales Tax	4,419,832		860,124		
Real Estate Excise Tax					289,163
Intergovernmental	426,121	3,870,768	50,310		49,741
Gross Receivables	\$ 26,026,773	\$ 3,870,768	\$ 1,015,601	\$ 400,013	\$ 341,007
Less: Allowance for Uncollectibles	(16,287,037)				
Total	\$ 9,739,737	\$ 3,870,768	\$ 1,015,601	\$ 400,013	\$ 341,007

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 inflows of resources – property taxes 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 2018 was \$0.95 per \$1,000 on an assessed valuation of \$6,272,081,312. 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	\$0.57397215	\$ 3,600,000
Emergency Medical Service (EMS)	\$0.37477721	\$ 2,350,633
Total City Levy	\$0.94874936	\$ 5,950,633

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

Governmental Activities: (including Internal Service fund):	Beginning Balance 1/1/2018	Increases	Decreases	Ending Balance 12/31/2018
Nondepreciable capital assets:				
Land	\$ 38,490,590	\$ 2,199,724	\$ -	\$ 40,690,314
Easements	439,018	-	-	439,018
Art, non-depreciable	128,219	-	-	128,219
Construction in progress	9,814,995	9,499,700	(3,529,498)	15,785,197
Total nondepreciable capital assets	48,872,822	11,699,424	(3,529,498)	57,042,748
Depreciable capital assets				
Buildings	42,300,910	-	-	42,300,910
Improvements other than buildings	22,033,497	788,892	(159,511)	22,662,878
Machinery and equipment	16,503,049	981,161	(553,215)	16,930,995
Infrastructure	90,110,162	2,774,048	(67,720)	92,816,490
Total depreciable capital assets	170,947,618	4,544,101	(780,446)	174,711,273
Total capital assets	219,820,440	16,243,525	(4,309,944)	231,754,021
Less accumulated depreciation for:				
Buildings	(16,709,881)	(1,180,814)	-	(17,890,695)
Improvements other than buildings	(14,974,661)	(565,163)	17,931	(15,521,893)
Machinery and equipment	(9,148,212)	(1,227,056)	529,899	(9,845,369)
Infrastructure	(40,567,350)	(3,071,722)	-	(43,639,072)
Total accumulated depreciation	(81,400,104)	(6,044,755)	547,830	(86,897,029)
Governmental activities capital assets, net	\$ 138,420,336	\$ 10,198,770	\$ (3,762,114)	\$ 144,856,992

(continued on subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

Business-Type Activities:	Beginning Balance 1/1/2018	Increases	Decreases	Ending Balance 12/31/2018
Nondepreciable capital assets:				
Land	\$ 8,259,914	\$ -	\$ -	\$ 8,259,914
Easements	4,340,120	-	-	4,340,120
Construction in progress	4,822,448	6,662,892	(10,004,444)	1,480,896
Total nondepreciable capital assets	17,422,482	6,662,892	(10,004,444)	14,080,930
Depreciable capital assets				
Buildings	34,598,458	2,915,397	(3,066,526)	34,447,329
Improvements other than buildings	2,774,233	-	-	2,774,233
Machinery and equipment	4,623,205	87,465	(34,792)	4,675,878
Infrastructure	64,322,600	8,672,885	(300,047)	72,695,438
Total depreciable capital assets	106,318,496	11,675,747	(3,401,365)	114,592,878
Total capital assets	123,740,978	18,338,639	(13,405,809)	128,673,808
Less accumulated depreciation for:				
Buildings	(26,586,591)	(578,156)	3,066,531	(24,098,216)
Improvements other than buildings	(1,751,235)	(72,542)	-	(1,823,777)
Machinery and equipment	(2,625,066)	(282,104)	32,711	(2,874,459)
Infrastructure	(18,765,568)	(1,854,049)	-	(20,619,617)
Total accumulated depreciation	(49,728,460)	(2,786,851)	3,099,242	(49,416,069)
Business-type activities capital assets, net	\$ 74,012,518	\$ 15,551,788	\$ (10,306,567)	\$ 79,257,739

In 2018, the City completed the following major projects: Interurban Trail Missing Link South, Sewer Improvements related to Lift Stations #4, #8 & #10- Phase 2, and SR 99/SR 524 Adaptive Signal Control. In addition, the City made significant progress on 36th Ave W Improvements: Maple to Hwy 99 and 196th Street SW (SR 524), which are currently in construction and right-of-way phases, respectively. The joint project with Snohomish County, Maple Rd and Ash Way intersection, was also completed with an elevated roadway and improved drainage.

(continued on subsequent page)

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation Expense by Function:

Governmental Activities	
General Government	\$ 1,021,167
Public Safety	376,716
Natural Environment	-
Transportation	3,553,068
Economic Environment	49,281
Culture and Recreation	<u>1,044,523</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,044,755</u>
Business-type Activities	
Water/Sewer/Storm Utility	\$ 2,727,320
Golf Course	<u>59,531</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,786,851</u>

Lynnwood Public Facilities District	<u>1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2018</u>
Nondepreciable capital assets:				
Land	\$ 6,788,800	\$ -	\$ -	\$ 6,788,800
Construction in progress	185,666	524,782	-	710,448
Total nondepreciable capital assets	<u>6,974,466</u>	<u>524,782</u>	<u>-</u>	<u>7,499,248</u>
Depreciable capital assets:				
Buildings	19,804,878	111,459	-	19,916,337
Building Improvements	815,162	-	-	815,162
Land Improvements	513,486	-	(513,486)	-
Improvements other than buildings	2,066,052	260,573	-	2,326,625
Infrastructure	79,375	-	-	79,375
Total depreciable capital assets	<u>23,278,953</u>	<u>372,032</u>	<u>(513,486)</u>	<u>23,137,499</u>
Total capital assets	<u>30,253,419</u>	<u>896,814</u>	<u>(513,486)</u>	<u>30,636,747</u>
Less accumulated depreciation for:				
Buildings	(5,612,907)	(454,293)	-	(6,067,200)
Building Improvements	(6,793)	(20,379)	-	(27,172)
Land Improvements	(41,618)	-	41,618	-
Improvements other than buildings	(972,759)	(196,408)	-	(1,169,167)
Infrastructure	(52,917)	(3,969)	-	(56,886)
Total accumulated depreciation	<u>(6,686,994)</u>	<u>(675,049)</u>	<u>41,618</u>	<u>(7,320,425)</u>
Business-type activities capital assets, net	<u>\$ 23,566,425</u>	<u>\$ 221,765</u>	<u>\$ (471,868)</u>	<u>\$ 23,316,322</u>

(continued on subsequent page)

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, 2018, consisted of the following:

		TRANSFER TO						
		General Fund	Transporation Capital Fund	Special Revenue Fund	Debt Service Fund	Nonmajor Capital Projects Funds	Utility	Total
	General Fund		\$ -	\$ 1,061,000	\$ 1,766,750	\$ 1,117,500	\$ -	\$ 3,945,250
	Transportaton Capital Fund	\$ 275,000						275,000
TRANSFER FROM	Debt Service Funds	-	-	-	-	-	-	-
	Special Revenue Funds	-	3,619,663	301,839	-	-	132,000	4,053,502
	Nonmajor Capital Project Func	290,000	1,779,094	18,299	-	676,901	310,100	3,074,394
	Golf Fund	-	-	-	-	-	-	-
	Utility Funds	-	-	-	-	-	-	-
		<u>\$ 565,000</u>	<u>\$ 5,398,757</u>	<u>\$ 1,381,138</u>	<u>\$ 1,766,750</u>	<u>\$ 1,794,401</u>	<u>\$ 442,100</u>	<u>\$ 11,348,146</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, 2018 consisted of the following:

		DUE FROM	
		Golf Course	Total
DUE TO	General Fund	\$ 1,384,000	\$ 1,384,000
	Total	<u>\$ 1,384,000</u>	<u>\$ 1,384,000</u>

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

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, 2018 was \$315,848 in governmental activities and \$145,541 in business-type activities. The future minimum lease payments are, as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2019	\$ 314,272	\$ 47,469
2020	315,645	48,002
2021	201,082	18,276
2022	154,695	6,353
2023	25,783	6,543
	<u>\$ 1,011,477</u>	<u>\$ 126,643</u>

Printers and Copiers

The City leases many office printers and copiers under non-cancellable operating leases. The future minimum lease payments for the non-cancellable leases are, as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2019	\$ 89,083	\$ -
2020	74,224	-
2021	74,224	-
2022	38,348	-
	<u>\$ 275,879</u>	<u>\$ -</u>

3-G. Long-Term Debt

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

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

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

Note 3 – Detailed Notes on All Funds (Continued)

Changes in Long-term liabilities - Changes in the City’s long-term obligations consisted of the following for the year ended December 31, 2018
(includes internal service fund):

	Outstanding 1/1/2018	Additions	Reductions	Outstanding 12/31/2018	Amounts Due in One Year
Governmental Activities					
2005 general oblig. bonds (800 Mhz)	\$ 257,123	\$ -	\$ 125,536	\$ 131,587	\$ 131,587
2012 general obligation bonds	22,920,000	-	810,000	22,110,000	835,000
Special assessment bonds	100,000	-	100,000	-	-
Claims and judgements payable	91,000	-	5,799	85,201	-
Compensated absences	3,097,205	2,094,051	2,014,972	3,176,284	917,923
Net pension liability	11,436,960	-	2,967,833	8,469,127	-
Other post-employment benefits	6,195,922	5,840,660	418,936	11,617,646	-
Total Governmental Activities	\$ 44,098,210	\$ 7,934,711	\$ 6,443,076	\$ 45,589,845	\$ 1,884,510
Business-Type Activities					
2008 utility improvement refunding bonds	\$ 3,610,000	\$ -	\$ 3,610,000	\$ -	\$ -
2010 utility system revenue bonds	6,545,000	-	315,000	6,230,000	325,000
2015 utility system revenue bonds	22,565,000	-	855,000	21,710,000	895,000
2018 utility system revenue bonds	-	20,380,000	-	20,380,000	605,000
Unamortized (premiums)/discounts	1,501,596	2,608,959	195,091	3,915,464	204,701
Net pension liability	2,542,238	-	795,393	1,746,845	-
Compensated absences	427,787	300,152	395,563	332,376	106,701
Total Business-Type Activities	\$ 37,191,621	\$ 23,289,111	\$ 6,166,047	\$ 54,314,685	\$ 2,136,402

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 \$50,119 of internal service funds compensated absences are included in the above amounts. For the governmental activities, the General Fund, Special Revenue Funds, Capital Projects Funds, and Internal Service Funds generally liquidate accrued compensated absences, and the net pension liabilities. Nonmajor debt services funds have generally liquidated long-term debt liabilities. The general fund had liquidated other post-employment benefits liabilities.

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, 2018.

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 2018.

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, 2018, including interest, are as follows:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 966,587	\$ 827,642	\$ 1,825,000	\$ 2,145,422	\$ 5,764,651
2020	860,000	796,013	2,050,000	1,930,537	5,636,550
2021	895,000	761,613	2,140,000	1,842,538	5,639,150
2022	930,000	725,813	2,235,000	1,747,038	5,637,851
2023	960,000	696,488	2,335,000	1,647,238	5,638,726
2024-2028	5,295,000	2,993,101	13,535,000	6,629,750	28,452,851
2029-2033	6,320,000	1,959,188	14,365,000	3,796,844	26,441,032
2034-2038	6,015,000	613,400	9,835,000	1,183,875	17,647,275
Total	<u>\$ 22,241,587</u>	<u>\$ 9,373,256</u>	<u>\$ 48,320,000</u>	<u>\$ 20,923,240</u>	<u>\$100,858,084</u>

Governmental Activities General Obligation Bonds

2005 General Obligation Bonds (800 Mhz) Loan – The Snohomish County Emergency Radio System (SERS) was formed in 1999 to provide enhanced emergency communication services to Snohomish County. SERS was created via an interlocal agreement among the cities of Brier, Edmonds, Everett, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Woodway, and Snohomish County. Snohomish County Fire District No. 1 joined after the original formation. SERS is a joint venture with each entity’s equity interest reported on its financial statements. See Note 4-D Joint Ventures for additional information. Snohomish County issued \$27,125,000 of limited tax general obligation bonds on October 20, 1999 for multiple purposes, including funding participation in SERS. The City of Lynnwood’s original participation was in the amount of \$1,795,107. Snohomish County refunded these bonds in 2005 and again in 2015, including the City’s participation amount of \$1,519,147 in 2005 and \$470,221 in 2015. The City reports these bonds as 2005 general obligation bonds. The bonds are amortized over 15 years at 5% interest payable semi-annually. The loan will be paid off in 2019.

Series 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 carried a Standard and Poor’s rating of AA. The bond was refunded in 2018 as part of the *Utility System Revenue and Refunding Bonds, 2018* issue in what was classified as a current refunding. The refunding sources included \$1,335,000 from the new debt, \$1,865,542 from bond reserves, and \$365,000 from existing cash.

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 were 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 were 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.

Utility System Revenue and Refunding Bonds, 2018 - The Utility System Revenue and Refunding Bonds, 2018 were issued on October 10, 2018. Gross proceeds of \$22,988,959 consisted of bonds with a face value of \$20,380,000 and bond premium of \$2,608,959. Approximately \$18.3 million of the bond proceeds are to be used for the sewer system projects including upgrades and improvements to lift stations, wastewater treatment plant upgrades and other improvements, to the system as outlined in the Utility Capital Facilities Plan. \$1.335 million from the sale of the bonds was utilized to refund the 2008 Utility System Revenue Bonds in a current refunding. A portion of the proceeds also funded issuance costs associated with the sale. In addition to the 2018 bonds the insurance coverage also released the reserve requirements on the 2010 and 2015 bond issues. Annual principal payments range from \$605,000 to \$1,450,000 with interest varying from 4.00% to 5.0%. The final maturity date is December 1, 2038 and the bonds are callable as early as June 1, 2028. 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 refer to 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 for the year 2018:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (10,215,972)
Pension assets	7,786,624
Deferred outflows of resources	4,749,678
Deferred inflows of resources	(6,350,996)
Pension expense/expenditures	131,247

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 2018 CAFR is <http://www.drs.wa.gov/administration/annual-report/cafr/CAFR-2018.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 district 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 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%
September – December 2018		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%.

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 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – August 2018		
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%
September – December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

* For employees participating in JBM, the contribution rate was 18.45% to 18.53%.

The City’s actual PERS plan contributions were \$974,283 for to PERS 1 and \$1,352,402 to PERS 2/3 for the year ended December 31, 2018.

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 and Cannabis 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 2018 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January – August 2018		
PSERS Plan 2	6.74%	6.74%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	11.95%	6.74%

Note 3 – Detailed Notes on All Funds (Continued)

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
September – December 2018		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.38%	7.07%

The City’s actual contributions to the plan were \$73,584 for PSERS Plan 2 for the year ended December 31, 2018.

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

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

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

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

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

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2018. 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.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

Note 3 – Detailed Notes on All Funds (Continued)

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	8.93%	8.75%

The City’s actual contributions to the plan were \$417,061 for the year ended December 31, 2018.

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, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$330,687.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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* and the 2017 *Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent 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.

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

Note 3 – Detailed Notes on All Funds (Continued)

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 percent 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 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent 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, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions 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, 2018, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the 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	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	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 7.4 percent, 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 7,746,985	\$ 6,303,807	\$ 5,053,723
PERS 2/3	13,369,647	2,922,951	(5,642,173)
PSERS 2	292,205	2,813	(224,265)
LEOFF 1	(1,437,667)	(1,807,205)	(2,125,357)
LEOFF 2	(795,151)	(5,979,418)	(10,207,792)

Note 3 – Detailed Notes on All Funds (Continued)

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, 2018, the City reported a total pension liability of \$10,215,972 of which \$9,229,571 consists of its proportionate share of the net pension liabilities and a total pension asset of \$7,786,624 as follows:

	Liability (or Asset)
PERS 1	\$ 6,303,807
PERS 2/3	2,922,951
PSERS 2	2,813
LEOFF 1	(1,807,205)
LEOFF 2	(5,979,418)

The amount of the liability/(asset) reported above for LEOFF Plan 1 and 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	\$ (1,807,205)	\$ (5,979,418)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	\$ (12,223,891)	\$ (3,871,561)
TOTAL	\$ (14,031,096)	\$ (9,850,979)

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	.142394%	.141150%	(.001244%)
PERS 2/3	.173956%	.171192%	(.002764%)
PSERS 2	.218084%	.227010%	.008926%
LEOFF 1	.097900%	.099543%	.001643%
LEOFF 2	.486125%	.294521%	(.191604%)

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 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, 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 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.70 percent of employer contributions.

Note 3 – Detailed Notes on All Funds (Continued)

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 488,947
PERS 2/3	\$ (120,726)
PSERS 2	\$ 47,773
LEOFF 1	\$ (313,152)
LEOFF 2	\$ (48,498)
TOTAL	\$ 54,344

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, 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		\$ (250,510)
Contributions subsequent to the measurement date	\$ 492,129	
TOTAL	\$ 492,129	\$ (250,510)

<i>PERS 2/3</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 358,277	\$ (511,755)
Net difference between projected and actual investment earnings on pension plan investments		(1,793,658)
Changes of assumptions	34,194	(831,848)
Changes in proportion and differences between contributions and proportionate share of contributions	427,954	(196,422)
Contributions subsequent to the measurement date	674,346	
TOTAL	\$ 1,494,771	\$ (3,333,683)

<i>PSERS 2</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,860	\$ (2,886)
Net difference between projected and actual investment earnings on pension plan investments		(37,925)
Changes of assumptions	301	(17,406)
Changes in proportion and differences between contributions and proportionate share of contributions	3,659	(1,240)
Contributions subsequent to the measurement date	42,449	
TOTAL	\$ 67,269	\$ (59,457)

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	\$ (146,719)
TOTAL	\$ 0	\$ (146,719)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 320,306	\$ (138,843)
Net difference between projected and actual investment earnings on pension plan investments		(1,046,479)
Changes of assumptions	3,384	(858,154)
Changes in proportion and differences between contributions and proportionate share of contributions	1,975,978	(403,923)
Contributions subsequent to the measurement date	218,482	
TOTAL	\$ 2,518,150	\$ (2,447,399)

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, 2019. 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:	PERS 1
2019	\$ 10,960
2020	\$ (54,763)
2021	\$ (164,328)
2022	\$ (42,379)
2023	\$ 0
Thereafter	\$ 0

Year ended December 31:	PERS 2/3
2019	\$ (306,670)
2020	\$ (541,985)
2021	\$ (1,028,409)
2022	\$ (337,080)
2023	\$ (81,005)
Thereafter	\$ (218,110)

Note 3 – Detailed Notes on All Funds (Continued)

Year ended December 31:	PSERS
2019	\$ (586)
2020	\$ (4,641)
2021	\$ (12,703)
2022	\$ (6,500)
2023	\$ (1,412)
Thereafter	\$ (8,795)

Year ended December 31:	LEOFF 1
2019	\$ 140
2020	\$ (33,098)
2021	\$ (90,147)
2022	\$ (23,613)
2023	\$ 0
Thereafter	\$ 0

Year ended December 31:	LEOFF2
2019	\$ 45,595
2020	\$ (112,848)
2021	\$ (436,008)
2022	\$ (79,028)
2023	\$ 69,332
Thereafter	\$ 365,227

Historical funding source for liquidating Department of Retirement Systems Pension Obligations

Historically the Pension Obligations have been liquidated with pension contributions paid by the City in proportion to and by each of the Funds that incurred the underlying covered payroll expenses/expenditures.

City Sponsored Pension Plan - Firemen’s Pension Plan

The City is the administrator of the Firemen's Pension System, which is shown as a pension trust fund in the City's financial statements. The Firemen's Pension System is a single-employer, closed defined benefit pension system that was established in conformance with Revised Code of Washington (RCW) Chapter 41.18. Membership is limited to fire fighters employed prior to March 1, 1970 when the LEOFF retirement system was established.

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

Plan membership

At December 31, 2018, 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.

Note 3 – Detailed Notes on All Funds (Continued)

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, 2018 the FPF had \$337,052 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, 2018 the annual money-weighted rate of return on pension plan investments, net of investment expenses, was 1.03 percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period.

The net pension liability was measured as of December 31, 2018, and the actuarial valuation date on which the total pension liability is based was as of December 31, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

- **Discount rate:** 4.00% - Rate applied in the measurement of the total pension liability
- **Inflation:** 2.00% - total economic inflation, 2.50% wage inflation.
- **Investment rate of return:** 4.00% - 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 (3.00%) or 1-percentage point higher (5.00%) than the current rate:

	1% Decrease 3.00%	Current Disc. Rate 4.00%	1% Increase 5.00%
Net Pension Liability	\$1,127,237	\$986,401	\$866,304

Note 3 – Detailed Notes on All Funds (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2017	\$1,505,155	\$369,532	\$1,135,623
Changes for the year:			
Service Cost	-	-	-
Interest	43,728	-	43,728
Changes in assumptions	(132,101)	-	(132,101)
Differences between expected and actual experience	-	-	-
Contributions – employer	-	61,710	(61,710)
Contributions – employees	-	-	-
Net investment income	-	3,639	(3,639)
Benefit payments and withdraws (pension expense)	(95,103)	(95,103)	-
Administrative expense	-	(4,500)	4,500
Other changes	-	-	-
Net changes	(183,476)	(34,254)	(149,222)
Balance at 12/31/2018	\$1,321,679	\$335,278	\$986,401
Plan fiduciary net position as a percentage of the total pension liability		25.4%	

Pension Expense and Deferred Inflows and Outflows of Resources

	Pension Expense
Pension expense recognized for fiscal year ending 2017	\$76,903
Pension expense recognized for fiscal year ending 2018	\$61,108

At December 31, 2018, 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	\$ 83,534	\$ -
Net difference between projected and actual investment earnings on pension plan investments	19,152	-
Changes of assumptions	74,673	(113,229)
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 177,359	\$ (113,229)

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

Year ended December 31:	Amount
2019	\$ 22,537
2020	18,476
2021	15,242
2022	13,973
2023	12,771
Thereafter	(18,869)

Note 3 – Detailed Notes on All Funds (Continued)

3-1. Other Post-Employment Benefits

Financial reporting for the LEOFF 1 retiree healthcare plan is included in the City’s Comprehensive Annual Financial Report. The plan does not issue stand-alone financial statements.

The following table represents the OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2018:

OPEB Liabilities	\$ 11,617,646
OPEB Assets	\$ 0
Deferred Outflows of Resources	\$ 234,381
Deferred Inflows of Resources	\$ 0
OPEB Expenses Expenditures	\$ 39,451

Annual OPEB Cost and Net OPEB Obligation

OPEB Plan Description –

- a. The city administers LEOFF 1 Retiree Medical and Long-Term Care Benefits, a single-employer or multiple-employer defined benefit plan.
- b. 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.
- c. Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	0
Active employees	0
Total	23

- d. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.
- e. Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. During the City contributed \$153,081 in medical payments and reimbursements.

Assumptions and Other Inputs:

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the GASB 75 Alternative Measurement Method for LEOFF 1 using the Office of the State Actuary's AMM Online Tool.

(continued on subsequent page)

Note 3 – Detailed Notes on All Funds (Continued)

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.

A 40 percent excise tax Patient Protection and Affordable Care Act

Actuarial Valuation Date: 06/30/2018

Actuarial Measurement Date: 06/30/2018

Actuarial Cost Method: Entry Age

Discount Rate:

Beginning of Measurement Year	3.58%
End of Measurement Year	3.87%

Healthcare Trend Rate: Initial rate is approximately 12% / 7% for Excise Tax / No Excise Tax, trends down to about 5% in 2080.

Long-term Care Healthcare Trend Rate: 4.50%

Mortality Rates (assuming 100% male population):

Base Mortality Table: RP-2000 Mortality Table
 Age Setback: +1 year Healthy / -2 years Disabled Blended 50%/50% Healthy/Disabled
 Mortality Improvements: 100% Scale BB

Projection Period: Generational

Medicare Participation Rate: 100.00%

Medical and long-term care costs were projected from June 30, 2016 to the measurement date of June 30, 2018 using the healthcare trend rates detailed in the 2016 LEOFF 1 Medical Benefits Actuarial Valuation Report.

(continued on subsequent page)

Note 3 – Detailed Notes on All Funds (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City calculated using the current healthcare cost trend rate of 12.0 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (11.0 percent) or one percentage point higher (13.0 percent) than the current rate.

	1% Decrease (11.0%)	Current Healthcare Cost Trend Rate (12.0%)	1% Increase (13.0%)
Total OPEB Liability	\$10,371,813	\$11,617,646	\$12,825,001

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City calculated using the discount rate of 3.87 percent², as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87 percent) or one percentage point higher (4.87 percent) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$13,055,709	\$11,617,646	\$10,407,010

Changes in Total OPEB Liability

LEOFF 1 Retiree Medical and Long-Term Care Benefits	
Total OPEB Liability at 01/01/2018	\$12,036,582
Service cost	0
Interest	422,777
Changes of benefit terms	0
Changes in experience data and assumptions	(383,326)
Benefit payments	(458,387)
Other changes	
Total OPEB Liability at 12/31/2018	\$11,617,646

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in experience data and assumptions		\$ 0
Payments subsequent to measurement date	\$ 234,381	
Total OPEB Liability at 01/01/2018		\$ 0

Deferred outflows of resources resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB in the year ended December 31, 2019.

² Source: Bond Buyer General Obligation 20-Bond Municipal Index

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 Insurance	\$ 63,552
Prepaid Postage	\$ 14,365
	<u>\$ 77,917</u>

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

Transportation Capital Fund:

Capital Projects	\$ 6,723,434
	<u>\$ 6,723,434</u>

Nonmajor Governmental Funds:

Capital Projects	\$ 6,466,007
Drug Enforcement/Criminal Justice	3,984,089
Debt Service	1,025,111
Park Improvements	51,622
Recreation programs for low income	74,718
Tourism promotion	1,151,905
Street and paths improvements	4,187,056
Solid Waste Management	67,454

Total Nonmajor Governmental Funds \$ 17,007,962

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

General Fund:

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

Other Governmental Funds:

Capital Projects	\$ 6,519
Debt Service	294,705
Tree Reserve	217,465
Art Reserve	48,402
Aid Car Reserve	16,233
Total Other Governmental Funds	<u>\$ 583,324</u>

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

General Fund:

Economic Development	\$ 9,459,691
Total General Fund	<u>\$ 9,459,691</u>

Note 3 – Detailed Notes on All Funds (Continued)

- **Net Investment in Capital Assets** – The net investment in capital assets, reported on the government-wide statement of net position as of December 31, 2018 is as follows:

	Governmental Activities	Business- type Activities
Net investment in capital assets:		
Total capital assets	\$ 231,754,021	\$ 128,673,808
Less accumulated depreciation	86,897,029	49,416,069
Net capital assets	144,856,992	79,257,739
Less: retainage payable	-	(78,199)
Less: capital related debt	(22,241,587)	(48,367,463)
Add: unspent bond proceeds	-	18,383,899
Less: unamortized bond premium	-	(4,001,240)
Net investment in capital assets	<u>\$ 122,615,405</u>	<u>\$ 45,194,736</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, 2018, there are 207 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage: Crime policy providing coverage for Employee Theft, and Liability; including General, Automobile, and Wrongful Acts, which are included to fit member’s various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000. Lynnwood is responsible for the first \$75,000 of each liability claim, while the program is responsible for the next \$25,000. Excess insurance is maintained with a limit of \$10,000,000 each occurrence and \$10,000,000 aggregate.

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.

Note 4 – Detailed Notes on All Funds (Continued)

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program.

Property insurance is maintained with a limit of \$125,000,000 any one occurrence and with a deductible of \$25,000 per occurrence for covered losses other than from earthquake or flood. Earthquake coverage is maintained with a limit of \$25,000,000 any one quake and a deductible of 5% of the value of the property that is damaged subject to a \$100,000 minimum. Flood coverage for properties not in a Flood Zone A or V is maintained with a limit of \$25,000,000 and a \$100,000 deductible. For any properties in Flood Zones A or V the limit is \$3,000,000 and the deductible is \$250,000. Coverage for damage to City owned automobiles is maintained with a deductible of \$5,000.

The claims and judgment 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, 2018, 257 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 2018, 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"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. 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. On January 1, 2019 all the covered city employees switched back to the AWC health care programs.

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, 2018. 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, 2018, the City owned an equity interest in the SERS joint venture of \$321,638. This value has been recorded in the government-wide statements as an asset for the year ended December 31, 2018. 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.

SNOHOMISH COUNTY 911 - The City of Lynnwood and other Police and Fire entities jointly operate SNOHOMISH COUNTY 911. SNOHOMISH COUNTY 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOHOMISH COUNTY 911 is with a 16-member Board of Directors which is specified in the Interlocal Agreement. SNOHOMISH COUNTY 911 takes 911 calls and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this agreement shall be returned to the parties to this Agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Lynnwood's share was \$1,471,764 as of December 31, 2018.

Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

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

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

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

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

AHA Budget	City's Share of AHA's Budget	
	Amount	Percentage
\$ 92,543	\$ 2,151	2.39%
\$ 123,464	\$ 2,216	2.29%
\$ 145,590	\$ 2,143	1.47%
\$ 97,934	\$ 3,173	5.40%
\$ 102,586	\$ 3,455	5.30%
\$ 107,391	\$ 3,686	5.20%

Note 4 – Detailed Notes on All Funds (Continued)

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 Pam Frost, Director of Finance, HASCO, 12711 4th Ave W, Everett, WA 98204 (or email: pfrost@hasco.org) or from Chris Collier, Program Manager, Alliance for Housing Affordability, 12711 4th Ave W, 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, and Meadowdale Middle School (at 66th Ave W and 168th St SW) The City of Lynnwood is responsible for the maintenance of the complex and bills 50% of the associated costs to the City of Edmonds on a bi-annual basis. Lynnwood’s share of maintenance costs totaled \$61,475.

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.

There are various statutory abatements affecting multiple jurisdictions including the City of Lynnwood. Statutory abatements 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>. The Department of Revenue report listed no tax abatements applicable to the City of Lynnwood in 2018.

4-F. Prior Period Adjustments and Restatements

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

Net Position previously reported at December 31, 2017	\$ 149,942,773
Beginning Net Position Restatement - GASB 75 Change in Accounting Principle	(5,675,168)
Net Position, as restated, at December 31, 2017	\$ 144,267,605

GASB 75 - Under the requirements of GASB 75, the City restating beginning net position to report the collective impact of changes in measurement of the *Other Postemployment Employee Benefits* (OPEB) liability. Methods and assumptions used for determining the City’s OPEB liability were obtained from the State Office of the State Actuary.

(continued on subsequent page)

Note 4 – Detailed Notes on All Funds (Continued)

The component unit, the Lynnwood Public Facilities District, is reporting the following adjustments related to prior periods and restatement of beginning net position:

Net Position previously reported at December 31, 2017	\$ 7,682,256
Beginning Net Position Restatement	
- GASB 49 Change in Accounting Principle	(6,094,676)
- GASB 75 Change in Accounting Principle	(77,278)
Net Position, as restated, at December 31, 2017	\$ 1,510,302

The District implemented GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The new liability the district incurred for OPEB is \$80,286, with \$3,008 being expensed in the current year. The change in accounting principle is \$77,278.

The District had been following GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations. In prior years, the district was capitalizing expenses relating to environmental contamination as land improvements in anticipation of the sale of the property. Given the change in circumstances in which the property was no longer deemed available for sale, an adjustment was made in the amount of \$513,486 for Land Improvements. The new liability the district incurred for Environmental Remediation is \$5,581,190. The total change in accounting principle is \$6,094,676.

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

- The following new fund was opened in 2018:
 - ✓ Special Revenue Fund: Park Impact Fee Fund 180
- The following new funds were opened on 01/01/2019:
 - ✓ Debt Service Fund: General Governmental Debt Service Fund 203
 - ✓ Internal Service Fund: Technology Reserve Fund 520
- The following fund was reclassified as a major governmental fund
 - ✓ Capital Fund: Transportation Capital Fund 360
- The following funds were closed as of 12/31/2018:
 - ✓ Utility Fund: 2008 Utility System Bonds Fund 417
 - ✓ Capital Fund: 194th Extension Project Fund 310
 - ✓ Capital Fund: Roadway Surfacing Fund 311
 - ✓ Capital Fund: 196th Improvements Fund 316
 - ✓ Capital Fund: 36th/35th Avenue West Fund 317
 - ✓ Capital Fund: Park Acquisition and Development Fund 322
 - ✓ Capital Fund: Poplar Way Bridge Extension Fund 324
 - ✓ Capital Fund: Interurban Trail Fund 350
 - ✓ Capital Fund: Citywide Safety Project Fund 356

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REQUIRED SUPPLEMENTARY INFORMATION

City of Lynnwood, Washington
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Taxes:					
Property tax	\$ 25,002,560	\$ 18,010,553	\$ 11,916,807	\$ 6,209,111	\$ 115,365
Sales tax	46,203,699	46,203,699	21,951,301	22,909,348	(1,343,050)
Business taxes	14,479,864	14,529,864	6,997,255	7,094,435	(438,174)
Other taxes	7,765	7,765	4,260	1,917	(1,588)
Total Taxes	<u>85,693,888</u>	<u>78,751,881</u>	<u>40,869,623</u>	<u>36,214,811</u>	<u>(1,667,447)</u>
Licenses and Permits:					
Business licenses	5,159,935	5,159,935	2,990,550	2,715,901	546,516
Franchise taxes	1,055,395	1,055,395	484,979	457,154	(113,262)
Permits and fees	3,609,021	3,809,021	1,718,591	2,400,991	310,561
Total Licenses and Permits	<u>9,824,351</u>	<u>10,024,351</u>	<u>5,194,120</u>	<u>5,574,046</u>	<u>743,815</u>
Intergovernmental:					
Liquor Board taxes	964,923	964,923	487,207	497,307	19,591
Streamlined sales tax	523,018	523,018	257,318	102,937	(162,763)
Other	1,146,058	3,676,808	1,188,023	989,455	(1,499,330)
Total Intergovernmental	<u>2,633,999</u>	<u>5,164,749</u>	<u>1,932,548</u>	<u>1,589,699</u>	<u>(1,642,502)</u>
Charges for Services:					
Aid car fees	2,374,536	780,000	769,891	-	(10,109)
Planning and inspection fees	1,297,264	1,297,264	1,110,486	933,708	746,930
Interfund	4,450,191	4,450,191	-	-	(4,450,191)
Recreation	5,356,127	5,356,127	2,701,986	2,757,120	102,979
Other	1,533,835	1,443,157	417,797	288,833	(736,527)
Total Charges for Services	<u>15,011,953</u>	<u>13,326,739</u>	<u>5,000,160</u>	<u>3,979,661</u>	<u>(4,346,918)</u>
Fines and Forfeitures:	<u>10,083,422</u>	<u>10,083,422</u>	<u>4,570,830</u>	<u>4,292,162</u>	<u>(1,220,430)</u>
Miscellaneous:					
Investment interest	36,421	216,421	170,430	347,267	301,276
Rents and concessions	654,506	654,506	287,233	428,253	60,980
Other	888,558	1,116,258	296,379	231,207	(588,672)
Total Miscellaneous	<u>1,579,485</u>	<u>1,987,185</u>	<u>754,042</u>	<u>1,006,727</u>	<u>(226,416)</u>
Total Revenues	<u>\$ 124,827,098</u>	<u>\$ 119,338,327</u>	<u>\$ 58,321,323</u>	<u>\$ 52,657,106</u>	<u>\$ (8,359,898)</u>

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

City of Lynnwood, Washington
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	<u>Original Biennial Budget</u>	<u>Final Biennial Budget</u>	<u>2017 Actual</u>	<u>2018 Actual</u>	<u>Variance with Final Biennial Budget</u>
Expenditures					
General Government					
Legislative/Executive	\$ 2,244,664	\$ 2,421,114	\$ 1,102,468	\$ 899,192	\$ 419,454
Administrative services	6,970,249	7,245,046	1,960,067	1,988,579	3,296,400
Information Technology	4,832,613	4,907,144	2,101,479	1,748,552	1,057,113
Legal	3,413,000	3,416,074	1,559,286	1,842,041	14,747
Human Resources	1,932,421	1,885,321	733,125	768,668	383,528
Property management	2,975,958	2,975,958	1,431,534	1,358,990	185,434
Total General Government	<u>22,368,905</u>	<u>22,850,657</u>	<u>8,887,959</u>	<u>8,606,022</u>	<u>5,356,676</u>
Economic Environment	<u>8,605,865</u>	<u>9,930,393</u>	<u>3,936,638</u>	<u>4,410,255</u>	<u>1,583,500</u>
Judicial	<u>2,236,073</u>	<u>2,269,877</u>	<u>1,104,882</u>	<u>1,054,363</u>	<u>110,632</u>
Natural Environment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Culture & Recreation	<u>14,515,673</u>	<u>14,688,798</u>	<u>6,607,801</u>	<u>7,529,452</u>	<u>551,545</u>
Public Safety					
Police	40,132,520	40,305,969	19,523,430	20,894,801	(112,262)
Fire	24,963,828	16,750,466	12,550,859	3,562,906	636,701
Total Public Safety	<u>65,096,348</u>	<u>57,056,435</u>	<u>32,074,289</u>	<u>24,457,707</u>	<u>524,439</u>
Social Services	<u>1,148,688</u>	<u>1,148,688</u>	<u>520,115</u>	<u>548,383</u>	<u>80,190</u>
Transportation	<u>3,125,183</u>	<u>3,160,000</u>	<u>1,398,484</u>	<u>1,408,880</u>	<u>352,636</u>
Utilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service	<u>425,000</u>	<u>425,000</u>	<u>427</u>	<u>300</u>	<u>424,273</u>
Capital Outlay	<u>72,000</u>	<u>121,336</u>	<u>242,990</u>	<u>223,327</u>	<u>(344,981)</u>
Total Expenditures	<u>\$ 117,593,735</u>	<u>\$ 111,651,184</u>	<u>\$ 54,773,585</u>	<u>\$ 48,238,689</u>	<u>\$ 8,638,910</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

	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.141150%	0.142394%	0.132475%	0.136623%
Employer's proportionate share of the net pension liability	\$ 6,303,807	\$ 6,756,706	\$ 7,114,531	\$ 7,146,653
Covered payroll	\$ 18,716,670	\$ 17,249,159	\$ 15,699,939	\$ 15,566,793
Employer's proportionate share of the net pension liability as a percentage of covered payroll	33.68%	39.17%	45.32%	45.91%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%

PERS 2/3

	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.171192%	0.173956%	0.160135%	0.166966%
Employer's proportionate share of the net pension liability	\$ 2,922,951	\$ 6,044,139	\$ 8,062,671	\$ 5,965,790
Covered payroll	\$ 17,769,774	\$ 16,452,758	\$ 14,924,219	\$ 14,819,525
Employer's proportionate share of the net pension liability as a percentage of covered payroll	16.45%	36.74%	54.02%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	95.77%	90.97%	85.82%	89.20%

PSERS 2

	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.227010%	0.218084%	0.209520%	0.231513%
Employer's proportionate share of the net pension liability	\$ 2,813	\$ 42,729	\$ 89,042	\$ 42,256
Covered payroll	\$ 890,458	\$ 742,200	\$ 679,047	\$ 677,061
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.32%	5.76%	13.11%	6.24%
Plan fiduciary net position as a percentage of the total pension liability	99.79%	96.26%	90.41%	95.08%

LEOFF 1

	2018	2017	2016	2015
Employer's proportion of the net pension asset	0.099543%	0.097900%	0.096516%	0.095558%
Employer's proportionate share of the net pension asset	\$ 1,807,205	\$ 1,485,358	\$ 994,391	\$ 994,391
Covered payroll	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	144.42%	135.96%	123.74%	127.36%

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

PERS 1

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 974,283	\$ 875,695	\$ 815,773	\$ 666,898
Contributions in relation to the contractually required contributions	<u>(974,283)</u>	<u>(875,695)</u>	<u>(815,773)</u>	<u>(666,898)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$19,206,552	\$17,822,990	\$16,981,523	\$15,137,651
Contributions as a percentage of covered payroll	5.07%	4.91%	4.80%	4.41%

PERS 2/3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,352,402	\$ 1,159,549	\$ 1,773,885	\$ 1,441,968
Contributions in relation to the contractually required contributions	<u>(1,352,402)</u>	<u>(1,159,549)</u>	<u>(1,773,885)</u>	<u>(1,441,968)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$18,039,335	\$17,006,678	\$16,127,212	\$14,415,414
Contributions as a percentage of covered payroll	7.50%	6.82%	11.00%	10.00%

PSERS 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 73,584	\$ 86,976	\$ 86,478	\$ 71,594
Contributions in relation to the contractually required contributions	<u>(73,584)</u>	<u>(86,976)</u>	<u>(86,478)</u>	<u>(71,594)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,074,157	\$ 760,560	\$ 761,251	\$ 658,733
Contributions as a percentage of covered payroll	6.85%	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*

	2018	2017	2016	2015
<u>Employer's proportion of the net pension liability (asset)</u>	(0.294521%)	(0.486125%)	(0.433881%)	(0.456878%)
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ (5,979,418)	\$ (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>	\$ (3,871,561)	\$ (4,375,900)	\$ (1,645,192)	\$ (3,104,893)
TOTAL	\$ (9,850,979)	\$ (11,121,740)	\$ (4,168,774)	\$ (7,800,685)
<u>Employer's covered payroll</u>	\$ 13,337,545	\$ 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>	44.83%	50.58%	19.20%	35.42%
<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>	118.50%	113.36%	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*

	2018	2017	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 417,061	\$ 684,235	\$ 719,240	\$ 641,223
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (417,061)	\$ (684,235)	\$ (719,240)	\$ (641,223)
<u>Contribution deficiency (excess)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Covered payroll</u>	\$ 7,944,020	\$ 13,337,545	\$ 14,242,374	\$ 12,697,473
<u>Contributions as a percentage of covered employee payroll</u>	5.25%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	43,728	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	(132,101)	104,541	-	194,582	-
Benefit payments	<u>(95,103)</u>	<u>(96,468)</u>	<u>(94,313)</u>	<u>(70,585)</u>	<u>(73,119)</u>
Net change in total pension liability	<u>(183,476)</u>	<u>173,162</u>	<u>(85,083)</u>	<u>198,002</u>	<u>23,074</u>
Total pension liability - beginning	<u>1,505,155</u>	<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>1,321,679</u></u>	<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	61,710	54,134	55,130	55,515	56,875
Contributions - nonemployer contributing entities	-	-	-	-	-
Contributions - employee	-	-	-	-	-
Net investment income	3,639	7,108	-	-	651
Benefit payments, including refunds of contributions	(95,103)	(96,468)	(94,313)	(70,585)	(73,119)
Administrative expense	(4,500)	(2,000)	(4,250)	-	(21,825)
Other	-	-	(59,479)	(90,652)	(45,326)
Net change in plan fiduciary net position	<u>(34,254)</u>	<u>(37,226)</u>	<u>(102,912)</u>	<u>(105,722)</u>	<u>(82,744)</u>
Plan fiduciary net position - beginning	<u>369,532</u>	<u>406,758</u>	<u>509,670</u>	<u>615,392</u>	<u>698,136</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 335,278</u></u>	<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>\$ 986,401</u></u>	<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)	25.4%	24.6%	30.5%	36.0%	50.5%
Covered payroll	0	0	0	0	0
Net pension liability as a % of covered employee payroll	0.00%	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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially/statutorily/contractually determined contribution	\$ 105,216	\$ 77,442	\$ 77,442	\$ 43,999	\$ 43,999	\$ 51,946	\$ 51,946	\$ 49,477	\$ 49,477	\$ 40,127
Actual contribution in relation to the above *	61,710	54,134	(4,349)	(35,137)	(10,276)	(3,753)	1,536	(11,407)	1,202	6,787
Contribution deficiency (excess)	\$ 43,506	\$ 23,308	\$ 81,791	\$ 79,136	\$ 54,275	\$ 55,699	\$ 50,410	\$ 60,884	\$ 48,275	\$ 33,340
Covered payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Full date: December 31, 2017

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 - 4.00%
- 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>2018</u>	<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>
Annual money-weighted rate of return, net of investment expense	1.03%	1.83%	0.00%	0.00%	0.09%	0.14%	0.16%	0.22%	0.76%	1.69%

City of Lynnwood, Washington
Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF 1 Retiree Medical and Long-Term Care Benefits
For the year ended June 30, 2018

	2018
Total OPEB liability - beginning - restated	\$ 12,036,582
Service cost	-
Interest	422,777
Changes in benefit terms	-
Differences between expected and actual experience	
Changes of assumptions	(383,326)
Benefit payments	(458,387)
Other changes	
Net change in total OPEB liability	(418,936)
Total OPEB liability - ending	\$ 11,617,646
Covered payroll	-
Total OPEB liability as a % of covered payroll	N/A

Notes to Schedule:

- * Until a full 10-year trend is compiled, only information beginning with 2018 is presented.
- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

SUPPLEMENTARY FINANCIAL
INFORMATION



City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,614,943	\$ 786,439	\$ 4,044,623	\$ 11,446,005
Investments	2,805,101	133,364	\$ 2,140,501	5,078,966
Receivables:				
Accounts	102,410	399,882	-	502,292
Taxes	860,124	-	289,163	1,149,287
Interest	2,757	131	2,103	4,991
Intergovernmental	50,310	-	49,741	100,051
Restricted assets	-	-	-	-
Total Assets	\$ 10,435,645	\$ 1,319,816	\$ 6,526,131	\$ 18,281,592
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 289,200	\$ -	\$ 53,605	\$ 342,805
Accrued salaries and wages payable	69,513	-	-	69,513
Interfund payable	-	-	-	-
Other current liabilities payable	958	-	-	958
Unearned revenue	277,030	-	-	277,030
Total Liabilities	636,701	-	53,605	690,306
Deferred Inflows - Special Assessments	-	-	-	-
Fund Balances				
Restricted	9,516,844	122,476	5,376,956	15,016,276
Committed	282,100	-	1,095,570	1,377,670
Assigned	-	1,197,340	-	1,197,340
Total Fund Balances	9,798,944	1,319,816	6,472,526	17,591,286
Total Liabilities and Fund Balances	\$ 10,435,645	\$ 1,319,816	\$ 6,526,131	\$ 18,281,592



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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 5,893,609	\$ -	\$ 3,553,552	\$ 9,447,161
Intergovernmental	1,790,667	-	554,808	2,345,475
Special assessments	-	384,815	-	384,815
Charges for services	1,687,655	2	-	1,687,657
Licenses and permits	136,240	-	-	136,240
Other interest	-	29,308	-	29,308
Fines and forfeitures	38,566	-	-	38,566
Investment interest	130,391	-	62,722	193,113
Judgements and settlements	-	-	-	-
Miscellaneous	72,545	-	-	72,545
Total Revenues	9,749,673	414,125	4,171,082	14,334,880
Expenditures				
Current:				
General government	-	-	397,559	397,559
Economic environment	1,513,660	-	20,181	1,533,841
Public safety	606,932	-	-	606,932
Transportation	2,276,457	-	6,503	2,282,960
Natural environment	-	-	-	-
Culture and recreation	33,976	-	859,907	893,883
Utilities	29,557	-	-	29,557
Capital Outlay	194,551	-	259,642	454,193
Debt Service:				
Principal retirement	-	1,035,536	-	1,035,536
Interest and fiscal charges	-	868,253	-	868,253
Total Expenditures	4,655,133	1,903,789	1,543,792	8,102,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,094,540	(1,489,664)	2,627,290	6,232,166
Other Financing Sources (Uses)				
Proceeds from disposition of assets	9,555	-	-	9,555
Transfers in	1,381,138	1,766,750	1,794,401	4,942,289
Transfers out	(4,053,502)	-	(3,074,394)	(7,127,896)
Total Other Financing Sources (Uses)	(2,662,809)	1,766,750	(1,279,993)	(2,176,052)
Net Change in Fund Balances	2,431,731	277,086	1,347,297	4,056,114
Fund Balances Beginning of Year	7,367,213	1,042,730	5,125,229	13,535,172
Fund Balances End of Year	\$ 9,798,944	\$ 1,319,816	\$ 6,472,526	\$ 17,591,286



City of Lynnwood, Washington
General Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 11,791,564	\$ 10,464,908
Investments	3,620,848	4,078,334
Receivables:		
Accounts	3,516,233	4,301,782
Property taxes	166,908	70,204
Sales taxes	4,419,832	4,409,087
Utility and other taxes	1,207,085	899,439
Interest receivable	3,557	6,980
Intergovernmental	426,121	422,144
Interfund	1,384,000	1,517,000
Prepaid items	77,917	41,132
Total Assets	<u>\$ 26,614,065</u>	<u>\$ 26,211,010</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 878,771	\$ 879,503
Accrued salaries and wages payable	1,546,254	1,516,589
Custodial accounts payable	11,561	-
Other current liabilities payable	224,107	107,946
Total Liabilities	2,660,693	2,504,038
Deferred Inflows of Resources		
Deferred Inflows of Resources - property tax	133,932	242,693
Deferred Inflows of Resources - municipal court	2,460,498	3,377,520
Deferred Inflows of Resources - red-light photo	468,382	234,364
Total Deferred Inflows of Resources	3,062,812	3,854,577
Total Liabilities and Deferred Inflows of Resources	5,723,505	6,358,615
Fund Balances		
Nonspendable	77,917	41,132
Committed	6,000,000	6,000,000
Assigned	9,459,691	5,661,704
Unassigned	5,352,952	8,149,559
Total Fund Balances	20,890,560	19,852,395
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,614,065</u>	<u>\$ 26,211,010</u>



City of Lynnwood, Washington
General Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Property taxes	\$ 6,209,111	\$ 11,916,807
Sales taxes	22,909,348	21,951,301
Business taxes	7,094,435	6,997,255
Other taxes	1,917	4,260
Licenses and permits	5,574,046	5,194,120
Intergovernmental revenues	1,589,699	1,932,548
Charges for services	3,979,661	5,000,160
Fines and forfeitures	4,292,162	4,570,830
Investment earnings	347,267	170,430
Rents and concessions	428,253	287,233
Miscellaneous	231,207	296,379
Total Revenues	52,657,106	58,321,323
Expenditures		
Current:		
General government	8,606,022	8,887,959
Economic environment	4,410,255	3,936,638
Judicial	1,054,363	1,104,882
Culture and recreation	7,529,452	6,607,801
Public safety	24,457,707	32,074,289
Social services	548,383	520,115
Transportation	1,408,880	1,398,484
Debt service:		
Interest	300	427
Capital outlay	223,327	242,990
Total Expenditures	48,238,689	54,773,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,418,417	3,547,738
Other Financing Sources (Uses)		
Transfers in	565,000	192,000
Transfers (out)	(3,945,250)	(4,573,291)
Total Other Financing Sources (Uses)	(3,380,250)	(4,381,291)
Net Change in Fund Balances	1,038,167	(833,553)
Fund Balances Beginning of Year	19,852,395	20,685,948
Fund Balances End of Year	\$ 20,890,562	\$ 19,852,395



City of Lynnwood, Washington
Transportation Capital Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 3,806,694	\$ 6,441,741
Due from other governments	3,870,768	195,926
Total Assets	<u>7,677,462</u>	<u>6,637,667</u>
Liabilities		
Accounts payable	828,955	223,429
Retainage payable	<u>125,073</u>	<u>-</u>
Total Liabilities	954,028	223,429
Fund Balances		
Restricted for capital outlay	<u>6,723,434</u>	<u>6,414,238</u>
Total Liabilities and Fund Balances	<u>\$ 7,677,462</u>	<u>\$ 6,637,667</u>



City of Lynnwood, Washington
Transportation Capital Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ 9,594,425	\$ 354,353
Total Revenues	9,594,425	354,353
Expenditures		
Current		
Transportation	\$ 2,978,556	174,985
Capital Outlay - Transportation	11,430,430	701,027
Total Expenditures	14,408,986	876,012
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,814,561)	(521,659)
Other Financing Sources (Uses)		
Transfers in	5,398,757	6,935,897
Transfers out	(275,000)	-
	5,123,757	6,935,897
Net Change in Fund Balances	309,196	6,414,238
Fund Balances Beginning of Year	6,414,238	-
Fund Balances End of Year	\$ 6,723,434	\$ 6,414,238



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Final Budget
Revenues					
Intergovernmental	\$ 25,711,977	\$ 30,035,427	\$ 354,353	\$ 9,594,425	\$ (20,086,649)
Total Revenues	25,711,977	30,035,427	354,353	9,594,425	(20,086,649)
Expenditures					
Current:					
Transportation	11,000,000	13,775,430	174,985	2,978,556	10,621,889
Capital Outlay - Transportation	<u>24,966,977</u>	<u>30,187,977</u>	<u>701,027</u>	<u>11,430,430</u>	<u>18,056,520</u>
Total Expenditures	35,966,977	43,963,407	876,012	14,408,986	28,678,409
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,255,000)	(13,927,980)	(521,659)	(4,814,561)	8,591,760
Other Financing Sources (Uses)					
Transfers in	10,255,000	14,619,324	6,935,897	5,398,757	(2,284,670)
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(275,000)</u>	<u>(175,000)</u>
Net Changes in Fund Balances	-	591,344	6,414,238	309,196	6,132,090
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,414,238</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 591,344</u>	<u>\$ 6,414,238</u>	<u>\$ 6,723,434</u>	<u>\$ 6,132,090</u>

NONMAJOR
SPECIAL
REVENUE
FUNDS

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	<u>Lodging Tax</u>	<u>Drug Enforcement</u>	<u>Criminal Justice Reserve</u>	<u>Transportation Impact Fee</u>	<u>Street Operating</u>	<u>Cumulative Park Reserve and Development</u>	<u>Cumulative Art Reserve</u>
Assets							
Cash and cash equivalents	\$ 766,105	\$ 124,048	\$ 2,127,795	\$ 890,123	\$ 50,750	\$ 43,569	\$ 28,377
Investments	529,012	84,464	1,478,124	620,146	35,564	31,118	20,005
Receivables:							
Accounts	-	-	500	-	101,910	-	-
Taxes	56,560	-	143,376	-	59,485	-	-
Interest	520	83	1,452	609	35	31	20
Intergovernmental	-	-	42,524	-	3,529	-	-
Restricted cash and investments	-	-	-	-	-	-	-
Total Assets	<u>\$ 1,352,197</u>	<u>\$ 208,595</u>	<u>\$ 3,793,771</u>	<u>\$ 1,510,878</u>	<u>\$ 251,273</u>	<u>\$ 74,718</u>	<u>\$ 48,402</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 197,370	\$ 2,934	\$ 3,645	\$ -	\$ 73,214	\$ -	\$ -
Accrued salaries and wages payable	2,922	-	11,698	-	54,893	-	-
Other liabilities	-	-	-	-	958	-	-
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	200,292	2,934	15,343	-	129,065	-	-
Fund Balances							
Committed	-	-	-	-	-	-	48,402
Restricted	1,151,905	205,661	3,778,428	1,510,878	122,208	74,718	-
Total Liabilities and Fund Balances	<u>\$ 1,352,197</u>	<u>\$ 208,595</u>	<u>\$ 3,793,771</u>	<u>\$ 1,510,878</u>	<u>\$ 251,273</u>	<u>\$ 74,718</u>	<u>\$ 48,402</u>

(continued)

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

(continued)

	Cumulative Aid Car Reserve	Tree Fund Reserve	Paths and Trails	Solid Waste Management	Park Impact Fee	Transportation Benefit District	Total Nonmajor Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 9,558	\$ 217,465	\$ 290,370	\$ 68,873	\$ 51,622	\$ 1,946,288	\$ 6,614,943
Investments	6,668	-	-	-	-	-	2,805,101
Receivables:							
Accounts	-	-	-	-	-	-	102,410
Taxes	-	-	-	-	-	600,703	860,124
Interest	7	-	-	-	-	-	2,757
Intergovernmental	-	-	-	4,257	-	-	50,310
Restricted assets	-	-	-	-	-	-	-
Total Assets	\$ 16,233	\$ 217,465	\$ 290,370	\$ 73,130	\$ 51,622	\$ 2,546,991	\$ 10,435,645
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 5,757	\$ 5,676	\$ -	\$ 604	\$ 289,200
Accrued salaries and wages payable	-	-	-	-	-	-	69,513
Other liabilities	-	-	-	-	-	-	958
Unearned revenue	-	-	277,030	-	-	-	277,030
Total Liabilities	-	-	282,787	5,676	-	604	636,701
Fund Balances							
Committed	16,233	217,465	-	-	-	-	282,100
Restricted	-	-	7,583	67,454	51,622	2,546,387	9,516,844
Total Liabilities and Fund Balances	\$ 16,233	\$ 217,465	\$ 290,370	\$ 73,130	\$ 51,622	\$ 2,546,991	\$ 10,435,645

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	Lodging Tax	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Street Operating	Cumulative Park Reserve and Development
Revenues						
Taxes	\$ 770,491	\$ -	\$ 690,116	\$ -	\$ -	\$ -
Intergovernmental	749,192	-	205,784	-	802,560	-
Charges for services	-	-	34,287	1,601,692	2,554	-
Licenses and permits	-	-	-	-	119,549	-
Fines and forfeitures	-	38,566	-	-	-	-
Investment interest	-	6,535	67,222	20,068	1,962	1,356
Miscellaneous	21,781	-	30,438	722	5,372	11,732
Total Revenues	1,541,464	45,101	1,027,847	1,622,482	931,997	13,088
Expenditures						
Current:						
Public safety	-	159,745	447,187	-	-	-
Economic environment	1,513,660	-	-	-	-	-
Transportation	-	-	-	-	2,262,732	-
Culture and recreation	-	-	-	-	-	9,036
Utilities	-	-	-	-	-	-
Capital Outlay	-	113,446	81,105	-	-	-
Total Expenditures	1,513,660	273,191	528,292	-	2,262,732	9,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,804	(228,090)	499,555	1,622,482	(1,330,735)	4,052
Other Financing Sources						
Insurance and claims	-	-	-	-	-	-
Proceeds from disposition of assets	-	9,555	-	-	-	-
Transfers in	-	-	51,839	18,299	1,250,000	-
Transfers out	-	(51,839)	-	(313,243)	-	-
Total Other Financing Sources (Uses)	-	(42,284)	51,839	(294,944)	1,250,000	-
Net Change in Fund Balances	27,804	(270,374)	551,394	1,327,538	(80,735)	4,052
Fund Balances Beginning of Year	1,124,101	476,035	3,227,034	183,340	202,943	70,666
Fund Balances End of Year	\$ 1,151,905	\$ 205,661	\$ 3,778,428	\$ 1,510,878	\$ 122,208	\$ 74,718

(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, 2018

(continued)

	Cumulative Art Reserve	Cumulative Aid Car Reserve	Tree Fund Reserve	Solid Waste	Paths and Trials	Park Impact Fee	Transportation Benefit District	Total Nonmajor Special Revenue Funds
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,433,002	\$ 5,893,609
Intergovernmental	-	-	-	9,460	23,671	-	-	1,790,667
Charges for services	-	-	-	-	-	49,122	-	1,687,655
Licenses and permits	-	-	16,691	-	-	-	-	136,240
Fines and forfeitures	-	-	-	-	-	-	-	38,566
Investment interest	949	315	-	-	-	-	31,984	130,391
Miscellaneous	-	-	-	-	-	2,500	-	72,545
Total Revenues	949	315	16,691	9,460	23,671	51,622	4,464,986	9,749,673
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	606,932
Economic environment	-	-	-	-	-	-	-	1,513,660
Transportation	-	-	11,023	-	-	-	2,702	2,276,457
Culture and recreation	-	-	-	-	24,940	-	-	33,976
Utilities	-	-	-	29,557	-	-	-	29,557
Capital Outlay	-	-	-	-	-	-	-	194,551
Total Expenditures	-	-	11,023	29,557	24,940	-	2,702	4,655,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	949	315	5,668	(20,097)	(1,269)	51,622	4,462,284	5,094,540
Other Financing Sources								
Insurance and claims	-	-	-	-	-	-	-	-
Proceeds from disposition of assets	-	-	-	-	-	-	-	9,555
Transfers in	-	-	-	61,000	-	-	-	1,381,138
Transfers out	-	-	-	-	-	-	(3,688,420)	(4,053,502)
Total Other Financing Sources (Uses)	-	-	-	61,000	-	-	(3,688,420)	(2,662,809)
Net Change in Fund Balances	949	315	5,668	40,903	(1,269)	51,622	773,864	2,431,731
Fund Balances Beginning of Year	47,453	15,918	211,797	26,551	8,852	-	1,772,523	7,367,213
Fund Balances End of Year	\$ 48,402	\$ 16,233	\$ 217,465	\$ 67,454	\$ 7,583	\$ 51,622	\$ 2,546,387	\$ 9,798,944



City of Lynnwood, Washington
Lodging Tax Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 766,105	\$ 632,694
Investments	529,012	630,748
Receivables:		
Taxes	56,560	92,785
Interest	520	367
Total Assets	<u>\$ 1,352,197</u>	<u>\$ 1,356,594</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 197,370	\$ 227,332
Accrued salaries and wages payable	2,922	5,161
Total Liabilities	<u>200,292</u>	<u>232,493</u>
Fund Balances		
Restricted	<u>1,151,905</u>	<u>1,124,101</u>
Total Liabilities and Fund Balances	<u>\$ 1,352,197</u>	<u>\$ 1,356,594</u>

City of Lynnwood, Washington
Lodging Tax Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Taxes	\$ 770,491	\$ 810,067
Intergovernmental	749,192	720,376
Charges for services	-	-
Investment earnings	21,781	5,196
Total Revenues	<u>1,541,464</u>	<u>1,535,639</u>
Expenditures		
Current:		
Economic development	<u>1,513,660</u>	<u>1,435,364</u>
Excess of Revenues Over Expenditures	27,804	100,275
Other Financing Uses		
Transfers out	<u>-</u>	<u>-</u>
Net Change in Fund Balances	27,804	100,275
Fund Balances Beginning of Year	<u>1,124,101</u>	<u>1,023,826</u>
Fund Balances End of Year	<u><u>\$ 1,151,905</u></u>	<u><u>\$ 1,124,101</u></u>

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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Taxes	\$ 1,691,767	\$ 1,691,767	\$ 810,067	\$ 770,491	\$ (111,209)
Intergovernmental	1,362,383	1,525,543	720,376	749,192	(55,975)
Investment earnings	-	-	5,196	21,781	26,977
Total Revenues	3,054,150	3,217,310	1,535,639	1,541,464	(140,207)
Expenditures					
Current:					
Economic development	2,906,790	3,074,700	1,435,364	1,513,660	125,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	147,360	142,610	100,275	27,804	(14,531)
Net Change in Fund Balances	147,360	142,610	100,275	27,804	(14,531)
Fund Balances Beginning of Year	1,022,646	1,023,826	1,023,826	1,124,101	-
Fund Balances End of Year	\$ 1,170,006	\$ 1,166,436	\$ 1,124,101	\$ 1,151,905	\$ (14,531)

City of Lynnwood, Washington
Drug Enforcement Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 124,048	\$ 297,495
Investments	84,464	193,650
Interest Receivable	83	179
Intergovernmental receivables	-	794
Restricted cash and investments	-	-
Total Assets	<u>\$ 208,595</u>	<u>\$ 492,118</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 2,934	\$ 15,908
Wages payable	-	175
Total Liabilities	2,934	16,083
Fund Balances		
Restricted	205,661	476,035
Total Liabilities and Fund Balances	<u>\$ 208,595</u>	<u>\$ 492,118</u>



City of Lynnwood, Washington
Drug Enforcement Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental revenue	\$ -	\$ 18,853
Charges for Services	-	-
Fines and forfeitures	38,566	21,701
Investment earnings	6,535	3,216
Total Revenues	45,101	43,770
Expenditures		
Current:		
Public safety	159,745	78,921
Capital Outlay	113,446	14,863
Total Expenditures	273,191	93,784
Excess of Revenues Over Expenditures	(228,090)	(50,014)
Other Financing Sources (Uses)		
Proceeds from disposition of capital assets	9,555	58,629
Transfers out	(51,839)	-
Total Other Financing Sources (Uses)	(42,284)	58,629
Net Changes in Fund Balances	(270,374)	8,615
Fund Balances Beginning of Year	476,035	467,420
Fund Balances End of Year	\$ 205,661	\$ 476,035



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 18,853	\$ -	\$ (381,147)
Charges for services	-	-	-	-	-
Fines and forfeitures	75,000	75,000	21,701	38,566	(14,733)
Investment interest	-	-	3,216	6,535	9,751
Total Revenues	475,000	475,000	43,770	45,101	(386,129)
Expenditures					
Current:					
Public Safety	662,231	662,231	78,921	159,745	423,565
Capital Outlay	-	-	14,863	113,446	(128,309)
Total Expenditures	662,231	662,231	93,784	273,191	295,256
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,231)	(187,231)	(50,014)	(228,090)	(90,873)
Other Financing Uses					
Proceeds from disposition of capital assets	-	-	58,629	9,555	68,184
Transfers out	-	-	-	(51,839)	(51,839)
Net Change in Fund Balances	(187,231)	(187,231)	8,615	(270,374)	(74,528)
Fund Balances Beginning of Year	317,938	467,420	467,420	476,035	-
Fund Balances End of Year	\$ 130,707	\$ 280,189	\$ 476,035	\$ 205,661	\$ (74,528)

City of Lynnwood, Washington
Criminal Justice Reserve Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 2,127,795	\$ 1,547,657
Investments	1,478,124	1,545,600
Receivables:		
Accounts receivable	500	-
Taxes	143,376	134,375
Interest	1,452	1,113
Intergovernmental	42,524	2,893
Total Assets	<u>\$ 3,793,771</u>	<u>\$ 3,231,638</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 3,645	\$ 507
Wages payable	11,698	4,097
Total Liabilities	15,343	4,604
Fund Balances		
Restricted	3,778,428	3,227,034
Total Liabilities and Fund Balances	<u>\$ 3,793,771</u>	<u>\$ 3,231,638</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, 2018 and 2017

	2018	2017
Revenues		
Taxes	\$ 690,116	\$ 642,839
Intergovernmental	205,784	95,131
Charges for services	34,287	34,529
Investment interest	67,222	17,635
Miscellaneous	30,438	4,501
Total Revenues	1,027,847	794,635
Expenditures		
Current:		
Public safety	447,187	164,038
Capital Outlay	81,105	-
Total Expenditures	528,292	164,038
Excess of Revenues Over Expenditures	499,555	630,597
Other Financing Sources (Uses)		
Transfers in	51,839	-
Net Change in Fund Balances	551,394	630,597
Fund Balances Beginning of Year	3,227,034	2,596,437
Fund Balances End of Year	\$ 3,778,428	\$ 3,227,034



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Taxes	\$ 1,194,800	\$ 1,194,800	\$ 642,839	\$ 690,116	\$ 138,155
Intergovernmental	170,465	170,465	95,131	205,784	130,450
Charges for services	-	-	34,529	34,287	68,816
Investment income	-	-	17,635	67,222	84,857
Miscellaneous	-	-	4,501	30,438	34,939
Total Revenues	<u>1,365,265</u>	<u>1,365,265</u>	<u>794,635</u>	<u>1,027,847</u>	<u>457,217</u>
Expenditures					
Current:					
Public safety	1,183,603	1,183,603	164,038	447,187	572,378
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,105</u>	<u>(81,105)</u>
Total Expenditures	<u>1,183,603</u>	<u>1,183,603</u>	<u>164,038</u>	<u>528,292</u>	<u>491,273</u>
Other Financing Sources (Uses)	(500,000)	(500,000)	-	51,839	551,839
Excess of Revenues Over Expenditures	(318,338)	(318,338)	630,597	551,394	1,500,329
Fund Balances Beginning of Year	<u>2,695,560</u>	<u>2,596,437</u>	<u>2,596,437</u>	<u>3,227,034</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 2,377,222</u>	<u>\$ 2,278,099</u>	<u>\$ 3,227,034</u>	<u>\$ 3,778,428</u>	<u>\$ 1,500,329</u>

City of Lynnwood, Washington
Transportation Impact Fee Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 890,123	\$ 90,988
Investments	620,146	92,191
Interest Receivable	609	161
Total Assets	<u>\$ 1,510,878</u>	<u>\$ 183,340</u>
Fund Balances		
Restricted	<u>\$ 1,510,878</u>	<u>\$ 183,340</u>



City of Lynnwood, Washington
Transportation Impact Fee Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Charges for services	\$ 1,601,692	\$ 463,311
Investment interest	20,068	2,412
Miscellaneous	722	-
Total Revenues	1,622,482	465,723
Other Financing Uses		
Transfers in	18,299	203,121
Transfers out	(313,243)	(546,755)
Net Change in Fund Balances	1,327,538	122,089
Fund Balances Beginning of Year	183,340	61,251
Fund Balances End of Year	\$ 1,510,878	\$ 183,340

City of Lynnwood, Washington
Transportation Impact Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Charges for services	\$ 600,000	\$ 1,054,299	\$ 463,311	\$ 1,601,692	\$ 1,010,704
Investment interest	-	-	2,412	20,068	22,480
Miscellaneous	-	-	-	722	722
Total Revenues	600,000	1,054,299	465,723	1,622,482	1,033,906
Other Financing Sources (Uses)					
Transfers in	-	-	203,121	18,299	221,420
Transfers out	(600,000)	(1,093,514)	(546,755)	(313,243)	233,516
Net Change in Fund Balances	-	(39,215)	122,089	1,327,538	1,488,842
Fund Balances Beginning	-	61,251	61,251	183,340	-
Fund Balances Ending	\$ -	\$ 22,036	\$ 183,340	\$ 1,510,878	\$ 1,488,842



City of Lynnwood, Washington
Street Operating Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 50,750	\$ 67,299
Investments	35,564	60,538
Receivables:		
Accounts	101,910	39,438
Taxes	59,485	123,307
Interest	35	42
Intergovernmental	3,529	1,236
Total Assets	<u>\$ 251,273</u>	<u>\$ 291,860</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 73,214	\$ 33,180
Wages payable	54,893	47,822
Other liabilities	958	7,915
Total Liabilities	129,065	88,917
Fund Balances		
Restricted	122,208	202,943
Total Liabilities and Fund Balances	<u>\$ 251,273</u>	<u>\$ 291,860</u>



City of Lynnwood, Washington
Street Operating Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Taxes	\$ -	\$ -
Licenses and permits	119,549	134,868
Intergovernmental	802,560	860,817
Charges for services	2,554	5,497
Investment earnings	1,962	370
Miscellaneous	5,372	616
Total Revenues	931,997	1,002,168
Expenditures		
Current:		
Transportation	2,262,732	2,230,637
Capital Outlay	-	99,697
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,330,735)	(1,328,166)
Other Financing Sources (Uses)		
Transfers in	1,250,000	1,250,000
Transfers out	-	-
Insurance and claims	-	-
Proceeds from the disposition of capital assets	-	-
Other Financing Sources (Uses)	1,250,000	1,250,000
Net Change in Fund Balances	(80,735)	(78,166)
Fund Balances Beginning of Year	202,943	281,109
Fund Balances End of Year	\$ 122,208	\$ 202,943



City of Lynnwood, Washington
Street Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	250,000	250,000	134,868	119,549	4,417
Intergovernmental	1,603,370	1,632,070	860,817	802,560	31,307
Charges for Services	-	16,100	5,497	2,554	(8,049)
Investment interest	-	-	370	1,962	2,332
Miscellaneous	-	-	616	5,372	5,988
Total Revenues	1,853,370	1,898,170	1,002,168	931,997	35,995
Expenditures					
Current:					
Transportation	4,407,539	4,419,289	2,230,637	2,262,732	(74,080)
Capital Outlay			99,697	-	(99,697)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,554,169)	(2,521,119)	(1,328,166)	(1,330,735)	(137,782)
Other Financing Sources (Uses)					
Transfers in	2,500,000	2,500,000	1,250,000	1,250,000	-
Transfers out	-	(37,400)	-	-	37,400
Other Financing Sources (Uses)	2,500,000	2,462,600	1,250,000	1,250,000	37,400
Net Change in Fund Balances	(54,169)	(58,519)	(78,166)	(80,735)	(100,382)
Fund Balances Beginning	100,000	281,109	281,109	202,943	-
Fund Balances End	\$ 45,831	\$ 222,590	\$ 202,943	\$ 122,208	\$ (100,382)

City of Lynnwood, Washington
Cumulative Park Reserve and Development Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 43,569	\$ 23,361
Investments	31,118	47,274
Interest Receivable	31	31
Total Assets	\$ 74,718	\$ 70,666
Fund Balances		
Restricted	\$ 74,718	\$ 70,666

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Investment earnings	\$ 1,356	\$ 507
Miscellaneous	11,732	17,898
Total Revenues	13,088	18,405
Expenditures		
Current:		
Culture and recreation	9,036	25,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,052	(7,519)
Fund Balances Beginning of Year	70,666	78,185
Fund Balances End of Year	\$ 74,718	\$ 70,666



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Investment interest	\$ -	\$ -	\$ 507	\$ 1,356	\$ 1,863
Miscellaneous	26,000	26,000	17,898	11,732	3,630
Total Revenues	26,000	26,000	18,405	13,088	5,493
Expenditures					
Current:					
Culture and recreation	26,000	26,000	25,924	9,036	(8,960)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(7,519)	4,052	(3,467)
Fund Balances Beginning of Year	38,331	78,184	78,185	70,666	1
Fund Balances End of Year	\$ 38,331	\$ 78,184	\$ 70,666	\$ 74,718	\$ (3,466)

City of Lynnwood, Washington
Cumulative Art Reserve Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 28,377	\$ 23,766
Investments	20,005	23,678
Interest receivable	20	9
Total Assets	\$ 48,402	\$ 47,453
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Committed	48,402	47,453
Total Liabilities and Fund Balance	\$ 48,402	\$ 47,453



City of Lynnwood, Washington
Cumulative Art Reserve Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Investment earnings	\$ 949	\$ 93
Miscellaneous (Donations)	-	2,000
Total Revenues	949	2,093
Expenditures		
Current:		
Culture and Recreation	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	949	2,093
Other Financing Sources (Uses)		
Transfers in	-	26,680
Net Change in Fund Balance	949	28,773
Fund Balances Beginning of Year	47,453	18,680
Fund Balances End of Year	\$ 48,402	\$ 47,453



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Investment interest	\$ -	\$ -	\$ 93	\$ 949	\$ 1,042
Miscellaneous			2,000	-	2,000
Total Revenues	-	-	2,093	949	3,042
Expenditures					
Current:					
Culture and Recreation	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 50,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(50,000)	2,093	949	53,042
Other Financing Sources (Uses)					
Transfers in	91,750	91,750	26,680	-	(65,070)
Net Change in Fund Balances	41,750	41,750	28,773	949	(12,028)
Fund Balances Beginning	13,372	18,680	18,680	47,453	-
Fund Balances Ending	\$ 55,122	\$ 60,430	\$ 47,453	\$ 48,402	\$ (12,028)

City of Lynnwood, Washington
Cumulative Aid Car Fund
Comparative Balance Sheet
For the Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 9,558	\$ 7,961
Investments	6,668	7,950
Interest receivable	<u>7</u>	<u>7</u>
Total Assets	\$ 16,233	\$ 15,918
Fund Balances		
Committed	<u>\$ 16,233</u>	<u>\$ 15,918</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Investment earnings	\$ 315	\$ 100
Total Revenues	315	100
Fund Balances Beginning of Year	<u>15,918</u>	<u>15,818</u>
Fund Balances End of Year	<u>\$ 16,233</u>	<u>\$ 15,918</u>

City of Lynnwood, Washington
Tree Fund Reserve
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 217,465	\$ 211,797
Fund Balances		
Committed	\$ 217,465	\$ 211,797



City of Lynnwood, Washington
Tree Fund Reserve
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Licenses and permits	\$ 16,691	\$ 63,974
Expenditures		
Current:		
Transportation	<u>11,023</u>	<u>14,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,668	49,194
Other Financing Uses		
Transfers out	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,668	49,194
Fund Balances Beginning of Year	<u>211,797</u>	<u>162,603</u>
Fund Balances End of Year	<u><u>\$ 217,465</u></u>	<u><u>\$ 211,797</u></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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Licenses and Permits	\$ 30,000	\$ 30,000	\$ 63,974	\$ 16,691	\$ 50,665
Expenditures					
Current:					
Transportation	60,000	60,000	14,780	11,023	34,197
Net Change in Fund Balances	(30,000)	(30,000)	49,194	5,668	84,862
Fund Balances - Beginning	107,255	162,603	162,603	211,797	-
Fund Balances - End	<u>\$ 77,255</u>	<u>\$ 132,603</u>	<u>\$ 211,797</u>	<u>\$ 217,465</u>	<u>\$ 84,862</u>

City of Lynnwood, Washington
Paths and Trails Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 290,370	\$ 871,292
Liabilities		
Accounts payable	\$ 5,757	\$ 384,917
Unearned revenue	277,030	477,523
Total Liabilities	282,787	862,440
Fund Balances		
Restricted	7,583	8,852
Total Liabilities and Fund Balances	\$ 290,370	\$ 871,292

City of Lynnwood, Washington
Paths and Trails Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Intergovernmental	\$ 23,671	\$ 48,228
Expenditures		
Current:		
Culture and recreation	24,940	48,228
Capital Outlay	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,269)	-
Fund Balances Beginning of Year	<u>8,852</u>	<u>8,852</u>
Fund Balances End of Year	<u>\$ 7,583</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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Intergovernmental	\$ 1,006,837	\$ 1,006,837	\$ 48,228	\$ 23,671	\$ (934,938)
Expenditures					
Current:					
Culture and recreation	1,006,837	1,157,681	48,228	24,940	1,084,513
Net Change in Fund Balances	-	(150,844)	-	(1,269)	149,575
Fund Balances - Beginning	8,852	159,696	8,852	8,852	(150,844)
Fund Balances - End	<u>\$ 8,852</u>	<u>\$ 8,852</u>	<u>\$ 8,852</u>	<u>\$ 7,583</u>	<u>\$ (1,269)</u>

City of Lynnwood, Washington
Solid Waste Management Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 68,873	\$ 32,909
Receivables		
Intergovernmental	4,257	-
Total Assets	<u>\$ 73,130</u>	<u>\$ 32,909</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 5,676	\$ 6,358
Fund Balances		
Restricted	67,454	26,551
Total Liabilities and Fund Balances	<u>\$ 73,130</u>	<u>\$ 32,909</u>



City of Lynnwood, Washington
Solid Waste Management Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Intergovernmental	\$ 9,460	\$ 9,946
Expenditures		
Current		
Utilities	<u>29,557</u>	<u>30,525</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,097)	(20,579)
Other Financing Sources (Uses)		
Transfers in	<u>61,000</u>	<u>10,000</u>
Net Change in Fund Balance	40,903	(10,579)
Fund Balances Beginning of Year	<u>26,551</u>	<u>37,130</u>
Fund Balances End of Year	<u>\$ 67,454</u>	<u>\$ 26,551</u>



City of Lynnwood, Washington
Solid Waste Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance with Final Biennial Budget
Revenues					
Intergovernmental	\$ 46,550	\$ 46,550	\$ 9,946	\$ 9,460	\$ (27,144)
Expenditures					
Current:					
Utilities	88,000	164,138	30,525	29,557	104,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,450)	(117,588)	(20,579)	(20,097)	76,912
Other Financing Sources (Uses)					
Transfers in	20,000	71,000	10,000	61,000	-
Net Change in Fund Balances	(21,450)	(46,588)	(10,579)	40,903	76,912
Fund Balances - Beginning	28,765	37,130	37,130	26,551	-
Fund Balances - End	<u>\$ 7,315</u>	<u>\$ (9,458)</u>	<u>\$ 26,551</u>	<u>\$ 67,454</u>	<u>\$ 76,912</u>

City of Lynnwood, Washington
Park Impact Fee Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 51,622	\$ -
Total Assets	51,622	-
Fund Balances		
Restricted	<u>\$ 51,622</u>	<u>\$ -</u>

City of Lynnwood, Washington
Park Impact Fee Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Charges for services	\$ 49,122	\$ -
Investment interest	-	-
Miscellaneous	2,500	-
Total Revenues	51,622	-
Net Change in Fund Balances	51,622	-
Fund Balances Beginning of Year	-	-
Fund Balances End of Year	\$ 51,622	\$ -



City of Lynnwood, Washington
Transportation Benefit District Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 1,946,288	\$ 1,775,479
Receivables:		
Taxes	600,703	-
Total Assets	<u>\$ 2,546,991</u>	<u>\$ 1,775,479</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 604	\$ 2,956
Fund Balances		
Restricted	2,546,387	1,772,523
Total Liabilities and Fund Balances	<u>\$ 2,546,991</u>	<u>\$ 1,775,479</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, 2018 and 2017

	2018	2017
Revenues		
Taxes	\$ 4,433,002	\$ 2,487,806
Investment interest	31,984	5,333
Total Revenues	4,464,986	2,493,139
Expenditures		
Current		
Transportation	2,702	11,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,462,284	2,482,130
Other Financing Uses		
Transfers in	-	257,292
Transfers out	(3,688,420)	(1,000,000)
Net Change in Fund Balances	773,864	1,739,422
Fund Balances Beginning of Year	1,772,523	33,101
Fund Balances End of Year	\$ 2,546,387	\$ 1,772,523

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, 2018

	Original 2018 Annual* Budget	Final 2018 Annual* Budget	2018 Actual	Variance with Final Budget
Revenues				
Taxes	\$ 3,600,000	\$ 3,600,000	\$ 4,433,002	\$ 833,002
Investment earnings	3,600	3,600	31,984	28,384
Total Revenues	3,603,600	3,603,600	4,464,986	861,386
Expenditures				
Current:				
Transportation	137,000	137,000	2,702	134,298
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,466,600	3,466,600	4,462,284	995,684
Other Financing (Uses)				
Transfers out	(4,500,000)	(4,500,000)	(3,688,420)	811,580
Net Changes in Fund Balance	(1,033,400)	(1,033,400)	773,864	1,807,264
Fund Balance - Beginning of Year	1,947,850	1,947,850	1,772,523	(175,327)
Fund Balance - End of Year	<u>\$ 914,450</u>	<u>\$ 914,450</u>	<u>\$ 2,546,387</u>	<u>\$ 1,631,937</u>

* The Transportation Benefit District, a component unit governed by a legally separate board, adopts an annual budget.

NONMAJOR
DEBT
SERVICE
FUNDS



City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018

	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	\$ 11,775	\$ 110,701	\$ 191,960	\$ 472,003	\$ 786,439
Investments	-	-	133,364	-	133,364
Accounts receivable	-	-	-	399,882	399,882
Interest Receivable	-	-	131	-	131
Total Assets	<u>\$ 11,775</u>	<u>\$ 110,701</u>	<u>\$ 325,455</u>	<u>\$ 871,885</u>	<u>\$ 1,319,816</u>
Fund Balances					
Restricted	\$ 11,775	\$ 110,701	\$ -	\$ -	\$ 122,476
Assigned	-	-	325,455	871,885	1,197,340
Total Fund Balances	<u>\$ 11,775</u>	<u>\$ 110,701</u>	<u>\$ 325,455</u>	<u>\$ 871,885</u>	<u>\$ 1,319,816</u>



City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018

	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	\$ -	\$ -	\$ -	\$ 2	2
Investment interest	-	-	6,271	23,037	29,308
Special assessments	-	-	-	384,815	384,815
Total Revenues	-	-	6,271	407,854	414,125
Debt Service:					
Principal retirement	125,536	810,000	-	100,000	1,035,536
Interest and fiscal charges	12,856	845,362	-	10,035	868,253
Total Expenditures	138,392	1,655,362	-	110,035	1,903,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,392)	(1,655,362)	6,271	297,819	(1,489,664)
Other Financing Sources (Uses)					
Transfers in	138,634	1,628,116	-	-	1,766,750
Total Other Financing Sources (Uses)	138,634	1,628,116	-	-	1,766,750
Net Change in Fund Balances	242	(27,246)	6,271	297,819	277,086
Fund Balances Beginning of Year	11,533	137,947	319,184	574,066	1,042,730
Fund Balances End of Year	\$ 11,775	\$ 110,701	\$ 325,455	\$ 871,885	\$ 1,319,816

City of Lynnwood, Washington
2009 LTGO Refunding Bonds
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ -	\$ -
Fund Balances		
Restricted for debt service	\$ -	\$ -

City of Lynnwood, Washington
2009 LTGO Refunding Bonds
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenditures		
Debt Service:		
Principal retirement	\$ -	\$ 330,000
Interest and fiscal charges	-	13,200
Total Expenditures	-	343,200
Other Financing Sources		
Transfers in	-	315,150
Net Change in Fund Balances	-	(28,050)
Fund Balances Beginning of Year	-	28,050
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance From Final 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	600	600	(28,050)	-	(28,650)
Fund Balances - Beginning	28,888	28,050	28,050	-	-
Fund Balances - Ending	\$ 29,488	\$ 28,650	\$ -	\$ -	\$ (28,650)

City of Lynnwood, Washington
800 MHZ Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	<u>\$ 11,775</u>	<u>\$ 11,533</u>
Fund Balances		
Restricted for debt service	<u>\$ 11,775</u>	<u>\$ 11,533</u>



City of Lynnwood, Washington
800 MHZ Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenditures		
Debt Service:		
Principal retirement	\$ 125,536	\$ 108,951
Interest and fiscal charges	12,856	18,304
Total Expenditures	<u>138,392</u>	<u>127,255</u>
Other Financing Sources (Uses)		
Transfers in	<u>138,634</u>	<u>128,183</u>
Total Other Financing Sources (Uses)	<u>138,634</u>	<u>128,183</u>
Net Change in Fund Balances	242	928
Fund Balances Beginning of Year	<u>11,533</u>	<u>10,605</u>
Fund Balances End of Year	<u>\$ 11,775</u>	<u>\$ 11,533</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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Final Budget
Expenditures					
Debt Service:					
Principal	\$ 234,488	\$ 234,488	\$ 108,951	\$ 125,536	\$ (1)
Interest	31,160	31,160	18,304	12,856	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,648)	(265,648)	(127,255)	(138,392)	(1)
Other Financing Sources (Uses)					
Transfers in	266,818	266,818	128,183	138,634	1
Net Changes in Fund Balances	1,170	1,170	928	242	-
Fund Balances - Beginning	23,802	10,605	10,605	11,533	-
Fund Balances - Ending	<u>\$ 24,972</u>	<u>\$ 11,775</u>	<u>\$ 11,533</u>	<u>\$ 11,775</u>	<u>\$ -</u>

City of Lynnwood, Washington
Recreation Center 2012 LTGO Bonds
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 110,701	\$ 137,947
Fund Balances		
Restricted for debt service	\$ 110,701	\$ 137,947

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenditures		
Debt Service:		
Principal retirement	\$ 810,000	\$ 455,000
Interest and fiscal charges	845,362	859,012
Total Expenditures	1,655,362	1,314,012
Other Financing Sources		
Transfers in	1,628,116	1,342,458
Net Change in Fund Balances	(27,246)	28,446
Fund Balances Beginning of Year	137,947	109,501
Fund Balances End of Year	<u>\$ 110,701</u>	<u>\$ 137,947</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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Final Budget
Expenditures					
Debt Service:					
Principal	\$ 1,265,000	\$ 1,265,000	\$ 455,000	\$ 810,000	\$ -
Interest	1,704,376	1,704,376	859,012	845,362	(2)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,969,376)	(2,969,376)	(1,314,012)	(1,655,362)	(2)
Other Financing Sources (Uses)					
Transfers in	2,970,575	2,970,575	1,342,458	1,628,116	1
Net Changes in Fund Balances	1,199	1,199	28,446	(27,246)	(1)
Fund Balances - Beginning	109,178	109,501	109,501	137,947	-
Fund Balances - Ending	\$ 110,377	\$ 110,700	\$ 137,947	\$ 110,701	\$ (1)

City of Lynnwood, Washington
Local Improvement Guaranty Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 191,960	\$ 159,611
Investments	133,364	159,408
Receivables:		
Interest	131	165
Total Assets	<u>\$ 325,455</u>	<u>\$ 319,184</u>
Fund Balances		
Restricted for debt service	\$ -	\$ 30,750
Committed	-	288,434
Assigned	<u>\$ 325,455</u>	<u>-</u>
Total Fund Balances	<u>\$ 325,455</u>	<u>\$ 319,184</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Investment interest	\$ 6,271	\$ 3,243
Other Financing Sources (Uses)		
Transfers out	-	(192,000)
Total Other Financing Sources (Uses)	-	(192,000)
Net Change in Fund Balances	6,271	(188,757)
Fund Balances Beginning of Year	<u>319,184</u>	<u>507,941</u>
Fund Balances End of Year	<u>\$ 325,455</u>	<u>\$ 319,184</u>

City of Lynnwood, Washington
LID 93-1 I-5 and 196th Project
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 472,003	\$ 118,510
Restricted cash and investments	-	-
Receivables:		
Accounts	399,882	841,230
Property taxes	-	-
Total Assets	<u>\$ 871,885</u>	<u>\$ 959,740</u>
Liabilities		
Accounts payable		\$ 859
Deferred Inflows of Resources		
Deferred Inflows - Special Assessments	\$ -	384,815
Fund Balances		
Restricted for debt service		574,066
Assigned	871,885	
Total Fund Balances	871,885	574,066
Total Deferred Inflows and Fund Balances	<u>\$ 871,885</u>	<u>\$ 959,740</u>

City of Lynnwood, Washington
LID 93-1 I-5 and 196th Project
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Charges for services	\$ 2	\$ -
Other interest	23,037	48,996
Special assessments	384,815	474,837
Total Revenues	407,854	523,833
Expenditures		
Debt Service:		
Principal retirement	\$ 100,000	\$ 515,000
Interest and fiscal charges	10,035	42,906
Total Expenditures	110,035	557,906
Excess (Deficiency) of Revenues Over (Under) Expenditures	297,819	(34,073)
Fund Balances Beginning of Year	574,066	608,139
Fund Balances End of Year	\$ 871,885	\$ 574,066

NONMAJOR
CAPITAL
PROJECT
FUNDS

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

	<u>Other General Capital</u>	<u>Facilities Capital</u>	<u>Parks and Recreation Capital</u>	<u>Public Safety Infrastructure Capital</u>
Assets				
Cash and cash equivalents	\$ 127,134	\$ 400,448	\$ 420,832	\$ -
Investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	-	-	-
Intergovernmental	-	-	49,741	-
Total Assets	<u>\$ 127,134</u>	<u>\$ 400,448</u>	<u>\$ 470,573</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 24,683	\$ 12,369	\$ -
Total Liabilities	-	24,683	12,369	-
Fund Balances				
Restricted	-	375,765	458,204	-
Committed	127,134	-	-	-
Total Fund Balances	127,134	375,765	458,204	-
Total Liabilities and Fund Balances	<u>\$ 127,134</u>	<u>\$ 400,448</u>	<u>\$ 470,573</u>	<u>\$ -</u>

(continued)

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

(continued)

	Street Capital	Traffic Signals	194th Extension Project	Roadway Surfacing	196th Improvements	36th/35th Avenue West
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 237	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ 237	\$ -	\$ -
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 237	\$ -	\$ -
Total Liabilities	-	-	-	237	-	-
Fund Balances						
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ 237	\$ -	\$ -

(continued)

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

(continued)

	204th/SR99- 68 Avenue West	Park Acquisition and Development	Popular Way Bridge Extension	Real Estate Excise Tax 2	Real Estate Excise Tax 1	Hardware Software Upgrade
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,530,841	\$ 976,416	\$ 7,175
Investments	-	-	-	1,064,694	680,159	-
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	144,581	144,582	-
Interest	-	-	-	1,046	668	-
Intergovernmental	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ 2,741,162	\$ 1,801,825	\$ 7,175
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 656
Total Liabilities	-	-	-	-	-	656
Fund Balances						
Restricted	-	-	-	2,741,162	1,801,825	-
Committed	-	-	-	-	-	6,519
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ 2,741,162	\$ 1,801,825	\$ 7,175

(continued)

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

(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	\$ 565,880	\$ -	\$ -	\$ 15,660	\$ -	4,044,623
Investments	395,648	-	-	-	-	2,140,501
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	289,163
Interest	389	-	-	-	-	2,103
Intergovernmental	-	-	-	-	-	49,741
Total Assets	\$ 961,917	\$ -	\$ -	\$ 15,660	\$ -	\$ 6,526,131
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 15,660	\$ -	\$ 53,605
Total Liabilities	-	-	-	15,660	-	53,605
Fund Balances						
Restricted	-	-	-	-	-	5,376,956
Committed	961,917	-	-	-	-	1,095,570
Total Liabilities and Fund Balances	\$ 961,917	\$ -	\$ -	\$ 15,660	\$ -	\$ 6,526,131

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

	<u>Other General Capital</u>	<u>Facilities Capital</u>	<u>Parks and Recreation Capital</u>	<u>Public Safety Infrastructure Capital</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ 554,741	\$ -
Taxes	-	-	-	-
Investment interest	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>554,741</u>	<u>-</u>
Expenditures				
<i>Current:</i>				
General government	-	367,030	-	-
Economic environment	20,181	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	859,907	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>189,453</u>	<u>-</u>
Total Expenditures	<u>20,181</u>	<u>367,030</u>	<u>1,049,360</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,181)</u>	<u>(367,030)</u>	<u>(494,619)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	151,048	483,338	-
Transfers out	(290,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(290,000)</u>	<u>151,048</u>	<u>483,338</u>	<u>-</u>
Net Change in Fund Balance	(310,181)	(215,982)	(11,281)	-
Fund Balances Beginning of Fiscal Year	<u>437,315</u>	<u>591,747</u>	<u>469,485</u>	<u>-</u>
Fund Balances End of Fiscal Year	<u>\$ 127,134</u>	<u>\$ 375,765</u>	<u>\$ 458,204</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, 2018

	Street Capital	Traffic Signals	194th Extension Project	Roadway Surfacing	196th Improvements	36th/35th Avenue West
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-
Investment interest	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
Expenditures						
<i>Current:</i>						
General government	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Transportation	-	-	-	6,503	-	-
Culture and recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	6,503	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(6,503)	-	-
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(18,299)	(1,184)	(276,604)	(257,170)
Total Other Financing Sources (Uses)	-	-	(18,299)	(1,184)	(276,604)	(257,170)
Net Change in Fund Balance	-	-	-	(6,503)	-	(257,170)
Fund Balances Beginning of Fiscal Year	-	-	18,299	7,687	276,604	257,170
Fund Balances End of Fiscal Year	\$ -	\$ -	\$ 18,299	\$ 1,184	\$ 276,604	\$ -

(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, 2018

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	1,776,776	1,776,776	-
Investment interest	-	-	-	39,320	22,858	-
Total Revenues	-	-	-	1,816,096	1,799,634	-
Expenditures						
<i>Current:</i>						
General government	-	-	-	-	-	30,529
Economic Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	70,189
Total Expenditures	-	-	-	-	-	100,718
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,816,096	1,799,634	(100,718)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	60,015	-
Transfers out	-	(938)	(56,248)	(471,595)	(1,091,155)	-
Other Financing Sources (Uses)	-	(938)	(56,248)	(471,595)	(1,031,140)	-
Net Change in Fund Balance	-	(938)	(56,248)	1,344,501	768,494	(100,718)
Fund Balances Beginning of Fiscal Year	-	938	56,248	1,396,661	1,033,331	107,237
Fund Balances End of Fiscal Year	\$ -	\$ -	\$ -	\$ 2,741,162	\$ 1,801,825	\$ 6,519

(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, 2018

(continued)

	Capital Development Plan	Justice Center Improvement	Interurban Trail	City-wide Safety Project	33RD Avenue Extension	Total Nonmajor Capital Projects Funds
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ 67	\$ -	\$ 554,808
Taxes		-	-	-	-	3,553,552
Investment interest	544	-	-	-	-	62,722
Total Revenues	544	-	-	67	-	4,171,082
Expenditures						
<i>Current:</i>						
General government	-	-	-	-	-	397,559
Economic Environment	-	-	-	-	-	20,181
Transportation	-	-	-	-	-	6,503
Culture and recreation	-	-	-	-	-	859,907
Capital Outlay	-	-	-	-	-	259,642
Total Expenditures	-	-	-	-	-	1,543,792
Excess (Deficiency) of Revenues Over (Under) Expenditures	544	-	-	67	-	2,627,290
Other Financing Sources (Uses)						
Transfers in	1,100,000	-	-	-	-	1,794,401
Transfers out	(551,048)	-	(138)	(60,015)	-	(3,074,394)
Other Financing Sources (Uses)	548,952	-	(138)	(60,015)	-	(1,279,993)
Net Change in Fund Balance	549,496	-	(138)	(59,948)	-	1,347,297
Fund Balances Beginning of Fiscal Year	412,421	-	138	59,948	-	5,125,229
Fund Balances End of Fiscal Year	\$ 961,917	\$ -	\$ -	\$ -	\$ -	\$ 6,472,526

City of Lynnwood, Washington
Other General Government Capital
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 127,134	\$ 437,315
Total Assets	<u>\$ 127,134</u>	<u>\$ 437,315</u>
Fund Balances		
Fund Balances		
Restricted for capital outlay	-	\$ 437,315
Committed	\$ 127,134	-
Total Fund Balances	<u>\$ 127,134</u>	<u>\$ 437,315</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, 2018 and 2017

	2018	2017
Revenues		
Investment interest	\$ -	\$ -
Intergovernmental	-	-
Total Revenues	-	-
Expenditures		
Current		-
Economic environment	20,181	2,685
Capital Outlay - Economic Environment	-	-
Total Expenditures	20,181	2,685
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,181)	(2,685)
Other Financing (Uses)		
Transfers in		440,000
Transfers (out)	(290,000)	
Total Other Financing Sources (Uses)	(290,000)	440,000
Net Change in Fund Balances	(310,181)	437,315
Fund Balances Beginning of Year	437,315	-
Fund Balances End of Year	\$ 127,134	\$ 437,315



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance From Final Budget
Revenues					
Investment interest	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Current:					
Economic Environment	-	-	2,685	20,181	(22,866)
Capital Outlay - Economic Environment	520,000	440,000	-	-	440,000
Total Expenditures	520,000	440,000	2,685	20,181	417,134
Excess (Deficiency) of Revenues Over (Under) Expenditures	(520,000)	(440,000)	(2,685)	(20,181)	417,134
Other Financing Sources (Uses)					
Transfers in	520,000	440,000	440,000	-	-
Transfers out	-	-	-	(290,000)	(290,000)
	520,000	440,000	440,000	(290,000)	(290,000)
Net Changes in Fund Balances	-	-	437,315	(310,181)	127,134
Fund Balances - Beginning	-	-	-	437,315	-
Fund Balances - Ending	\$ -	\$ -	\$ 437,315	\$ 127,134	\$ 127,134

City of Lynnwood, Washington
Facilities Capital Infrastructure Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 400,448	\$ 606,853
Total Assets	<u>\$ 400,448</u>	<u>\$ 606,853</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 24,683	\$ 15,106
Fund Balances		
Restricted for capital outlay	<u>375,765</u>	<u>591,747</u>
Total Liabilities and Fund Balances	<u>\$ 400,448</u>	<u>\$ 606,853</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, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ -	\$ -
Investment interest	-	-
Total Revenues	<u>-</u>	<u>-</u>
Expenditures		
Current		
General Government	367,030	84,776
Capital Outlay - General Government	<u>-</u>	<u>-</u>
Total Expenditures	<u>367,030</u>	<u>84,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(367,030)	(84,776)
Other Financing Sources (Uses)		
Transfers in	151,048	850,000
Transfers out	<u>-</u>	<u>(173,477)</u>
Net Change in Fund Balances	(215,982)	591,747
Fund Balances Beginning of Year	<u>591,747</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 375,765</u>	<u>\$ 591,747</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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Final Budget
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Current:					
General Government	-	-	84,776	367,030	(451,806)
Capital outlay - General Government	<u>1,115,000</u>	<u>1,441,048</u>	<u>-</u>	<u>-</u>	<u>1,441,048</u>
Total Expenditures	<u>1,115,000</u>	<u>1,441,048</u>	<u>84,776</u>	<u>367,030</u>	<u>989,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,115,000)	(1,441,048)	(84,776)	(367,030)	989,242
Other Financing Sources (Uses)					
Transfers in	1,115,000	1,441,048	850,000	151,048	(440,000)
Transfers out	<u>-</u>	<u>-</u>	<u>(173,477)</u>	<u>-</u>	<u>(173,477)</u>
Net Changes in Fund Balances	-	-	591,747	(215,982)	375,765
Fund Balances - Beginning			<u>-</u>	<u>591,747</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,747</u>	<u>\$ 375,765</u>	<u>\$ 375,765</u>



City of Lynnwood, Washington
Parks and Recreation Capital Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 420,832	\$ 355,076
Due from other governments	49,741	1,007,143
Total Assets	470,573	1,362,219
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 12,369	\$ 892,734
Other payables	-	-
Total Liabilities	12,369	892,734
Fund Balances		
Restricted for capital outlay	458,204	469,485
Total Liabilities and Fund Balances	\$ 470,573	\$ 1,362,219



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, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ 554,741	\$ 2,007,143
Investment Interest	-	-
Total Revenues	<u>554,741</u>	<u>2,007,143</u>
Expenditures		
Current		
Culture and recreation	859,907	4,529,004
Capital Outlay	<u>189,453</u>	<u>13,253</u>
Total Expenditures	<u>1,049,360</u>	<u>4,542,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(494,619)	(2,535,114)
Other Financing Sources (Uses)		
Transfers in	483,338	3,028,247
Transfers out	-	(23,648)
Net Change in Fund Balances	(11,281)	469,485
Fund Balances Beginning of Year	<u>469,485</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 458,204</u>	<u>\$ 469,485</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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Modified Budget
Revenues					
Intergovernmental	\$ 1,175,216	\$ 3,352,938	\$ 2,007,143	\$ 554,741	\$ (791,054)
Total Revenues	1,175,216	3,352,938	2,007,143	554,741	(791,054)
Expenditures					
Current:					
Culture and Recreation	-	-	4,529,004	859,907	(5,388,911)
Capital Outlay - Capital and Recreation	5,205,216	7,459,690	13,253	189,453	7,256,984
Total Expenditures	5,205,216	7,459,690	4,542,257	1,049,360	1,868,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,030,000)	(4,106,752)	(2,535,114)	(494,619)	1,077,019
Other Financing Sources (Uses)					
Transfers in	4,030,000	4,208,529	3,028,247	483,338	(696,944)
Transfers out	-	(100,000)	(23,648)	-	76,352
Net Changes in Fund Balances	-	1,777	469,485	(11,281)	456,427
Fund Balances - Beginning			-	469,485	
Fund Balances - Ending		\$ 1,777	\$ 469,485	\$ 458,204	\$ 456,427

City of Lynnwood, Washington
Public Safety Capital Infrastructure Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>
Liabilities		
Accounts payable	-	-
Retainage payable	<u>-</u>	<u>-</u>
Total Liabilities	-	-
Fund Balances		
Restricted for capital outlay	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>



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, 2018 and 2017

	<u>2018</u>	<u>2017</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>



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, 2018

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

City of Lynnwood, Washington
Street Capital Projects Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Restricted for capital outlay	\$ -	\$ -
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>



City of Lynnwood, Washington
Street Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenditures		
Capital Outlay	\$ -	<u>13,193</u>
Total Expenditures	<u>-</u>	<u>13,193</u>
Other Financing Sources		
Transfers in (out)	\$ -	\$ (52,502)
Fund Balances Beginning of Year	<u>-</u>	<u>65,695</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>

City of Lynnwood, Washington
Traffic Signals Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Restricted for capital outlay	-	-
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>



City of Lynnwood, Washington
Traffic Signals Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ -	\$ -
Expenditures		
Debt Service		
Interest	-	-
Capital Outlay	-	-
Total Expenditures	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-
Other Financing Sources		
Transfers in (out)	-	(95,180)
Net Change in Fund Balances	-	(95,180)
Fund Balances Beginning of Year	-	95,180
Fund Balances End of Year	\$ -	\$ -

City of Lynnwood, Washington
194th Extension Project Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ -	\$ 18,299
Fund Balances		
Restricted for capital outlay	\$ -	\$ 18,299

City of Lynnwood, Washington
194th Extension Project Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenditures		
Transportation	\$ -	\$ -
Capital Outlay	-	1,701
Other Financing Sources		
Transfers in (out)	(18,299)	(63,981)
Net Change in Fund Balances	(18,299)	(65,682)
Fund Balances Beginning of Year	18,299	83,981
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 18,299</u>

City of Lynnwood, Washington
Roadway Surfacing Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 237	\$ 9,112
Accounts receivable		-
Total Assets	<u>\$ 237</u>	<u>\$ 9,112</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 237	\$ 1,425
Fund Balances		
Restricted for capital outlay	-	7,687
Total Liabilities and Fund Balances	<u>\$ 237</u>	<u>\$ 9,112</u>



City of Lynnwood, Washington
Roadway Surfacing Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ -	\$ -
Charges for services	-	-
Total Revenues	<u>-</u>	<u>-</u>
Expenditures		
Current		
Transportation	6,503	69,352
Capital Outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>6,503</u>	<u>69,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,503)	(69,352)
Other Financing Sources		
Transfers in	-	-
Transfers out	<u>(1,184)</u>	<u>(989,585)</u>
Net Change in Fund Balances	(7,687)	(1,058,937)
Fund Balances Beginning of Year	<u>7,687</u>	<u>1,066,624</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 7,687</u>

City of Lynnwood, Washington
196th Improvements Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ 284,866
Accounts receivable	-	-
Intergovernmental receivable	-	-
Total Assets	<u>\$ -</u>	<u>\$ 284,866</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 8,262
Fund Balances		
Restricted for capital outlay	-	<u>276,604</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 284,866</u>



City of Lynnwood, Washington
196th Improvements Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ -	\$ 727,013
Expenditures		
Transportation	-	-
Capital Outlay	-	723,348
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,665
Other Financing Sources (Uses)		
Transfers in (out)	(276,604)	(284,831)
Net Change in Fund Balances	(276,604)	(281,166)
Fund Balances Beginning of Year	276,604	557,770
Fund Balances End of Year	\$ -	\$ 276,604

City of Lynnwood, Washington
36th/35th Avenue West
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ 257,170
Receivables:		
Accounts	-	-
Intergovernmental	-	-
Total Assets	<u>\$ -</u>	<u>\$ 257,170</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Restricted for capital outlay	-	257,170
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 257,170</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, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ -	\$ 683,534
Other	-	-
Total Revenues	<u>-</u>	<u>683,534</u>
Expenditures		
Current		
General government	-	-
Transportation	-	-
Capital Outlay	<u>-</u>	<u>1,064,350</u>
Total Expenditures	<u>-</u>	<u>1,064,350</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(380,816)
Other Financing Sources (Uses)		
Transfers in (out)	<u>(257,170)</u>	<u>(967,242)</u>
Net Change in Fund Balances	(257,170)	(1,348,058)
Fund Balances Beginning of Year	<u>257,170</u>	<u>1,605,228</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 257,170</u>

City of Lynnwood, Washington
204th/SR99-68 Avenue West
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ -
Receivable:		
Accounts	-	-
Intergovernmental	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Restricted for capital outlay	-	-
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Intergovernmental	\$ -	\$ -
Expenditures		
Current		
Transportation	-	2,102
Capital Outlay	-	-
Total Expenditures	-	2,102
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,102)
Other Financing Sources		
Transfers in	-	(284,684)
Net Change in Fund Balances	-	(286,786)
Fund Balances Beginning of Year	-	286,786
Fund Balances End of Year	\$ -	\$ -

City of Lynnwood, Washington
Park Acquisition and Development
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ 6,981
Accounts receivable	-	938
Total Assets	<u>\$ -</u>	<u>\$ 7,919</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Other payables	-	6,981
Total Liabilities	-	6,981
Fund Balances		
Restricted for capital outlay	-	938
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 7,919</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, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ -	\$ 42,857
Miscellaneous - Contributions	-	-
Total Revenues	<u>-</u>	<u>42,857</u>
Expenditures		
Current		
Culture and recreation	-	147,767
Capital Outlay	<u>-</u>	<u>111,016</u>
Total Expenditures	<u>-</u>	<u>258,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(215,926)
Other Financing Sources		
Transfers in	-	-
Transfers out	<u>(938)</u>	<u>(11,247)</u>
Net Change in Fund Balances	(938)	(227,173)
Fund Balances Beginning of Year	<u>938</u>	<u>228,111</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 938</u>

City of Lynnwood, Washington
Poplar Way Bridge Extension
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ 56,248
Receivables:		
Accounts	-	-
Intergovernmental	-	-
Total Assets	<u>\$ -</u>	<u>\$ 56,248</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Interfund	-	-
Total Liabilities	-	-
Fund Balances		
Restricted for capital outlay	-	56,248
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 56,248</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Intergovernmental	\$ -	\$ 70,970
Expenditures		
Transportation	-	-
Capital Outlay	-	31,914
Total Expenditures	-	31,914
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	39,056
Other Financing Sources		
Transfers in	-	-
Transfers out	(56,248)	(459,599)
Net Change in Fund Balances	(56,248)	(420,543)
Fund Balances Beginning of Year	56,248	476,791
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 56,248</u>

City of Lynnwood, Washington
Real Estate Excise Taxes 2 Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 1,530,841	\$ 642,877
Investments	1,064,694	644,853
Interest receivable	1,046	802
Taxes receivable	<u>144,581</u>	<u>108,129</u>
Total Assets	<u>\$ 2,741,162</u>	<u>\$ 1,396,661</u>
Fund Balances		
Restricted for capital outlay	<u>\$ 2,741,162</u>	<u>\$ 1,396,661</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, 2018 and 2017

	2018	2017
Revenues		
Taxes	\$ 1,776,776	\$ 1,122,756
Investment interest	39,320	14,215
Total Revenues	1,816,096	1,136,971
Other Financing (Uses)		
Transfers in	-	362,353
Transfers out	(471,595)	(1,494,781)
Net Change in Fund Balances	1,344,501	4,543
Fund Balances Beginning of Year	1,396,661	1,392,118
Fund Balances End of Year	\$ 2,741,162	\$ 1,396,661



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Modified Budget
Revenues					
Taxes	1,900,000	1,900,000	1,122,756	1,776,776	999,532
Investment interest	-	-	14,215	39,320	53,535
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,900,000	1,900,000	1,136,971	1,816,096	1,053,067
Other Financing Sources (Uses)					
Transfers in	-	362,350	362,353	-	3
Transfers out	(2,175,000)	(3,289,561)	(1,494,781)	(471,595)	1,323,185
Net Changes in Fund Balances	(275,000)	(1,027,211)	4,543	1,344,501	2,376,255
Fund Balances - Beginning	282,933	1,392,118	1,392,118	1,396,661	-
Fund Balances - Ending	\$ 7,933	\$ 364,907	\$ 1,396,661	\$ 2,741,162	\$ 2,376,255

City of Lynnwood, Washington
Real Estate Excise Taxes 1 Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 976,416	\$ 460,776
Investments	680,159	463,668
Interest receivable	668	758
Taxes receivable	144,582	108,129
Total Assets	\$ 1,801,825	\$ 1,033,331
Fund Balances		
Restricted for capital outlay	\$ 1,801,825	\$ 1,033,331



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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Taxes	\$ 1,776,776	\$ 1,122,756
Investment interest	22,858	13,896
Total Revenues	1,799,634	1,136,652
Other Financing Sources (Uses)		
Transfers in	60,015	191,439
Transfers out	(1,091,155)	(1,525,155)
Net Change in Fund Balance	768,494	(197,064)
Fund Balances Beginning of Year	1,033,331	1,230,395
Fund Balances End of Year	<u>\$ 1,801,825</u>	<u>\$ 1,033,331</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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Modified Budget
Revenues					
Taxes	1,900,000	1,900,000	1,122,756	1,776,776	999,532
Investment Earnings	-	-	13,896	22,858	36,754
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,900,000	1,900,000	1,136,652	1,799,634	1,036,286
Other Financing Sources (Uses)					
Transfers in	-	251,650	191,439	60,015	(196)
Transfers out	(2,580,000)	(3,050,310)	(1,525,155)	(1,091,155)	434,000
Net Changes in Fund Balances	(680,000)	(898,660)	(197,064)	768,494	1,470,090
Fund Balances - Beginning	1,105,004	1,230,396	1,230,395	1,033,331	(1)
Fund Balances - Ending	\$ 425,004	\$ 331,736	\$ 1,033,331	\$ 1,801,825	\$ 1,470,089

City of Lynnwood, Washington
Hardware/Software Upgrade Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	<u>\$ 7,175</u>	<u>\$ 107,543</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 656	\$ 306
Fund Balances		
Committed	<u>6,519</u>	<u>107,237</u>
Total Liabilities and Fund Balances	<u>\$ 7,175</u>	<u>\$ 107,543</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Expenditures		
Current		
General Government	\$ 30,529	\$ 1,400
Capital Outlay	<u>70,189</u>	<u>34,532</u>
Total Expenditures	<u>100,718</u>	<u>35,932</u>
Net Change in Fund Balances	(100,718)	(35,932)
Fund Balances Beginning of Year	<u>107,237</u>	<u>143,169</u>
Fund Balances End of Year	<u>\$ 6,519</u>	<u>\$ 107,237</u>

City of Lynnwood, Washington
Capital Development Plan Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 565,880	\$ 412,421
Investments	395,648	-
Receivables:		
Interest	389	-
Total Assets	<u>\$ 961,917</u>	<u>\$ 412,421</u>
Fund Balances		
Restricted for capital outlay	-	\$ 412,421
Committed	<u>\$ 961,917</u>	<u>-</u>
Total Fund Balances	<u>\$ 961,917</u>	<u>\$ 412,421</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, 2018 and 2017

	2018	2017
Revenues		
Investment interest	\$ 544	\$ -
Judgements and settlements	-	
Total Revenues	544	-
Other Financing Sources (Uses)		
Transfers in	1,100,000	1,473,952
Transfers (out)	(551,048)	(3,153,579)
Total Other Financing Sources (Uses)	548,952	(1,679,627)
Net Change in Fund Balances	549,496	(1,679,627)
Fund Balances Beginning of Year	412,421	2,092,048
Fund Balances End of Year	\$ 961,917	\$ 412,421



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, 2018

	Original 2017-2018 Biennial Budget	Final 2017-2018 Biennial Budget	2017 Actual	2018 Actual	Variance With Modified Budget
Revenues					
Investment interest	\$ -	\$ -	\$ -	\$ 544	\$ 544
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	544	544
Other Financing Sources (Uses)					
Transfers in	2,200,000	2,400,475	1,473,952	1,100,000	173,477
Transfers out	(3,940,000)	(3,944,500)	(3,153,579)	(551,048)	239,873
Net Changes in Fund Balances	(1,740,000)	(1,544,025)	(1,679,627)	549,496	413,894
Fund Balances - Beginning	1,748,348	2,092,048	2,092,048	412,421	-
Fund Balances - Ending	\$ 8,348	\$ 548,023	\$ 412,421	\$ 961,917	\$ 413,894

City of Lynnwood, Washington
Interurban Trail Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ 138
Total Assets	<u>\$ -</u>	<u>\$ 138</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Fund Balances		
Restricted for capital outlay	<u>-</u>	<u>138</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 138</u>

City of Lynnwood, Washington
Interurban Trail Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Intergovernmental	\$ -	\$ -
Expenditures		
Culture and Recreation	-	-
Capital Outlay	-	20,045
Total Expenditures	-	20,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(20,045)
Other Financing Sources (Uses)		
Transfers in (out)	(138)	(707,254)
Net Change in Fund Balances	(138)	(727,299)
Fund Balances Beginning of Year	138	727,437
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 138</u>

City of Lynnwood, Washington
33rd Ave W Extension
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ -	\$ -
Restricted cash and cash equivalent	-	-
Receivables:		
Accounts	-	-
Intergovernmental	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities, Deferred Outflows of Revenue and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Interfund	-	-
Other current liabilities	-	-
Deposits payable	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Fund Balances		
Restricted for capital outlay	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Outflows of Revenue and Fund Balances	<u>\$ -</u>	<u>\$ -</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, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	\$ -	\$ -
Charges for services	-	-
Other interest	-	-
Total Revenues	-	-
Expenditures		
Current		
General Government	-	-
Capital Outlay	-	-
Total Expenditures	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-
Other Financing Sources (Uses)		
Transfers in	-	-
Transfers out	-	(271,231)
Net Change in Fund Balances	-	(271,231)
Fund Balances Beginning of Year	-	271,231
Fund Balances End of Year	\$ -	\$ -

City of Lynnwood, Washington
Citywide Safety Project Fund
Comparative Balance Sheet
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 15,660	\$ 53,997
Receivables:		
Intergovernmental	-	5,951
Total Assets	<u>\$ 15,660</u>	<u>\$ 59,948</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 15,660	\$ -
Total Liabilities	15,660	-
Fund Balances		
Restricted for capital outlay	-	59,948
Total Liabilities and Fund Balances	<u>\$ 15,660</u>	<u>\$ 59,948</u>



City of Lynnwood, Washington
Citywide Safety Project Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Intergovernmental	\$ 67	\$ 66,625
Expenditures		
Current		
General Government	-	-
Capital Outlay	-	100,423
Total Expenditures	-	100,423
Excess (Deficiency) of Revenues Over (Under) Expenditures	67	(33,798)
Other Financing Sources (Uses)		
Transfers out	(60,015)	(18,600)
Net Change in Fund Balances	(59,948)	(52,398)
Fund Balances Beginning of Year	59,948	112,346
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 59,948</u>

PROPRIETARY FUNDS



City of Lynnwood, Washington
 Water, Sewer and Storm Water Utility Fund
 Comparative Statement of Net Position
 For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,804,647	\$ 11,843,282
Restricted assets: cash and cash equivalents	19,533	107,956
Investments	12,329,552	4,922,501
Receivables:		
Accounts	2,981,274	3,268,528
Interest	12,111	10,232
Prepaid items	381,406	273,289
Total Current Assets	19,528,523	20,425,788
Noncurrent Assets:		
Restricted assets: cash and cash equivalents	18,383,899	1,865,542
Notes receivable	61,322	61,322
Capital assets:		
Nondepreciable	10,417,561	13,759,111
Depreciable, net	64,594,665	55,948,362
Total Noncurrent Assets	93,457,447	71,634,337
TOTAL ASSETS	112,985,970	92,060,125
TOTAL DEFERRED OUTFLOWS OF RESOURCES	419,942	471,728
Total Assets and Deferred Outflows	113,405,912	92,531,853
Liabilities		
Current Liabilities:		
Accounts payable	1,001,990	963,433
Accrued payroll	241,301	263,370
Retainage payable	78,199	123,283
Custodial accounts payable	3,101	30,558
Compensated absences payable	106,701	138,074
Revenue bonds payable	2,029,701	1,559,514
Interest payable	303,621	103,961
Total Current Liabilities	3,764,614	3,182,193
Long-Term Liabilities (net of current portion):		
Compensated absences payable	225,675	289,713
Net pension liability	1,746,845	2,542,238
Revenue bonds payable	50,205,763	32,662,082
Total Long-term Liabilities	52,178,283	35,494,033
TOTAL LIABILITIES	55,942,897	38,676,226
Deferred Inflows of Resources		
Deferred Inflows of Resources - gain on refunding	133,239	-
Deferred Inflows of Resources - pensions	645,559	435,201
TOTAL DEFERRED INFLOWS OF RESOURCES	778,798	435,201
Total Liabilities and Deferred Inflows	56,721,695	39,111,427
Net Position		
Net investment in capital assets	40,949,223	35,362,594
Restricted for:		
Debt service	575,698	1,865,542
Capital reserves	-	-
Capital projects	-	-
Unrestricted	15,159,296	16,192,290
Total Net Position	\$ 56,684,217	\$ 53,420,426



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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for services:		
Water	\$ 6,815,937	\$ 6,670,868
Sewer	10,839,017	10,348,517
Storm	3,892,395	3,751,447
Miscellaneous	76,352	22,829
Charges for services	<u>21,623,701</u>	<u>20,793,661</u>
Operating Expenses		
Administration and general-Water	1,815,450	1,793,506
Administration and general-Sewer	1,531,139	1,566,016
Administration and general-Storm	705,284	759,944
Maintenance and operation-Water	3,661,289	3,388,344
Maintenance and operation-Sewer	5,524,172	6,579,365
Maintenance and operation-Storm	1,728,718	1,829,843
Depreciation	2,727,320	2,389,269
Total Operating Expenses	<u>17,693,372</u>	<u>18,306,287</u>
Operating Income	<u>3,930,329</u>	<u>2,487,374</u>
Non-Operating Revenues (Expenses)		
Investment interest	471,142	224,924
Interest expense	(1,314,436)	(1,212,424)
Debt issuance costs	(249,100)	(5,425)
Other nonoperating revenue	-	-
Gain (loss) on the disposition of capital assets	(302,047)	(1,072,469)
Miscellaneous revenue	5,338	3,176
Total Non-Operating Revenues (Expenses)	<u>(1,389,103)</u>	<u>(2,062,218)</u>
Income Before Contributions and Transfers Out	2,541,226	425,156
Contributions	280,465	476,358
Transfers In	442,100	563,005
Transfers Out	-	(656,244)
Change in Net Position	3,263,791	808,275
Net Position Beginning of Year	<u>53,420,426</u>	<u>52,612,151</u>
Prior Period Adjustment	-	-
Beginning Net Position	53,420,426	52,612,151
Net Position End of Year	<u>\$ 56,684,217</u>	<u>\$ 53,420,426</u>



City of Lynnwood, Washington
Water, Sewer and Storm Water Utility Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 21,965,160	\$ 21,179,587
Cash payments to employees for services	(5,017,555)	(3,414,025)
Cash payments to suppliers	(9,700,139)	(11,855,002)
Cash received from (paid to) other funds	-	(93,239)
Net Cash Provided by (Used in) Operating Activities	<u>7,247,466</u>	<u>5,817,321</u>
Cash Flows from Noncapital Financing Activities		
Other nonoperating revenues	69,683	-
Net Cash Flows from Noncapital Financing Activities	<u>69,683</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Capital contributions	222,417	77,268
Cash receipts from capital grants	-	-
Cash receipts from the disposal of capital assets	2,000	350
Proceeds from revenue bonds	22,988,959	-
Cash received from (paid to) other funds	442,100	-
Principal paid on revenue bonds	(4,780,000)	(1,405,000)
Interest paid on revenue bonds	(1,238,530)	(1,302,538)
Bond issuance costs	(277,532)	-
Payments for capital acquisitions	(9,347,476)	(7,913,725)
Net Cash Flows from Capital and Related Financing Activities	<u>8,011,938</u>	<u>(10,543,645)</u>
Cash Flows from Investing Activities		
Purchase of investment securities	(8,306,448)	(1,949,134)
Proceeds from sale and maturities of investment securities	899,397	271,327
Investment (losses)/earnings	469,263	219,793
Net Cash Flows From Investing Activities	<u>(6,937,788)</u>	<u>(1,458,014)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,391,299	(6,184,338)
Cash and Cash Equivalents Beginning of Year	<u>13,816,780</u>	<u>20,001,118</u>
Cash and Cash Equivalents End of Year	<u>\$ 22,208,079</u>	<u>\$ 13,816,780</u>

City of Lynnwood, Washington
Water, Sewer and Storm Water Utility Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	\$ 3,930,329	\$ 2,487,374
Adjustments:		
Depreciation	2,727,320	2,389,269
(Increase) Decrease in Assets:		
Accounts receivable	287,254	385,927
Inventories, deposits, prepaid and other	(108,117)	(136,634)
Increase (Decrease) in Liabilities:		
Accounts payable	38,557	460,649
Compensated absences payable	(95,411)	101,706
Other current liabilities	467,534	129,030
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,247,466</u>	<u>\$ 5,817,321</u>
Schedule of Non-Cash Capital and Related Financing Activities		
Capital assets written off or retirement	\$ 300,047	\$ 1,113,194
Contribution of capital assets	58,048	399,090
Fair value of investments increased (decreased) by	(638)	
Total Non-Cash Activities	<u>\$ 357,457</u>	<u>\$ 1,512,284</u>

City of Lynnwood, Washington
Golf Course Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 93,869	\$ 108,275
Investments	66,682	108,280
Receivables:		
Interest	66	152
Prepaid expenses	10,210	5,349
Inventories	23,963	32,210
Total Current Assets	<u>194,790</u>	<u>254,266</u>
Noncurrent Assets:		
Restricted:		
Cash and investments	18,663	14,727
Customer prepayments	21,962	18,468
Capital assets:		
Nondepreciable	3,663,369	3,663,369
Depreciable, net	582,144	641,676
Total Noncurrent Assets	<u>4,286,138</u>	<u>4,338,240</u>
Total Assets	<u>4,480,928</u>	<u>4,592,506</u>
Liabilities		
Current Liabilities:		
Accounts payable	29,664	70,035
Interfund payable	133,000	133,000
Deposits payable	21,962	18,468
Custodial accounts	15	689
Unearned revenue	18,662	14,727
Total Current Liabilities	<u>203,303</u>	<u>236,919</u>
Interfund payable	1,251,000	1,384,000
Total Long-Term Liabilities	<u>1,251,000</u>	<u>1,384,000</u>
Total Liabilities	<u>1,454,303</u>	<u>1,620,919</u>
Net Position		
Investment in capital assets	4,245,513	4,305,045
Unrestricted (deficit)	(1,218,888)	(1,333,458)
Total Net Position	<u>\$ 3,026,625</u>	<u>\$ 2,971,587</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, 2018 and 2017

	2018	2017
Operating Revenues		
Charges for services	\$ 1,130,234	\$ 1,000,116
Rentals	160,242	130,305
Miscellaneous	1,228	648
Total Operating Revenues	1,291,704	1,131,069
Operating Expenses		
Administration and general	1,143,806	1,140,163
Maintenance and operations	8,314	3,324
Depreciation	59,531	31,019
Total Operating Expenses	1,211,651	1,174,506
Operating Income (Loss)	80,053	(43,437)
Non-Operating Revenues (Expenses)		
Investment interest	4,072	3,183
Interest expense	(29,087)	(11,791)
Miscellaneous	-	12,388
Total Non-Operating Revenues (Expenses)	(25,015)	3,780
Income Before Contributions and Transfers	55,038	(39,657)
Transfers Out	-	(3,032)
Change in Net Position	55,038	(42,689)
Net Position Beginning of Year	2,971,587	3,014,276
Net Position End of Year	\$ 3,026,625	\$ 2,971,587



City of Lynnwood, Washington
Golf Course Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,298,459	\$ 1,131,069
Cash payments to employees for services	-	-
Cash payments for goods and services	(1,180,791)	(1,114,002)
Other cash received (paid)	(8,314)	9,064
Net Cash Provided by (Used in) Operating Activities	<u>109,354</u>	<u>26,131</u>
Cash Flows from/To Noncapital Financing Activities		
Cash flows from/(to) interfund loans	(162,087)	277,176
Cash Flows from Investment Activities		
Purchase of investment securities	-	(32,087)
Proceeds from sale and maturities of investment securities	41,598	51,333
Investment earnings	4,159	3,031
Cash Flows from Capital and Related Financing Activities		
Payments for capital acquisitions	-	(396,890)
Net Increase (Decrease) in Cash and Cash Equivalents	(6,976)	(71,306)
Cash and Cash Equivalents Beginning of Year	<u>141,470</u>	<u>212,776</u>
Cash and Cash Equivalents End of Year	<u>\$ 134,494</u>	<u>\$ 141,470</u>

Continued



City of Lynnwood, Washington
Golf Course Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

(Continued)

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	\$ 80,053	\$ (43,437)
Adjustments:		
Depreciation	59,531	31,019
Other nonoperating disbursements	-	12,388
(Increase) Decrease in Assets:		
Inventories, deposits and prepaid items	3,386	(10,705)
Increase (Decrease) in Liabilities:		
Accounts payable	(40,371)	37,539
Compensated absences payable	-	-
Other liabilities	6,755	(673)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 109,354</u>	<u>\$ 26,131</u>
Schedule of Non-Cash Capital and Related Financing Activities		
Retirement and write-off of capital assets	\$ 5,400	\$ -
Fair value of investments increased (decreased) by	(95)	-
Total Non-Cash Activities	<u>\$ 5,305</u>	<u>\$ -</u>



City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Net Position
December 31, 2018

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 2,790,980	\$ 254	\$ 17,952	\$ 2,809,186
Investments	971,339	-	13,336	984,675
Receivables:				
Accounts	-	-	-	-
Intergovernmental	170,324	-	-	170,324
Interest	954	-	13	967
Interfund	7,000	-	-	7,000
Prepaid Insurance	21,927	265,292	-	287,219
Total Current Assets	3,962,524	265,546	31,301	4,259,371
Noncurrent Assets:				
Capital assets:				
Nondepreciable	76,802	-	-	76,802
Depreciable, net	5,370,708	-	-	5,370,708
Total Noncurrent Assets:	5,447,510	-	-	5,447,510
Deferred Outflows	54,938	-	-	54,938
Total Assets and Deferred Outflows	9,464,972	265,546	31,301	9,761,819
Liabilities				
Current Liabilities:				
Accounts payable	109,471	3,163	-	112,634
Wages payable	40,082	-	-	40,082
Interfund	-	7,000	-	7,000
Claims and judgments payable	-	85,201	-	85,201
Compensated absences payable	14,705	-	-	14,705
Total Current Liabilities	164,258	95,364	-	259,622
Noncurrent Liabilities				
Compensated absences payable	35,414	-	-	35,414
Net pension liability payable	199,020	-	-	199,020
Total Liabilities	234,434	-	-	234,434
Deferred Inflows	90,567	-	-	90,567
Total Liabilities and Deferred Inflows	489,259	95,364	-	584,623
Net Position				
Investment in capital assets	5,447,510	-	-	5,447,510
Unrestricted	3,528,203	170,182	31,301	3,729,686
Total Net Position	\$ 8,975,713	\$ 170,182	\$ 31,301	\$ 9,177,196



City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2018

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Total
Operating Revenues				
Charges for services	\$ 2,828,665	\$ -	\$ -	\$ 2,828,665
Miscellaneous	317	-	-	317
Total Operating Revenues	<u>2,828,982</u>	<u>-</u>	<u>-</u>	<u>2,828,982</u>
Operating Expenses				
Administration and general	69,783	-	-	69,783
Maintenance and operations	1,491,344	-	-	1,491,344
Insurance and claims	-	-	-	-
Miscellaneous services	-	-	-	-
Depreciation	772,396	-	-	772,396
Total Operating Expenses	<u>2,333,523</u>	<u>-</u>	<u>-</u>	<u>2,333,523</u>
Operating Income (Loss)	<u>495,459</u>	<u>-</u>	<u>-</u>	<u>495,459</u>
Non-Operating Revenues				
Other nonoperating revenue	-	2,636	-	2,636
Investment interest	34,838	3,276	608	38,722
Gain on disposition of capital assets	91,148	-	-	91,148
Total Non-Operating Revenues	<u>125,986</u>	<u>5,912</u>	<u>608</u>	<u>132,506</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in Net Position	<u>621,445</u>	<u>5,912</u>	<u>608</u>	<u>627,965</u>
Net Position Beginning of Year	8,354,268	164,270	30,693	8,549,231
Net Position End of Year	<u>\$ 8,975,713</u>	<u>\$ 170,182</u>	<u>\$ 31,301</u>	<u>\$ 9,177,196</u>



City of Lynnwood, Washington
Internal Service Funds
 Combining Statement of Cash Flows
 For the Year Ended December 31, 2018

	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	\$ 2,046,253	\$ -	\$ -	\$ 2,046,253
Cash received from customers	694,948	-	-	694,948
Cash payments to employees for services	(886,734)	-	-	(886,734)
Cash payments for goods and services	(712,776)	(77,384)	-	(790,160)
Net Cash Provided by (Used in) Operating Activities	1,141,691	(77,384)	-	1,064,307
Cash Flows from Non-Capital Financing Activities				
Interfund loan (paid) received	(7,000)	7,000	-	-
Insurance recoveries	-	2,636	-	2,636
Net Cash Flows from non-Capital and related financing activities	(7,000)	9,636	-	2,636
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(555,840)	-	-	(555,840)
Proceeds from sale of equipment	97,165	-	-	97,165
Net Cash Provided by (Used in) Capital and Related Financing Activities	(458,675)	-	-	(458,675)
Cash Flows from Investing Activities				
Purchase of investments	(654,353)	-	(8,985)	(663,338)
Proceeds from sale and maturities of investment securities	415,764	31,696	10,980	458,440
Investment earnings	34,872	3,276	606	38,754
Net Cash Provided by (Used in) Investing Activities	(203,717)	34,972	2,601	(166,144)
Net Increase (Decrease) in Cash and Cash Equivalents	472,299	(32,776)	2,601	442,124
Cash and Cash Equivalents Beginning of Year	2,318,681	33,030	15,351	2,367,062
Cash and Cash Equivalents End of Year	\$ 2,790,980	\$ 254	\$ 17,952	\$ 2,809,186



City of Lynnwood, Washington
Internal Service Funds
 Combining Statement of Cash Flows
 For the Year Ended December 31, 2018

	<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)	\$ 495,459	\$ -	\$ -	\$ 495,459
Adjustments:				
Depreciation	772,396	-	-	772,396
Other non-operating receipts and disbursements	(7,000)			(7,000)
(Increase) Decrease in Assets:				
Receivables, net	(95,933)	-	-	(95,933)
Inventories, deposits and prepaid expenses	1,742	(74,748)	-	(73,006)
Increase (Decrease) in Liabilities:				
Accounts and other payables	43,224	(2,636)	-	40,588
Compensated absences	(6,804)	-	-	(6,804)
Pension liability and deferrals	(61,393)	-	-	(61,393)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,141,691</u>	<u>\$ (77,384)</u>	<u>\$ -</u>	<u>\$ 1,064,307</u>
Schedule of Non-Cash Capital and Related Financing Activities				
Fair value of investments increased (decreased) by	<u>\$ (436)</u>	<u>\$ (35)</u>	<u>\$ (17)</u>	<u>\$ (488)</u>
Total Non-Cash Activities	<u>\$ (436)</u>	<u>\$ (35)</u>	<u>\$ (17)</u>	<u>\$ (488)</u>



City of Lynnwood, Washington
Equipment Rental Reserve Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,790,980	\$ 2,318,681
Investments	971,339	732,750
Receivables:		
Accounts	-	8,152
Intergovernmental	170,324	74,391
Interest	954	988
Interfund	7,000	-
Prepaid Insurance	21,927	23,669
Total Current Assets	<u>3,962,524</u>	<u>3,158,631</u>
Noncurrent Assets:		
Capital assets:		
Nondepreciable	76,802	54,085
Depreciable, net	5,370,708	5,619,776
Total Noncurrent Assets:	<u>5,447,510</u>	<u>5,673,861</u>
Deferred Outflows	<u>54,938</u>	<u>62,624</u>
Total Assets and Deferred Outflows	<u>9,464,972</u>	<u>8,895,116</u>
Liabilities		
Current Liabilities:		
Accounts payable	109,471	58,559
Wages payable	40,082	41,894
Interfund loan payable	-	-
Compensated absences payable	14,705	20,581
Total Current Liabilities	<u>164,258</u>	<u>121,034</u>
Noncurrent Liabilities		
Compensated absences payable	35,414	42,218
Net pension liability	199,020	320,341
Total Noncurrent Liabilities	<u>234,434</u>	<u>362,559</u>
Deferred Inflows	<u>90,567</u>	<u>57,255</u>
Total Liabilities and Deferred Inflows	<u>489,259</u>	<u>540,848</u>
Net Position		
Investment in capital assets	5,447,510	5,673,861
Unrestricted	3,528,203	2,680,407
Total Net Position	<u>\$ 8,975,713</u>	<u>\$ 8,354,268</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for services	\$ 2,828,665	\$ 3,097,618
Miscellaneous	317	-
Total Operating Revenues	<u>2,828,982</u>	<u>3,097,618</u>
Operating Expenses		
Administration and general	69,783	4,557
Maintenance and operations	1,491,344	4,012,502
Depreciation	772,396	857,194
Total Operating Expenses	<u>2,333,523</u>	<u>4,874,253</u>
Operating Income	<u>495,459</u>	<u>(1,776,635)</u>
Non-Operating Revenues		
Investment interest	34,838	20,761
Gain on disposition of capital assets	91,148	(867,102)
Total Non-Operating Revenues	<u>125,986</u>	<u>(846,341)</u>
Income Before Transfers in	621,445	(2,622,976)
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Change in Net Position	621,445	(2,622,976)
Net Position Beginning of Year	<u>8,354,268</u>	<u>10,977,244</u>
Net Position End of Year	<u>\$ 8,975,713</u>	<u>\$ 8,354,268</u>



City of Lynnwood, Washington
Equipment Rental Reserve Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from interfund services provided	\$ 2,046,253	\$ 3,097,618
Cash received from customers	694,948	-
Cash payments to employees for services	(886,734)	(523,814)
Cash payments for goods and services	(712,776)	(3,496,070)
Net Cash Provided by (Used in) Operating Activities	1,141,691	(922,266)
Cash Flows from Non-Capital financing activities		
Interfund loan (paid) received	(7,000)	(19,956)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(555,840)	(611,417)
Proceeds from sale of equipment	97,165	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(458,675)	(611,417)
Cash Flows from Investing Activities		
Purchase of investments	(654,353)	(300,681)
Proceeds from sale and maturities of investment securities	415,764	762,931
Investment earnings	34,872	19,773
Net Cash Provided by (Used in) Investing Activities	(203,717)	482,023
Net Increase (Decrease) in Cash and Cash Equivalents	472,299	(1,071,616)
Cash and Cash Equivalents Beginning of Year	2,318,681	3,390,297
Cash and Cash Equivalents End of Year	\$ 2,790,980	\$ 2,318,681



City of Lynnwood, Washington
Equipment Rental Reserve Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income/ (Loss)	\$ 495,459	\$ (1,776,635)
Adjustments:		
Depreciation	772,396	857,194
Other non-operating receipts and disbursements	(7,000)	-
(Increase) Decrease in Assets:		
Receivables, net	(95,933)	32,873
Inventories, deposits and prepaid expenses	1,742	(11,166)
Increase (Decrease) in Liabilities:		
Accounts and other payables	43,224	(17,693)
Compensated absences	(6,804)	(6,839)
Pension liability and deferrals	(61,393)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,141,691</u>	<u>\$ (922,266)</u>
Schedule of Non-Cash Capital and Related Financing Activities		
Fair value of investments increased (decreased) by	<u>\$ (436)</u>	<u>\$ -</u>
Total Non-Cash Activities	<u>\$ (436)</u>	<u>\$ -</u>

City of Lynnwood, Washington
Self Insurance Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 254	\$ 33,030
Investments	-	31,696
Accounts receivable	-	-
Interest receivable	-	-
Prepaid insurance	265,292	190,544
Total Current Assets	<u>265,546</u>	<u>255,270</u>
Liabilities		
Current Liabilities:		
Accounts payable	3,163	-
Claims and judgements payable	85,201	91,000
Interfund loans payable	7,000	-
Total Current Liabilities	<u>95,364</u>	<u>91,000</u>
Net Position		
Committed	<u>\$ 170,182</u>	<u>\$ 164,270</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for services	\$ -	\$ -
Operating Expenses		
Administration and general	-	-
Maintenance and operations	-	-
Insurance and claims	-	-
Total Operating Expenses	-	-
Operating Income (Loss)	-	-
Non-Operating Revenues (Expenses)		
Investment interest	3,276	(155)
Insurance and claims	2,636	(1,470)
Interest expense	-	-
Total Non-Operating Revenues	5,912	(1,625)
Income	5,912	(1,625)
Change in Net Position	5,912	(1,625)
Net Position Beginning of Year	164,270	165,895
Net Position End of Year	<u>\$ 170,182</u>	<u>\$ 164,270</u>



City of Lynnwood, Washington
Self Insurance Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from interfund services provided	\$ -	\$ -
Payments to other funds for services	-	-
Cash payments for goods and services	(77,384)	(387,464)
Net Cash Provided by (Used in) Operating Activities	(77,384)	(387,464)
Cash Flows from non-Capital and related financing activities:		
Insurance recoveries	2,636	865
Receipts from non-capital grants	-	-
Interfund loans received/(paid)	7,000	-
Cash Flows from non-Capital and related financing activities	9,636	865
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	-	-
Cash Flows from Investing Activities		
Purchase of investments	-	(47,514)
Proceeds from sale and maturities of investment securities	31,696	204,655
Investment earnings	3,276	(155)
Net Cash Provided by (Used in) Investing Activities	34,972	156,986
Net Increase (Decrease) in Cash and Cash Equivalents	(32,776)	(229,613)
Cash and Cash Equivalents Beginning of Year	33,030	262,643
Cash and Cash Equivalents End of Year	\$ 254	\$ 33,030



City of Lynnwood, Washington
Self Insurance Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ -	\$ -
Adjustments:		
Depreciation	-	-
Other non-operating receipts/disbursements	-	-
(Increase) Decrease in Assets:		
Receivables, net	-	-
Inventories, deposits and prepaid expenses	(74,748)	154,714
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,636)	(539,843)
Other Current Liabilities	-	(2,335)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (77,384)</u>	<u>\$ (387,464)</u>
Schedule of Non-Cash Capital and Related Financing Activities		
Fair value of investments increased (decreased) by	<u>\$ (35)</u>	<u>\$ -</u>
Total Non-Cash Activities	<u>\$ (35)</u>	<u>\$ -</u>

City of Lynnwood, Washington
Reserve Retirement Contribution Fund
Comparative Statement of Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	\$ 17,952	\$ 15,351
Investments	13,336	15,331
Interest receivable	13	11
	\$ 31,301	\$ 30,693
 Net Position		
Unrestricted	\$ 31,301	\$ 30,693



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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for services	\$ -	\$ -
Miscellaneous	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>
Operating Expenses		
Administration and general	-	-
Miscellaneous services	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>
Operating (Loss)	-	-
Non-Operating Revenues		
Investment interest	<u>608</u>	<u>193</u>
Change in Net Position	608	193
Net Position Beginning of Year	<u>30,693</u>	<u>30,500</u>
Net Position End of Year	<u>\$ 31,301</u>	<u>\$ 30,693</u>

City of Lynnwood, Washington
Reserve Retirement Contribution Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
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	-	-
Net Cash Provided by (Used in) Operating Activities	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Purchase of investments	(8,985)	(3,641)
Proceeds from sale and maturities of investment securities	10,980	1,067
Interest and dividends on investments	606	182
Net Cash Provided by (Used in) Investing Activities	<u>2,601</u>	<u>(2,392)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,601	(2,392)
Cash and Cash Equivalents Beginning of Year	<u>15,351</u>	<u>17,743</u>
Cash and Cash Equivalents End of Year	<u>\$ 17,952</u>	<u>\$ 15,351</u>



City of Lynnwood, Washington
Reserve Retirement Contribution Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating (Loss)	\$ -	\$ -
Adjustments:		
Depreciation	-	-
(Increase) Decrease in Assets:		
Intergovernmental receivable	-	-
Increase (Decrease) in Liabilities:		
Intergovernmental payable	-	-
Compensated absences	-	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ -</u>	<u>\$ -</u>
Schedule of Non-Cash Capital and Related Financing Activities		
Fair value of investments increased (decreased) by	<u>\$ (17)</u>	<u>\$ -</u>
Total Non-Cash Activities	<u>\$ (17)</u>	<u>\$ -</u>

City of Lynnwood, Washington
Private Purpose Trust Funds
Combining Statement of Net Position
December 31, 2018

	Recreation Scholarships	Court Trust	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 11,395	\$ 51,367	\$ 62,762
Investments	8,891	-	8,891
	20,286	51,367	71,653
Total Current Assets			
	20,286	51,367	71,653
Net Position			
Restricted for private trust	20,286	51,367	71,653
	20,286	51,367	71,653
Total Net Position	\$ 20,286	\$ 51,367	\$ 71,653

City of Lynnwood, Washington
Private Purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
December 31, 2018

	<u>Recreation Scholarships</u>	<u>Court Trust</u>	<u>Total</u>
Additions:			
Contributions:			
Other	\$ 404	\$ 22,427	\$ 22,831
Total Additions	<u>404</u>	<u>22,427</u>	<u>22,831</u>
Deductions:			
Benefits and Disbursements	-	13,368	13,368
Total Deductions	<u>-</u>	<u>13,368</u>	<u>13,368</u>
Change in Net Position	404	9,059	9,463
Net Position Beginning of Year	<u>19,882</u>	<u>42,308</u>	<u>62,190</u>
Net Position End of Year	<u>\$ 20,286</u>	<u>\$ 51,367</u>	<u>\$ 71,653</u>

City of Lynnwood, Washington
Comparative Statement of Net Plan Position
Recreation Scholarship Funds
Fiduciary Funds
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Restricted cash and investments	\$ 11,395	\$ 18,571
Investments	8,891	1,311
Total Assets	<u>20,286</u>	<u>19,882</u>
Net Position		
Held in trust for scholarships	<u>\$ 20,286</u>	<u>\$ 19,882</u>

City of Lynnwood, Washington
Comparative Statement of Changes in Fiduciary Net Position
Recreation Scholarship Funds
Fiduciary Funds
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions		
Contributions	\$ 404	\$ 242
Beginning Net Position	<u>19,882</u>	<u>19,640</u>
Ending Net Position	<u>\$ 20,286</u>	<u>\$ 19,882</u>

City of Lynnwood, Washington
Comparative Statement of Net Position
Court Trust Fund
Fiduciary Funds
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Restricted cash and investments	\$ 51,367	\$ 42,308
Net Position		
Custodial Accounts	<u>\$ 51,367</u>	<u>\$ 42,308</u>

City of Lynnwood, Washington
Statement of Changes in Fiduciary Net Position
Court Trust Fund
Fiduciary Funds
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions		
Court collections	\$ 22,427	\$ -
Deductions		
Disbursements	\$ 13,368	\$ 8,983
Change in Net Position	9,059	(8,983)
Beginning Net Position	42,308	51,291
Ending Net Position	<u>\$ 51,367</u>	<u>\$ 42,308</u>

City of Lynnwood, Washington
Comparative Statement of Net Plan Position
Firemen's Pension Trust Fund
Fiduciary Funds
For the Years Ended December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 196,884	\$ 184,022
Investments	140,033	183,796
Interest Receivable	135	150
Total Assets	337,052	367,968
Net Position		
Restricted for pensions	\$ 337,052	\$ 367,968

City of Lynnwood, Washington
Statement of Changes in Fiduciary Net Position
Pension Trust Fund
Fiduciary Funds
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions		
Intergovernmental revenues	\$ 61,710	\$ 54,134
Investment interest	6,977	2,584
Total Additions	<u>68,687</u>	<u>56,718</u>
Deductions		
Benefits	95,103	96,468
Administrative Expenses	4,500	2,000
Total Deductions	<u>99,603</u>	<u>98,468</u>
Change in Net Position	(30,916)	(41,750)
Beginning Net Position	367,968	409,718
Ending Net Position	<u>\$ 337,052</u>	<u>\$ 367,968</u>

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FEDERAL AWARDS AND SINGLE AUDIT

**City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Edmonds Community College)	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	2015-WA-AX- 0004	1,167	-	1,167	-	1, 2, 7
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F17-31103-035	3,813	-	3,813	-	1, 2, 7
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	OMB#1121- 0235	-	6,622	6,622	-	1, 2, 7
CRIMINAL DIVISION, JUSTICE, DEPARTMENT OF	Equitable Sharing Program	16.922	OMB#1123- 0011/ WA0310400	-	207,981	207,981	-	1, 2, 7
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-0524(011) LA-7931	346,386	-	346,386	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-9931 (009) LA-7167	117,292	-	117,292	-	1, 2, 7

The accompanying notes are an integral part of this schedule.

**City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-9931 (017) LA-8974	2,609,248	-	2,609,248	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-2004 (037) LA-5787	13,700	-	13,700	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-9999(783) LA-8998	1,286,857	-	1,286,857	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-STPE-9999 (640) LA-7613	8,810	-	8,810	-	1, 2, 7, 9
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-2523(003) LA-9367	661	-	661	-	1, 2, 7
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (310) LA-7807	1,513	-	1,513	-	1, 2, 7, 9

The accompanying notes are an integral part of this schedule.

**City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (311) LA-7808	7,593	-	7,593	-	1, 2, 7
Total Highway Planning and Construction Cluster:				4,392,060	-	4,392,060	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	Traffic Safety Equipment Grant - Lidar	3,000	-	3,000	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	Law Enforcement Liaison Grant FFY18	2,169	-	2,169	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	Target Zero: Statewide Distracted Driving Patrols	2,832	-	2,832	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	Flex Funding (Local DUI, Speed, Distracted, and Seat Belt Patrols)	2,914	-	2,914	-	1, 2, 7

The accompanying notes are an integral part of this schedule.

**City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	Target Zero: Impaired Driving FFY18	1,008	-	1,008	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	Target Zero: Statewide Click it or Ticket	2,046	-	2,046	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	Target Zero: Motorcycle Safety	5,000	-	5,000	-	1, 2, 7
Total CFDA 20.600:				18,969	-	18,969	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	Law Enforcement Liaison Grant FFY19	1,526	-	1,526	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	Pedestrian Safety Campaign	4,973	-	4,973	-	1, 2, 7

The accompanying notes are an integral part of this schedule.

**City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	DUI Training Grant	10,337	-	10,337	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	Target Zero: Target Zero Teams (DUI) FFY18	4,204	-	4,204	-	1, 2, 7
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	Target Zero: Target Zero Teams (DUI) FFY19	1,269	-	1,269	-	1, 2, 7
Total CFDA 20.616:				22,309	-	22,309	-	
Total Highway Safety Cluster:				41,278	-	41,278	-	
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS (via Washington State Arts Commission)	Promotion of the Arts Partnership Agreements	45.025	PSB1800048	4,000	-	4,000	-	1, 2, 7
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	2018 Call for Partners , Milestone 1	28,000	-	28,000	-	1, 2, 7
Total Medicaid Cluster:				28,000	-	28,000	-	

The accompanying notes are an integral part of this schedule.

**City of Lynnwood, Washington
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2018**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4249-DR -WA/ Contract D16-666	250	-	250	-	1, 2, 7, 9
Total Federal Awards Expended:				4,470,569	214,603	4,685,173	-	

The accompanying notes 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, 2018**

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's portion, are 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 City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 9 – Prior Year Expenditures

Expenditures for this program include expenditures from prior years. The City received payments in 2018 upon the completion and closure of the grants.

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.

Categories

Exhibits

Financial Trends

A-1 -- A-11

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

B-1 -- B-6

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

C-1 -- C- 9

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

D-1 -- D-2

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

Operating Information

E-1 -- E-3

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

Data Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.

City of Lynnwood, Washington
 Government-wide Net Position by Category¹
 Last Ten Calendar Years
 (Amounts Expressed in \$1,000)
 (accrual basis of accounting)

	(Amounts Expressed in \$1,000)									
	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	Restated December 31, 2017	December 31, 2018
Governmental Activities										
Net investment in capital assets	\$ 112,038	\$ 119,542	\$ 103,947	\$ 102,878	\$ 105,273	\$ 108,229	\$ 122,437	\$ 122,041	\$ 115,143	\$ 122,615
Restricted	5,317	3,434	8,796	6,906	9,357	12,091	13,139	15,688	19,279	29,450
Unrestricted	1,058	661	8,085	14,259	19,684	22,572	12,973	15,757	9,846	8,043
Subtotal Governmental Activities Net Position	118,413	123,637	120,828	124,043	134,314	142,892	148,549	153,486	144,268	160,108
Business-type Activities										
Net investment in capital assets	37,485	36,825	44,192	41,185	39,477	39,111	35,485	42,340	39,668	45,195
Restricted	5,841	1,733	8,960	5,997	2,759	3,144	1,579	13,941	1,865	576
Unrestricted	8,046	17,138	2,596	6,985	12,388	12,472	15,104	(494)	14,614	13,836
Subtotal Business-type Activities Net Position	51,372	55,696	55,748	54,167	54,624	54,727	52,168	55,787	56,147	59,607
Primary Government										
Net investment in capital assets	149,523	156,367	148,139	144,063	144,750	147,340	157,922	164,381	154,811	167,810
Restricted	11,158	5,167	17,756	12,903	12,116	15,235	14,718	29,629	21,144	30,026
Unrestricted	9,104	17,799	10,681	21,244	32,072	35,044	28,077	15,263	24,460	21,879
Total Primary Government Net Position	\$ 169,785	\$ 179,333	\$ 176,576	\$ 178,210	\$ 188,938	\$ 197,619	\$ 200,717	\$ 209,273	\$ 200,415	\$ 219,715
Total Percentage Increase or Decrease From Prior Fiscal Year	-4.2%	5.6%	-1.5%	0.9%	6.0%	4.6%	1.6%	4.3%	-4.2%	9.6%
	Percentage of Total									
	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	December 31, 2018
Governmental Activities										
Net investment in capital assets	94.6%	96.7%	86.0%	82.9%	78.4%	75.7%	82.4%	79.5%	79.8%	76.6%
Restricted	4.5%	2.8%	7.3%	5.6%	7.0%	8.5%	8.8%	10.2%	13.4%	18.4%
Unrestricted	0.9%	0.5%	6.7%	11.5%	14.6%	15.8%	8.7%	10.3%	6.8%	5.0%
Subtotal Governmental Activities Net Position	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%
Business-type Activities										
Net investment in capital assets	73.0%	66.1%	79.3%	76.0%	72.3%	71.5%	68.0%	75.9%	70.7%	75.8%
Restricted	11.4%	3.1%	16.1%	11.1%	5.1%	5.7%	3.0%	25.0%	3.3%	1.0%
Unrestricted	15.6%	30.8%	4.6%	12.9%	22.6%	22.8%	29.0%	-0.9%	26.0%	23.2%
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	88.1%	87.2%	83.9%	80.8%	76.6%	74.6%	78.7%	78.5%	77.2%	76.4%
Restricted	6.6%	2.8%	10.1%	7.2%	6.4%	7.7%	7.3%	14.2%	10.6%	13.7%
Unrestricted	19.3%	6.0%	6.0%	12.0%	17.0%	17.7%	14.0%	7.3%	12.2%	10.0%
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%

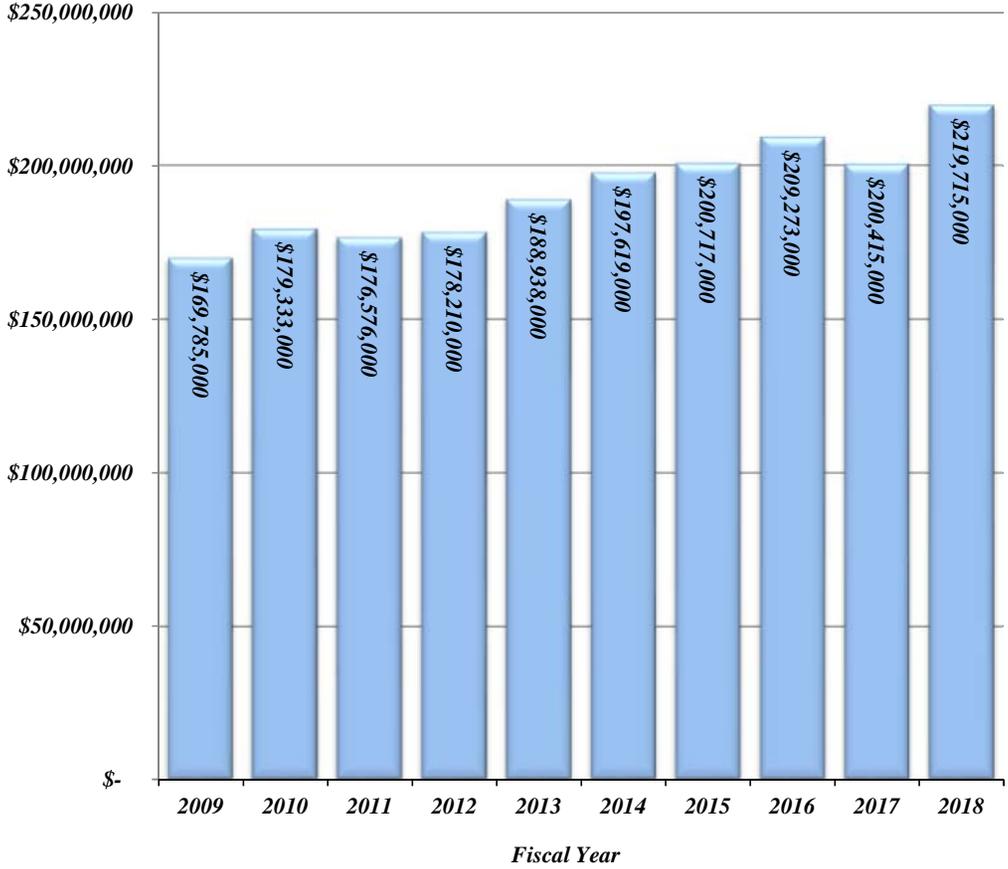
Notes:

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, the Fed government, or bondholders, 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 reports adjusted as follows:
 2017 Governmental Activities Unrestricted Net Position is adjusted for the retroactive application of GASB 75
 2015 Governmental Activities and Business-type Activities Net Position were each adjusted to correct reporting errors.
 2014 Governmental Activities and Business-type Activities Unrestricted Net Position were each adjusted to correct reporting errors and for the retroactive application of GASB 68

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)

	(Amounts Expressed in \$1,000)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
General government	\$ 8,953	\$ 7,298	\$ 6,661	\$ 7,864	\$ 12,126	\$ 13,938	\$ 11,731	\$ 13,988	\$ 16,590	\$ 9,144
Judicial	-	1,174	1,046	1,060	1,567	998	1,080	1,056	1,080	1,032
Public safety	27,527	25,856	24,493	25,552	26,684	26,272	29,038	32,400	32,573	23,247
Physical environment	5,027	2,781	1,785	1,985	33	295	-	-	-	-
Transportation	5,272	5,283	4,255	4,983	7,362	8,843	6,110	5,975	7,194	9,873
Natural environment	-	-	-	-	153	110	283	346	-	-
Social services	-	-	-	-	408	418	460	362	520	549
Human services	718	-	-	-	-	-	-	-	-	-
Economic environment	-	3,291	2,834	2,668	2,780	4,230	2,874	3,443	3,757	5,740
Culture and recreation	7,039	5,789	7,289	7,406	8,250	6,833	6,793	6,923	12,050	8,940
Utilities	-	-	-	-	-	-	82	2	(55)	36
Interest on long-term debt	660	749	1,094	1,209	1,119	1,110	1,058	993	934	938
Total Expenses	55,196	52,221	49,457	52,727	60,482	63,047	59,509	65,488	74,643	59,499
Program Revenues:										
Charges for services:										
General government	6,563	1,749	2,760	2,683	6,880	4,907	5,262	3,768	4,371	4,789
Culture and recreation	1,766	1,727	2,185	2,860	2,715	2,695	2,407	2,725	5,010	3,235
Other activities	2,752	9,761	6,833	7,378	9,944	11,036	6,490	8,104	8,798	7,045
Operating grants and contributions	1,270	3,965	1,257	1,603	1,495	2,588	1,220	1,139	1,533	3,347
Capital grants and contributions	4,810	2,577	2,305	1,729	4,947	6,495	11,922	7,104	3,127	10,529
Total Program Revenues	17,161	19,779	15,340	16,253	25,981	27,721	27,301	22,840	22,839	28,945
Net (Expense) Revenue	(38,035)	(32,442)	(34,117)	(36,474)	(34,501)	(35,326)	(32,208)	(42,648)	(51,804)	(30,554)
General Revenues										
Taxes:										
Property	10,008	10,387	11,092	11,072	11,515	11,511	11,515	11,861	11,917	6,100
Sales	15,844	16,151	16,828	18,076	19,070	19,856	21,130	23,268	24,345	26,893
Other ¹	4,359	6,232	7,996	8,573	10,575	9,878	10,031	9,917	11,539	11,918
Transportation benefit district vehicle fees										1,242
Investment earnings	802	388	271	237	204	168	-	293	249	579
Miscellaneous	(79)	1,667	7	(74)	5	14	748	199	114	105
Gain (loss) on disposal of capital assets	-	-	-	-	(23)	247	175	-	-	-
Transfers	2,701	696	617	1,387	1,828	1,737	1,869	2,048	96	(442)
Total General Revenues	33,635	35,521	36,811	39,271	43,174	43,411	45,468	47,586	48,260	46,395
Change in Net Position	\$ (4,400)	\$ 3,079	\$ 2,694	\$ 2,797	\$ 8,673	\$ 8,085	\$ 13,260	\$ 4,938	\$ (3,544)	\$ 15,841

Notes:

¹ Beginning in 2018, amounts which had previously been classified as *Other* were broken out separately. Most are being retained in the *Other* category.

Data Source:

Applicable years' comprehensive annual financial report. Government-wide Statement of Activities

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, (Amounts Expressed in \$1,000)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Water/Sewer/Storm Water Utilities	\$ 12,017	\$ 11,612	\$ 12,841	\$ 14,314	\$ 14,297	\$ 14,917	\$ 17,442	\$ 15,144	\$ 21,001	\$ 19,418
Golf	1,101	1,449	1,082	1,068	977	1,019	1,115	1,113	1,188	1,241
Total Expenses	13,118	13,061	13,923	15,382	15,274	15,936	18,557	16,257	22,189	20,659
Program Revenues:										
Charges for services:										
Water/Sewer/Storm Water Utilities	11,750	12,543	13,740	14,348	16,125	17,242	18,292	19,870	20,794	21,624
Golf	1,070	984	1,067	949	1,083	1,113	1,213	1,148	1,131	1,292
Operating grants and contributions	-	-	-	106	-	170	-	-	-	-
Capital grants and contributions	96	248	212	124	225	823	111	875	476	280
Total Program Revenues	12,916	13,775	15,019	15,527	17,433	19,348	19,616	21,893	22,401	23,196
Net (Expense) Revenue	(202)	714	1,096	145	2,159	3,412	1,059	5,636	212	2,537
Investment earnings	205	96	72	50	27	18	16	154	228	476
Miscellaneous	-	-	-	-	234	46	2	3	16	5
Disposal of capital assets	-	-	2	-	(4)	1	-	(126)	-	-
Transfers	(2,701)	(696)	(617)	(1,387)	(1,827)	(1,737)	(1,869)	(2,048)	(96)	442
Total General Revenues	(2,496)	(600)	(543)	(1,337)	(1,570)	(1,672)	(1,851)	(2,017)	148	923
Change in Net Position	\$ (2,698)	\$ 114	\$ 553	\$ (1,192)	\$ 589	\$ 1,740	\$ (792)	\$ 3,619	\$ 360	\$ 3,460

Data Source:
 Applicable years' comprehensive annual financial report. Government-wide Statement of Activities.

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, (Amounts Expressed in \$1,000)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities ¹	\$ 55,196	\$ 52,221	\$ 49,457	\$ 52,727	\$ 60,482	\$ 63,047	\$ 59,509	\$ 65,488	\$ 74,643	\$ 59,499
Business-type activities ²	13,118	13,061	13,923	15,382	15,274	15,936	18,557	16,257	22,189	20,659
Total Expenses	68,314	65,282	63,380	68,109	75,756	78,983	78,066	81,745	96,832	80,158
Program Revenues:										
Governmental activities ¹	17,161	19,779	15,340	16,253	25,981	27,721	27,301	22,840	22,839	28,945
Business-type activities ²	12,916	13,775	15,019	15,527	17,433	19,348	19,616	21,893	22,401	23,196
Total Program Revenues	30,077	33,554	30,359	31,780	43,414	47,069	46,917	44,733	45,240	52,141
Net (Expense) Revenue	(38,237)	(31,728)	(33,021)	(36,329)	(32,342)	(31,914)	(31,149)	(37,012)	(51,592)	(28,017)
General Revenues:										
Governmental activities ¹	33,635	35,521	36,811	39,271	43,174	43,411	45,468	47,586	48,260	46,395
Business-type activities ²	(2,496)	(600)	(543)	(1,337)	(1,570)	(1,672)	(1,851)	(2,017)	148	923
Total General Revenues	31,139	34,921	36,268	37,934	41,604	41,739	43,617	45,569	48,408	47,318
Change in Net Position	\$ (7,098)	\$ 3,193	\$ 3,247	\$ 1,605	\$ 9,262	\$ 9,825	\$ 12,468	\$ 8,557	\$ (3,184)	\$ 19,301

Data Source:

¹ Exhibit A-2

² Exhibit A-3

City of Lynnwood, Washington
Fund Balances - Governmental Funds
Calendar Years 2009 - 2010
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

	<u>December 31,</u>	
	<u>2009</u>	<u>2010</u>
General Fund		
Unreserved	\$ (116)	\$ 4,638
General Fund Percentage Change	-101.9%	-4098.3%
All Other Governmental Funds		
Reserved	\$ 2,161	\$ 1,992
Unreserved	-	25
Special Revenue Funds	5,305	4,281
Capital Projects Funds	3,173	(16,935)
Subtotal All Other Governmental Funds	10,639	(10,637)
Total Governmental Funds	\$ 10,523	\$ (5,999)
All Governmental Funds Percentage Change	-55.8%	-157.0%

Notes:

The City implemented GASB Statement No. 54 in calendar year 2011.
 (Refer to Exhibit A-6 for 2011 - 2018)

Data Source:

Applicable years' financial statements - Governmental Funds Balance Sheet

City of Lynnwood, Washington
Fund Balances - Governmental Funds
Calendar Years 2011 - 2018
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

	December 31,							
	2011	2012	2013	2014	2015	2016	2017	2018
General Fund								
Nonspendable	\$ 910	\$ 721	\$ 434	\$ 2,453	\$ 103	\$ 21	\$ 41	\$ 78
Restricted	88	180	86	87	-	-	-	-
Committed	31	1,033	2,030	5,848	5,815	6,000	6,000	6,000
Assigned	4,716	3,710	2,920	1,502	2,019	4,551	5,662	9,460
Unassigned	6,780	12,580	15,683	8,012	11,493	10,114	8,149	5,352
Total General Fund	\$ 12,525	\$ 18,224	\$ 21,153	\$ 17,902	\$ 19,430	\$ 20,686	\$ 19,852	\$ 20,890
General Fund Percentage Change	170.1%	45.5%	16.1%	-15.4%	8.5%	6.5%	-4.0%	5.2%
All Other Governmental Funds								
Restricted	\$ 5,266	\$ 5,983	\$ 8,834	\$ 10,619	\$ 13,138	\$ 15,688	\$ 19,279	\$ 21,740
Committed	1,247	1,715	1,558	1,099	340	817	671	1,378
Assigned	1,417	486	371	176	-	-	-	1,197
Unassigned	(26,038)	(1,156)	(1,069)	(142)	-	-	-	-
Total All Other Governmental Funds	\$ (18,108)	\$ 7,028	\$ 9,694	\$ 11,752	\$ 13,478	\$ 16,505	\$ 19,950	\$ 24,315
All Other Governmental Funds Percentage Change	70.2%	-138.8%	37.9%	21.2%	14.7%	22.5%	20.9%	21.9%
Total Governmental Funds	\$ (5,583)	\$ 25,252	\$ 30,847	\$ 29,654	\$ 32,908	\$ 37,191	\$ 39,802	\$ 45,205
All Governmental Funds Percentage Change	-6.9%	-552.3%	22.2%	-3.9%	11.0%	13.0%	7.0%	13.6%

Notes:
The City implemented GASB Statement No. 54 in calendar year 2011. (Refer to Exhibit A-5 for 2009 and 2010).

Data Source:
Applicable years' comprehensive annual financial report/financial statements. Governmental Fund Type Balance Sheet

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Dollar Amounts (in thousands)									
Taxes	\$ 29,139	\$ 31,800	\$ 35,000	\$ 36,781	\$ 39,285	\$ 33,476	\$ 41,979	\$ 44,348	\$ 47,056	\$ 45,662
Licenses and permits	1,972	1,919	3,077	3,332	3,360	3,564	4,767	4,757	5,393	5,710
Intergovernmental	8,500	8,951	5,433	5,187	5,740	1,360	8,600	6,933	7,638	13,530
Charges for services	3,879	3,921	4,943	5,897	6,068	5,412	5,486	4,846	5,503	6,095
Fines and forfeitures	4,803	7,428	3,987	3,963	4,437	1,629	4,901	4,723	4,593	4,331
Investment earnings	701	357	266	232	200	16	108	275	228	570
Miscellaneous	443	412	373	438	405	434	642	2,456	1,141	688
Total revenues	\$ 49,437	\$ 54,788	\$ 53,079	\$ 55,830	\$ 59,495	\$ 45,891	\$ 66,483	\$ 68,338	\$ 71,552	\$ 76,586
% change from prior year	-6.6%	10.8%	-3.1%	5.2%	6.6%	-22.9%	44.9%	2.8%	4.7%	7.0%
	Percentage of Total									
Taxes	58.9%	58.0%	65.9%	65.9%	66.0%	72.9%	63.1%	64.9%	65.8%	59.6%
Licenses and permits	4.0%	3.5%	5.8%	6.0%	5.6%	7.8%	7.2%	7.0%	7.5%	7.5%
Intergovernmental	17.2%	16.3%	10.2%	9.3%	9.6%	3.0%	12.9%	10.1%	10.7%	17.7%
Charges for services	7.8%	7.2%	9.3%	10.6%	10.2%	11.8%	8.3%	7.1%	7.7%	8.0%
Fines and forfeitures	9.7%	13.6%	7.5%	7.1%	7.5%	3.5%	7.4%	6.9%	6.4%	5.7%
Investment earnings	1.4%	0.7%	0.5%	0.4%	0.3%	0.0%	0.2%	0.4%	0.3%	0.7%
Miscellaneous	0.9%	0.8%	0.7%	0.8%	0.7%	0.9%	1.0%	3.6%	1.6%	0.9%
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 - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

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
Dollar Amounts (in thousands)								
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
2018	6,209	26,893	473	212	921	771	10,183	45,662
% Change in Dollars Over 10 Years	-38.0%	74.7%	19.4%	29.3%	65.6%	69.8%	369.3%	56.7%
Percentage of Total								
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%
2018	13.6%	58.9%	1.0%	0.5%	2.0%	1.7%	22.3%	100.0%

Notes:

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

Data Source:

Applicable years' annual financial report 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current:										
General government	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183	\$ 10,410	\$ 9,004
Public safety	26,498	24,608	23,857	24,624	25,309	26,172	28,267	30,928	32,317	25,014
Judicial	-	1,166	1,046	1,060	1,055	997	1,083	1,058	1,105	1,054
Utilities & environment	-	-	-	-	1,280	251	201	154	31	30
Economic environment	-	-	-	-	2,786	2,997	2,931	3,659	3,939	5,944
Physical environment	5,070	5,915	4,882	4,685	-	110	-	-	-	-
Transportation	2,039	2,508	1,963	2,541	2,808	1,417	5,514	5,485	3,950	6,670
Social services	718	-	-	-	6,608	417	460	499	520	548
Culture and recreation	6,590	5,322	6,390	6,290	4,644	5,690	5,884	6,342	11,310	8,423
Total Current	\$ 50,538	\$ 48,373	\$ 46,194	\$ 47,507	\$ 52,820	\$ 47,954	\$ 53,300	\$ 58,308	\$ 63,582	\$ 56,687
% Change From Prior Year	5.7%	-4.3%	-4.5%	2.8%	11.2%	-9.2%	11.1%	9.4%	9.0%	-10.8%
Capital Outlay	\$ 12,721	\$ 23,950	\$ 6,884	\$ 4,381	\$ 4,644	\$ 338	\$ 8,866	\$ 5,341	\$ 3,172	\$ 12,158
% Change From Prior Year	95.0%	88.3%	-71.3%	-36.4%	6.0%	-92.7%	2523.1%	-39.8%	-40.6%	283.3%
Debt Service										
Principal	\$ 5,818	\$ 1,745	\$ 1,276	\$ 1,292	\$ 1,424	\$ 1,295	\$ 1,401	\$ 1,354	\$ 1,409	\$ 1,036
Interest	643	694	1,017	1,209	1,172	1,119	1,058	993	934	869
Other charges	-	-	-	217	-	-	-	-	-	-
Total Debt Service	\$ 6,461	\$ 2,439	\$ 2,293	\$ 2,718	\$ 2,596	\$ 2,414	\$ 2,459	\$ 2,347	\$ 2,343	\$ 1,905
% Change From Prior Year	197.7%	-62.3%	-6.0%	18.5%	-4.5%	-7.0%	1.9%	-4.6%	-0.2%	-18.7%
Total Expenditures	\$ 69,720	\$ 74,762	\$ 55,371	\$ 54,606	\$ 60,060	\$ 50,706	\$ 64,625	\$ 65,996	\$ 69,097	\$ 70,750
% Change From Prior Year	23.3%	7.2%	-25.9%	-1.4%	10.0%	-15.6%	27.5%	2.1%	4.7%	2.4%
Debt Service as a % of Noncapital Expenditures	11.3%	4.8%	4.7%	5.4%	4.7%	4.8%	4.4%	3.9%	3.6%	3.3%

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

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)

For the Calendar Year Ended December 31,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function	Dollar Amounts (in thousands)									
Current:										
General government	\$ 9,623	\$ 8,854	\$ 8,056	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183	\$ 10,410	\$ 9,004
Public safety	26,498	24,608	23,857	24,624	25,309	26,172	28,267	30,928	32,317	25,014
Judicial	-	1,166	1,046	1,060	1,055	997	1,083	1,058	1,105	1,054
Utilities & environment	-	-	-	-	1,280	251	201	154	31	30
Economic environment	-	-	-	-	2,786	2,997	2,931	3,659	3,939	5,944
Physical environment	5,070	5,915	4,882	4,685	-	110	-	-	-	-
Transportation	2,039	2,508	1,963	2,541	2,808	1,417	5,514	5,485	3,950	6,670
Social services	718	-	-	-	6,608	417	460	499	520	548
Culture and recreation	6,590	5,322	6,390	6,290	4,644	5,690	5,884	6,342	11,310	8,423
Total Current	\$ 50,538	\$ 48,373	\$ 46,194	\$ 47,507	\$ 52,820	\$ 47,954	\$ 53,300	\$ 58,308	\$ 63,582	\$ 56,687
	Percentage of Total									
Current:										
General government	19.0%	18.3%	17.4%	17.5%	15.8%	20.7%	16.8%	17.5%	16.4%	15.9%
Public safety	52.4%	50.9%	51.6%	51.8%	47.9%	54.6%	53.0%	53.0%	50.8%	44.1%
Judicial	0.0%	2.4%	2.3%	2.2%	2.0%	2.1%	2.0%	1.8%	1.7%	1.8%
Utilities & environment	0.0%	0.0%	0.0%	0.0%	2.4%	0.5%	0.4%	0.3%	0.1%	0.1%
Economic environment	0.0%	0.0%	0.0%	0.0%	5.3%	6.2%	5.5%	6.3%	6.2%	10.5%
Physical environment	10.0%	12.2%	10.6%	9.9%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Transportation	4.0%	5.2%	4.2%	5.3%	5.3%	3.0%	10.3%	9.4%	6.2%	11.8%
Social services	1.4%	0.0%	0.0%	0.0%	12.5%	0.9%	0.9%	0.9%	0.8%	1.0%
Culture and recreation	13.0%	11.0%	13.8%	13.2%	8.8%	11.9%	11.0%	10.9%	17.8%	14.8%
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 - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Revenues	\$ 49,437	\$ 54,788	\$ 53,079	\$ 55,830	\$ 59,495	\$ 45,891	\$ 66,483	\$ 68,338	\$ 71,552	\$ 76,586
Total Expenditures	69,720	74,762	55,371	54,606	60,060	50,706	64,625	65,996	69,097	70,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,283)	(19,974)	(2,292)	1,224	(565)	(4,815)	1,858	2,342	2,455	5,836
Other Financing Sources										
Transfers in	16,650	8,141	6,084	33,998	7,568	2,311	7,687	7,480	17,007	10,906
Transfers out	(14,296)	(7,495)	(5,672)	(30,958)	(5,435)	(3,527)	(5,818)	(5,545)	(16,911)	(11,348)
Refunding bonds issued	4,755	-	-	-	-	-	-	-	-	-
Bond issued	-	-	-	24,955	-	-	-	-	-	-
Premium on bonds	-	-	-	428	-	-	-	-	-	-
Insurance recoveries	-	-	-	1	2	-	(2)	-	-	-
Sale of capital assets	4	2,819	3,531	1	-	368	-	6	59	9
Total Other Financing Sources	7,113	3,465	3,943	28,425	2,135	(848)	1,867	1,941	155	(433)
Net Change in Fund Balances	\$ (13,170)	\$ (16,509)	\$ 1,651	\$ 29,649	\$ 1,570	\$ (5,663)	\$ 3,725	\$ 4,283	\$ 2,610	\$ 5,403

Data Source:

Applicable years' annual financial report - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

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
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%
2018	0.0949		6,272,081,312	10.9%

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

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	South County Regional Fire	Edmonds School District	Snohomish County	Washington State	Other	
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
2018	0.57	0.37	0.94	1.50	4.76	0.79	2.85	0.69	11.53

Data Source:

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

City of Lynnwood, Washington
Property Tax Levies and Collections
Last Ten Calendar Years

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years ¹	Total Collections to Date		Total Uncollected Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
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%
2018	5,950,633	5,796,456	97.41%	186,451	5,982,907	100.54%	(32,274)	-0.54%

Notes:

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

Data Source:

Snohomish County Fund Distribution for Period from 01/01/2018 to 12/31/2018

City of Lynnwood, Washington
Principal Property Taxpayers
Calendar Year Ended December 31, 2018 and 2009

2018				
Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Alderwood Mall LLC	Retail Sales	\$ 144,309,000	1	2.30%
HPP Hudson Northview LLC	Real Estate Management	48,363,000	2	0.69%
Redstone WA Property LLC	Office Building	43,467,000	3	0.77%
Alaska Electrical Pension Fund	Business Complex	40,694,000	4	0.65%
Macy's	Department Stores	40,414,000	5	0.64%
MGP XI Alderwood LLC	Retail Sales	37,658,000	6	0.60%
Whispering Cedars Associates	Multi-Family Housing	36,395,000	7	0.58%
RLJ HS Seattle Lynnwood LLC	Hotel/Motel	33,078,000	8	0.53%
Gemini Alderwood Park Fee Owner LLC	Apartment	32,900,000	9	0.52%
44TH Avenue Hotel Fee LLC	Hotel/Motel	32,854,000	10	0.52%
Total Principal Taxpayers		490,132,000		7.81%
All Other Taxpayers		5,781,949,312		92.19%
Total		\$ 6,272,081,312		100.00%

2009				
Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Alderwood Mall LLC	Retail Sales	\$ 134,355,100	1	2.48%
Northview Corporate Center LLC	Commercial	43,779,300	2	0.81%
ECI Three Adlerwood LLC	Retail Sales	41,441,500	3	0.76%
Transwestern Investment Co.	Real Estate Management	39,938,000	4	0.74%
Alderwood Plaza LLC	Commercial	32,225,000	5	0.59%
Lynnwood Center LLC	Commercial	31,246,692	6	0.58%
Verizon Northwest Inc.	Retail Sales	25,914,020	7	0.48%
Macy's	Retail Sales	23,695,500	8	0.44%
Lynnwood Square	Retail Sales	23,591,700	9	0.44%
Fred Meyer Stores Inc	Retail Sales	21,667,200	10	0.40%
Total Principal Taxpayers		417,854,012		7.71%
All Other Taxpayers		4,999,997,981		92.29%
Total		\$ 5,417,851,993		100.00%

Data Source:
 Snohomish County Assesor's Office

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

Calendar Year	Direct City	Overlapping			Snohomish County	Transportation Benefit District	State of Washington	Total Direct and Overlapping Rate
		Local Transit	Regional Transit Authority					
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%	
2018	1.00%	1.20%	1.40%	0.20%	0.10%	6.50%	10.40%	

Note:

No Sales Tax Rate changes in 2018.

Data Source :

State of Washington, Department of Revenue

City of Lynnwood, Washington
Principal Sales Tax Payers
Calendar Years 2009 through 2018

Principal Taxpayers by Category	Taxes Paid 2018	Taxes Paid 2017	Taxes Paid 2016	Taxes Paid 2015	Taxes Paid 2014	Taxes Paid 2013	Taxes Paid 2012	Taxes Paid 2011	Taxes Paid 2010	Taxes Paid 2009
Retail Trade	\$ 9,710,595	\$ 9,776,639	\$ 9,771,179	\$ 12,786,672	\$ 12,342,860	\$ 17,680,052	\$ 16,501,715	\$ 15,298,365	\$ 14,562,373	\$ 5,410,286
Motor Vehicle & Parts Dealers	4,813,550	4,610,461	3,990,656	Incl above	2,272,967					
Construction	2,260,622	1,756,171	2,303,455	1,651,459	1,301,965	Incl above	Incl above	Incl above	Incl above	422,254
Accommodation & Food Services	2,142,572	2,066,652	2,041,157	2,053,905	1,833,858	Incl above	Incl above	Incl above	Incl above	1,189,764
Mfg and Wholesale Trade	1,141,932	963,918	789,847	784,018	756,127	Incl above	Incl above	Incl above	Incl above	Not Avail
Telecommunication & Other Information Services	709,205	717,860	706,483	677,902	637,232	Incl above	Incl above	Incl above	Incl above	Not Avail
Professional, Scientific and Technical Services	294,967	274,379	264,668	258,957	225,857	Incl above	Incl above	Incl above	Incl above	Not Avail
Finance and Insurance	282,363	296,574	253,408	182,858	151,960	Incl above	Incl above	Incl above	Incl above	Not Avail
Real Estate, Rental, Leasing	261,701	262,750	283,375	220,892	260,620	Incl above	Incl above	Incl above	Incl above	Not Avail
Arts, Entertainment and Recreation	137,536	134,672	127,771	131,632	105,006	Incl above	Incl above	Incl above	Incl above	Not Avail
All Other Categories	1,154,305	1,026,283	606,282	475,036	648,380	Incl above	Incl above	Incl above	Incl above	5,580,641
Other Sales Tax - Criminal Justice and TBD	3,984,102	2,458,299	872,590	840,695	812,585	783,923	487,043	461,592	\$ 465,957	461,661
Total Paid	\$ 26,893,450	\$ 24,344,658	\$ 22,010,871	\$ 20,064,026	\$ 19,076,450	\$ 18,463,975	\$ 16,988,758	\$ 15,759,957	\$ 15,028,330	\$ 15,337,573

Data Source:

State of Washington, Department of Revenue. Detail by category unavailable until 2014.

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

December 31,	Governmental Activities			Business-type	Total	Less: Amounts	Net	Personal	Percentage	Estimated	Total
	General	Special	Total	Activities							
	Obligation	Assessment		Revenue	Debt	Service Funds		Income ¹	Personal	Population ¹	Per
	Bonds	Bonds		Bonds ⁴					Income ²		Capita ³
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	4.02%	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	3.47%	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	6.57%	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	6.10%	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	5.51%	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	8.74%	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	\$ 1,866,606,756	3.24%	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	\$ 1,966,355,240	2.92%	36,950	\$ 1,506
2018	\$ 22,241,587	\$ -	\$ 22,241,587	\$ 52,235,464	\$ 74,477,051	Bond Insurance	\$ 74,477,051	\$ 2,111,241,758	3.53%	38,260	\$ 1,947

Notes:

¹ Exhibit D-1

² Total Outstanding Debt/Personal Income

³ Total Outstanding Debt/Estimated Population

⁴ 2017 and 2018 include unamortized portion of premium.

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

Calendar Year	General Obligation (GO) Bonds ¹	Percentage of Actual Taxable Value of Property	Estimated Population	Debt Per Capita
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
2018	22,241,587	0.35%	38,260	581

Notes:

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

City of Lynnwood, Washington
Direct and Overlapping Governmental Activities Debt
December 31, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping ² Debt
Overlapping Debt ²			
Debt Repaid With Property Taxes			
Edmonds School District #15	\$ 335,505,000	22.16%	\$ 74,356,395
Public Hospital District #2	2,050,919	23.24%	476,543
Snohomish County	282,411,312	6.15%	17,368,573
Total Overlapping Debt	619,967,231		92,201,511
Other Debt			
Snohomish County	4,089,997	22.16%	906,447
City Direct Debt ³	22,241,587	100%	22,241,587
Total Direct and Overlapping Governmental Debt			\$ 115,349,545

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 Snohomish County Tax Assessor's Annual Report and latest available financial reports of respective governments

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

	December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value ¹	<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>	<u>\$ 6,272,081,312</u>
Legal Debt Margin ²										
Debt limit (2.5% of assessed value)	\$ 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	\$ 156,802,033
Less: debt applicable to limit:										
General obligation debt (City)	(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)	(22,241,587)
Lynnwood Public Fac. Dist. ³	(28,987,220)	(28,599,085)	(28,311,621)	(27,911,542)	(27,213,944)	(26,288,404)	(26,489,700)	(25,962,583)	(24,976,766)	(23,656,949)
Add: available assets	<u>520,738</u>	<u>520,047</u>	<u>837,663</u>	<u>559,756</u>	<u>304,523</u>	<u>165,104</u>	<u>164,110</u>	<u>148,156</u>	<u>149,480</u>	<u>122,476</u>
Legal debt margin	<u>\$ 101,375,124</u>	<u>\$ 80,022,078</u>	<u>\$ 62,634,354</u>	<u>\$ 50,310,584</u>	<u>\$ 48,358,828</u>	<u>\$ 58,161,678</u>	<u>\$ 68,019,710</u>	<u>\$ 79,438,093</u>	<u>\$ 93,356,158</u>	<u>\$ 111,025,973</u>
As a percentage of debt limit	<u>74.85%</u>	<u>61.12%</u>	<u>53.01%</u>	<u>47.83%</u>	<u>47.44%</u>	<u>52.82%</u>	<u>57.02%</u>	<u>61.43%</u>	<u>66.04%</u>	<u>70.81%</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.

³ Because the City is contingently liable for the debt of the Lynnwood Public Facilities District, the debt is subject to the City's Legal Debt Margin.

Data Source:

¹ Snohomish County Tax Assessor's Annual Report

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

	December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value ¹	<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>	<u>\$ 6,272,081,312</u>
Legal Debt Margin ²										
Debt limit (1.5% of assessed value)	\$ 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	\$ 94,081,220
Less: debt applicable to limit:										
General obligation debt (City)	(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)	(22,241,587)
Lynnwood Public Fac. Dist. ³	(28,987,220)	(28,599,085)	(28,311,621)	(27,911,542)	(27,213,944)	(26,288,404)	(26,489,700)	(25,962,583)	(24,976,766)	(23,656,949)
Add: available assets	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156	149,480	122,476
Legal debt margin	<u>\$ 47,196,604</u>	<u>\$ 27,647,413</u>	<u>\$ 15,370,321</u>	<u>\$ 8,236,824</u>	<u>\$ 7,582,272</u>	<u>\$ 14,120,416</u>	<u>\$ 20,307,502</u>	<u>\$ 27,708,655</u>	<u>\$ 36,811,931</u>	<u>\$ 48,305,160</u>
As a percentage of debt limit	<u>58.08%</u>	<u>35.19%</u>	<u>21.68%</u>	<u>13.05%</u>	<u>12.40%</u>	<u>21.37%</u>	<u>28.37%</u>	<u>35.71%</u>	<u>43.40%</u>	<u>51.34%</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.

³ Because the City is contingently liable for the debt of the Lynnwood Public Facilities District, the debt is subject to the City's Legal Debt Margin.

Data Source:

¹ Snohomish County Tax Assessor's Annual Report

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

	December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value ¹	<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>	<u>\$ 6,272,081,312</u>
Legal Debt Margin ²										
Debt limit (1% of assessed value)	\$ 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	\$ 62,720,813
Less: debt applicable to limit:										
General obligation debt (City)	(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)	(22,241,587)
Add: available assets	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156	149,480	122,476
Legal debt margin	<u>\$ 49,094,564</u>	<u>\$ 30,059,166</u>	<u>\$ 20,049,925</u>	<u>\$ 15,111,487</u>	<u>\$ 14,407,937</u>	<u>\$ 18,388,188</u>	<u>\$ 22,941,098</u>	<u>\$ 27,806,519</u>	<u>\$ 33,516,584</u>	<u>\$ 40,601,702</u>
As a percentage of debt limit	<u>90.62%</u>	<u>57.39%</u>	<u>42.42%</u>	<u>35.92%</u>	<u>35.33%</u>	<u>41.75%</u>	<u>48.08%</u>	<u>53.75%</u>	<u>59.27%</u>	<u>64.73%</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 Snohomish County Tax Assessor's Annual Report

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

	December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value ¹	<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>	<u>\$ 6,272,081,312</u>
Legal Debt Margin ²										
Debt limit (2.5% of assessed value)	\$ 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	\$ 156,802,033
Less: debt applicable to limit:										
General obligation debt	-	-	-	-	-	-	-	-	-	-
Add: available assets	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 156,802,033</u>
As a percentage of debt limit	<u>100.00%</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 Snohomish County Tax Assessor's Annual Report

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

	December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value ¹	<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>	<u>\$ 6,272,081,312</u>
Legal Debt Margin ²										
Debt limit (2.5% of assessed value)	\$ 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	\$ 156,802,033
Less: debt applicable to limit:										
General obligation debt	(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)	(22,241,587)
Lynnwood Public Fac. Dist. ³	(28,987,220)	(28,599,085)	(28,311,621)	(27,911,542)	(27,213,944)	(26,288,404)	(26,489,700)	(25,962,583)	(24,976,766)	(23,656,949)
Add: Available assets	520,738	520,047	837,663	559,756	304,523	165,104	164,110	148,156	149,480	122,476
Legal debt margin	<u>\$ 129,320,868</u>	<u>\$ 107,581,069</u>	<u>\$ 89,270,649</u>	<u>\$ 77,102,614</u>	<u>\$ 74,963,726</u>	<u>\$ 84,119,874</u>	<u>\$ 94,181,190</u>	<u>\$ 105,104,364</u>	<u>\$ 118,033,964</u>	<u>\$ 134,437,970</u>
As a percentage of debt limit	<u>95.48%</u>	<u>82.16%</u>	<u>75.55%</u>	<u>73.30%</u>	<u>73.54%</u>	<u>76.40%</u>	<u>78.96%</u>	<u>81.27%</u>	<u>83.50%</u>	<u>85.74%</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.

³ Because the City is contingently liable for the debt of the Lynnwood Public Facilities District, the debt is subject to the City's Legal Debt Margin.

Data Source:

¹ Snohomish County Tax Assessor's Annual Report

City of Lynnwood, Washington
Pledged Revenue Coverage - Water, Sewer and Storm Water Utility Fund
Last Ten Calendar Years

Calendar Year	Operating Revenues	Less Operating Expenses ¹	Net Available Revenues	Principal	Interest	Total	Fixed Charges Coverage Ratio
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
2018	21,623,701	14,966,052	6,657,649	1,170,000 ²	1,238,530	2,408,532	2.76

Notes:

¹ Includes all operating expenses of the City excluding depreciation and interest.

² Excludes \$3,610,000 paid as part of refunding of the 2008 System Utility Improvement and Refunding Bonds

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
2009	35,740	\$ 1,417,341,180 ^a	\$ 39,657 ^a	36.7	7,438	9.5%	9.7%	9.5%
2010	35,836	1,427,849,584 ^a	39,844 ^a	37.0	5,582	9.2%	9.1%	9.4%
2011	35,860	1,501,780,940 ^a	41,879 ^a	37.4	6,264	8.9%	7.8%	9.1%
2012	35,900	1,581,107,800 ^a	44,042 ^a	37.7	7,370	7.2%	6.1%	8.2%
2013	35,960	1,605,290,360 ^a	44,641 ^a	38.0	9,107	5.3%	5.3%	7.5%
2014	36,485	1,710,708,680 ^a	46,888 ^a	36.5	10,799	5.5%	4.7%	6.1%
2015	36,420	1,765,932,960 ^a	48,488 ^a	38.6	9,417	5.0%	5.0%	5.3%
2016	36,590	1,866,606,756 ^a	50,101 ^a	37.0	9,775	4.9%	5.3%	4.9%
2017	36,950	1,966,355,240 ^a	52,405 ^a	37.0	7,290	4.2%	4.8%	4.4%
2018	38,260	2,111,241,758 ^b	55,181 ^b	37.0	7,111	4.0%	4.5%	3.9%

Data Source:

¹ Snohomish County: <https://www.ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>

^{2a} For 2009 through 2017, Snohomish County Personal Income, per Bureau of Economic Analysis, applied to Lynnwood population.

^{2b} For 2018, Statewide Personal Income, per Bureau of Economic Analysis, applied to Lynnwood population.

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

^{3a} For 2009-2017, Snohomish County Per Capita Personal Income applied to Lynnwood population.

^{3b} For 2018 Statewide Personal Income applied to Lynnwood population

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

⁵ Office of Superintendent of Public Instruction, Washington State Enrollment Report, Edmonds School District Schools within City limits only. Excludes private schools and college enrollment.

⁶ Washington State Employment Security: <https://esd.wa.gov/labormarketinfo/labor-force> Data File: LAUS-Historical-NSA-City.xlsx (annual average)

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

⁸ U.S. Department of Labor, Bureau of Labor Statistics, <https://bls.gov/data/#unemployment>

City of Lynnwood, Washington
Principal Employers
 For the Calendar Years Ended December 31, 2018 and 2009

Employer	Product/Service	2018		
		Number of Employees	Rank	Percentage of Total City Employment
Edmonds School District ¹	Public Education	1,894	1	8.15%
Edmonds Community College ²	Public Education	756	2	3.25%
City of Lynnwood ³	Government	350	3	1.51%
Nordstrom	Retail	519	4	2.23%
Macy's West Stores Inc	Retail	322	5	1.39%
Fred Meyer Stores	Retail	307	6	1.32%
Costco	Wholesale Warehouse	283	7	1.22%
Costco Business Center	Wholesale Warehouse	241	8	1.04%
Zumiez Inc	Corporate Headquarters	197	9	0.85%
Target	Retail	182	10	0.78%
Total Principal Employers		5,051		21.73%
Total Other Employers ⁴		18,190		78.27%
Total Employers		23,241		100.00%

Employer	Product/Service	2009		
		Number of Employees	Rank	Percentage of Total City Employment
Nordstrom Inc	Retail	448	1	2.79%
Macy's	Retail	368	2	2.29%
Volunteers of America		350	3	2.18%
The Cobalt Group		286	4	1.78%
J C Penney Corp	Retail	280	5	1.74%
Fred Meyers	Retail	217	6	1.35%
Receivables Performance Mgmt		207	7	1.29%
Target	Retail	185	8	1.15%
DirectTV Home Services		149	9	0.93%
PEMCO Mutual Insurance		149	10	0.93%
Total Principal Employers		2,639		16.44%
Total Other Employers		13,415		83.56%
Total Employers		16,054		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. Approximate # of employees working within the city limits of Lynnwood includes substitutes, hourly employees and coaches, which do not have a designated location other than the district office. Data acquired from Edmonds School District HR.

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 other employers data was acquired from the Business License Department based on number of employees reported at the time 2018 business licenses were issued less the top 10 employers which are listed individually.

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	91.50	117.34	79.67	79.67	84.41	82.06	86.50	94.00	89.23	79.15
Public Safety										
Police										
Officer	85.00	85.00	75.00	75.00	72.00	72.00	72.00	72.00	74.00	74.00
Civilians	15.00	15.00	12.00	12.00	12.00	12.00	14.00	14.00	11.00	15.00
Detention and corrections	16.00	16.00	17.00	17.00	15.00	15.00	15.00	15.00	16.00	20.00
Animal control	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire ¹										
Firefighters, medics and officers	60.00	60.00	53.00	53.00	58.00	57.00	56.00	56.00	-	-
Civilians	3.40	3.40	1.40	1.40	1.50	2.50	2.50	2.50	-	-
Public Works										
Engineering and inspections	20.63	20.63	20.75	20.75	18.00	20.50	21.00	21.00	19.75	23.75
Street maintenance	12.00	12.00	11.00	11.00	9.15	9.15	10.00	10.00	8.80	8.90
Water	10.00	19.00	9.00	9.00	9.00	9.35	9.00	9.00	8.85	8.85
Sewer	19.00	19.00	19.00	19.00	19.00	20.00	19.00	19.00	21.85	21.85
Storm drainage	6.00	6.00	10.00	10.00	10.00	11.00	10.00	10.00	11.75	11.75
Culture and Recreation	56.97	56.97	46.83	46.83	41.98	41.98	38.50	35.00	39.75	40.75
Total	<u>397.50</u>	<u>432.34</u>	<u>355.65</u>	<u>355.65</u>	<u>351.04</u>	<u>353.54</u>	<u>354.50</u>	<u>358.50</u>	<u>301.98</u>	<u>305.00</u>
Percentage Change From Prior Year	4.1%	8.8%	-17.7%	0.0%	-1.3%	0.7%	0.3%	1.1%	-15.8%	1.0%

Data Source:

City budgets

¹ Fire Department Employees were transferred to South Snohomish County Regional Fire & Rescue in 2017 and are 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 Seven Calendar Years ⁴

	December 31,						
	2012	2013	2014	2015	2016	2017	2018
General Government							
Building permits	2,225	2,247	2,423	3,278	2,454	2,512	1,822
Public Safety							
Police							
Inmates booked	4,269	4,065	4,047	4,628	3,764	3,093	2,695
Physical arrests (UCR) ¹							
Adults	2,345	2,226	2,430	2,251	2,815	2,840	2,282
Juveniles	438	431	362	283	221	190	129
Municipal Court							
Traffic Violations	7,834	7,001	6,641	8,030	8,111	5,533	6,572
Parking/PE	26,478	24,700	29,301	34,378	36,820	34,856	34,810
Criminal violations	3,293	2,443	2,320	2,168	2,475	2,379	2,072
DUI/Physical Control	448	304	221	211	261	245	168
Fire ⁵							
Number of calls answered	7,046	6,940	6,963	7,636	9,026	6,932	-
Inspections	3,806	5,171	4,958	5,960	5,081	678	-
Transportation							
Potholes repaired	52	81	28	125	146	141	216
Culture and Recreation							
Total recreation program registrations (net)	27,376	29,022	29,857	28,849	33,424	34,848	36,873
Recreation center usage	248,517	256,129	244,183	263,998	271,019	267,365	260,586
Water							
Average daily consumption (CCF) ²	3,850	3,952	3,960	4,094	4,012	4,103	4,207
Hydrant inspected/repaired/replacement	1,623	1,705	1,106	692	849	1,083	1,162
Sewer							
Average daily sewer treatment (MGD) ³	4.64	4.15	4.52	4.17	4.48	4.61	4.32
Finance							
Number of public disclosure requests	N/A	272	453	562	489	432	435

Notes:

¹ UCR - Uniform Crime Reporting Program

² CCF - Hundreds of cubic feet

³ MGD - Millions of gallons per day

⁴ Information unavailable prior to 2012 so only seven years are presented

⁵ Fire operations were transferred to South Snohomish County Regional Fire & Rescue in 2017

City of Lynnwood, Washington
Capital Asset and Infrastructure Statistics by Function/Program
Last Seven Calendar Years ¹

Function/program	December 31,						
	2012	2013	2014	2015	2016	2017	2018
Public Safety							
Police							
Number of Stations	1	1	1	1	1	1	1
Number of Police Vehicles	81	81	79	85	86	81	86
Fire							
Number of Stations	2	2	2	2	2	-	-
Transportation							
Miles of streets, lane miles	272	272	272	272	272	306	306
Number of signals	55	55	55	55	57	60	60
Number of street lights	356	356	373	370	370	436	420
Culture and recreation							
Number of parks	16	17	17	17	17	17	17
Open space and undeveloped parks	120.94 acres	120.94 acres	120.94 acres	123.96 acres	142.72 acres	142.72 acres	142.72 acres
Miles of trails outside of parks	6.78	6.78	6.78	7.6	7.6	7.6	7.6
Golf courses	1	1	1	1	1	1	1
Recreation center	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1
Water							
Number of consumers	8,053	8,053	8,538	8,558	9,203	9,242	8,935
Miles of water mains	169	-	162	136	135	136	109
Fire hydrants	1,007	1,007	1,043	1,045	1,032	1,089	1,066
Sewer							
Miles of sanitary sewers	96.9	96.9	106.7	106.4	105.4	105.8	105.4
Number of sewer customers	8,514	8,514	8,071	8,083	8,987	9,598	8,121
Maximum monthly treatment plant capacity	7.4 MGD						

¹ Information unavailable prior to 2012 so only seven years are presented

