

City of Edmonds, Washington
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2016



By Deb Sharp

Our mission is to provide a high quality of life for residents and businesses, and a legacy for future generations by preserving and enhancing our historic waterfront community.

Dave Earling, Mayor



The City of Edmonds, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2016

DAVE EARLING, MAYOR

EDMONDS CITY COUNCIL

Kristiana Johnson, Council President

Mike Nelson

Adrienne Fraley-Monillas

Diane Buckshnis

Dave Teitzel

Thomas Mesaros

Neil Tibbot

Prepared By

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2016

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CITY OF EDMONDS

CITY HALL

121 5th AVENUE NORTH • EDMONDS, WA 98020

425.771.0240 • FAX 425.771.0265

August 31, 2017

To the Honorable Mayor Earling,
Members of the Edmonds City Council,
and the Citizens of Edmonds

I am pleased to provide the Comprehensive Annual Financial Report of the City of Edmonds for the fiscal year ended December 31, 2016. This report is published annually as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the Washington State Auditor's Office.

As management for the City, we are responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all related disclosures. The City operates under a system of accounting internal controls that are concerned with the safeguarding of assets and the reliability of financial records. The definition of accounting control assumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the Office of the State Auditor. State law provides for an annual independent audit to be conducted by the Office of the State Auditor. This report includes the auditor's opinion with respect to the city's financial statements.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Edmonds' MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

The City of Edmonds, incorporated in 1890, is located within Snohomish County and is 15 miles north of Seattle. Edmonds is the twenty-sixth largest city in the State, currently occupies a land area of 9 square miles and serves a population of 40,900. A picturesque waterfront community, Edmonds offers an appealing small town quality of life, complemented by many amenities including specialty shops, a variety of restaurants, an active arts community, and an array of outdoor activities.

The City of Edmonds is a non-charter code city operating under a strong mayor-council form of government. Policy making and legislative authority are vested with a seven member city council

elected to staggered four-year terms and elected at-large, rather than by district. The City Council is responsible for establishing policy objectives and for providing the resources necessary to carry out those policies. As the City's chief administrator, the Mayor is responsible for carrying out Council policy directives and for the oversight of day-to-day operations of the City.

The City of Edmonds provides a full range of services, including police; planning and zoning; water, sewer, storm water and wastewater treatment services; construction and maintenance of streets and other infrastructure; and recreational activities and cultural events.

This report includes all funds, agencies, and boards and commissions that are controlled by, or dependent on, the City's executive and legislative departments. Included as part of the reporting entity are the Edmonds Public Facilities District, the Snohomish County Emergency Radio System (SERS), and the Southwest Snohomish County Public Safety Communications Agency (SNOCOM). Additional information on these entities can be found in the Notes to the Financial Statements.

The City prepares annual budgets in accordance with the Revised Code of Washington (RCW) 35A.33. Annual budgets must be adopted by the City Council prior to the first of each year. Department heads may make transfers of appropriations within their department. The Mayor may make transfers of appropriations between departments within any one fund. Increases to appropriations at the Fund level require City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted.

The City of Edmonds directly provides the following services to residents:

- Police protection
- Planning and zoning
- Recreation programs
- Construction and code enforcement
- Engineering services
- Water distribution
- Wastewater collection and treatment
- Storm water collection and treatment
- Street maintenance
- Park maintenance

LOCAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is viewed in the broader perspective of the environment within which the City operates. This section will review major factors that impact Edmonds' fiscal condition.

Edmonds has over 5,600 city-licensed businesses. Finance, insurance, real estate and other service industries comprise over half of all licensed businesses, followed by the retail industry. Major local employers include Swedish Edmonds Hospital, the City of Edmonds, the Edmonds School District and also specialty private sector companies such as "Rick Steves' Europe through the Back Door."

Financial indicators continue to show improvement. Total assessed valuation for property grew in 2016 over the 2015 valuation, Sales and Use Tax revenues have seen continued growth, and Property Tax revenues also continue to increase. More good news is that the regional economy

continues to shows signs of a healthy recovery. Unemployment in both Snohomish County and Washington State continue to show improvements.

ECONOMIC OUTLOOK

Edmonds is in a continuous process of both short-term and long-term financial planning. Short-term financial planning is inherent in the development of the City's annual budget. Concurrent with the annual budget is the City's long-term capital needs and potential funding is assessed with the development of the six-year capital facility plan. The capital facility plan is a component of the Comprehensive Master Plan, which outlines how the City should look and function in twenty years and creates a vision that can be realistically implemented. An integral part of this vision is determining how to allocate the City's financial resources to achieve the desired goals.

Although revenue growth is predicted to continue at a moderate pace, there remains the challenge to control costs and plan for rising health care costs. As Edmonds moves forward, economic conditions will be continually monitored and if necessary, adjustments to City spending and services will be made to maintain the City's financial health.

Long-term plans will focus on ensuring that the City continues to be an economically strong and viable City. Toward that end, the City adopted a contingency reserve policy in 2012, which established additional reserves to help mitigate future economic fluctuations in the City's largest revenue sources. The City continues to conduct a strategic planning process with significant public outreach and involvement. One of the outcomes of the strategic planning process will be resource allocation input for City Council in areas that are important to the community.

OTHER RELEVANT INFORMATION

A. INDEPENDENT AUDIT

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by an independently elected State official, the State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2016 financial audit of the City is complete and was conducted in conformance with Generally Accepted Auditing Standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2016; please see the Auditor's Report beginning on Page 1 of this CAFR. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept; there were no instances of questioned costs as part of the City's single audit for 2016.

B. AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Edmonds for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our 2016 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement

Program's excellence requirements and we are submitting it to the GFOA for review and determination of eligibility.

Finally, the preparation on a timely basis of the City of Edmonds' Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to Dave Turley, Debra Sharp and Sarah Mager. Staff would like to express our gratitude to the Mayor and Council for their continued interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Sincerely,



Scott James, CPA
Finance Director

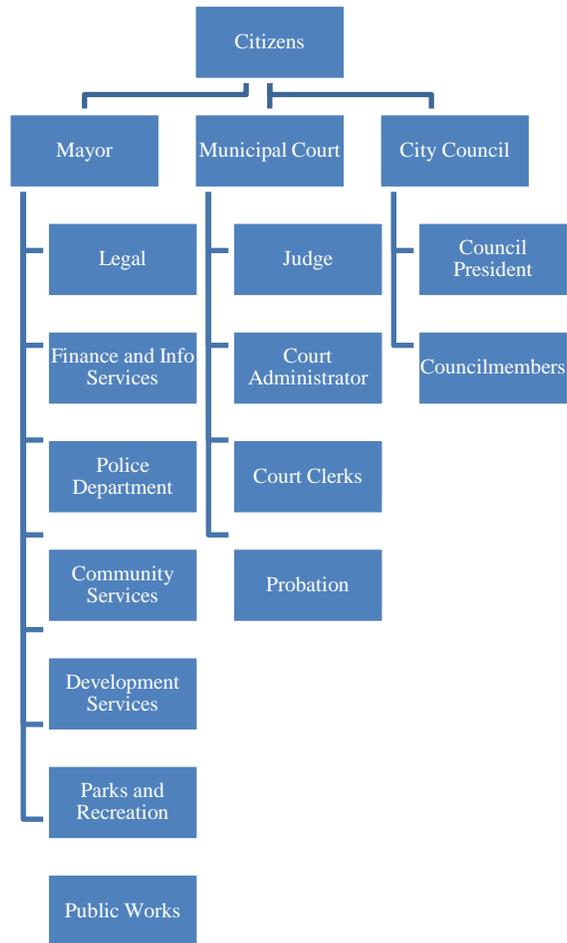
PUBLIC OFFICIALS**ELECTED OFFICIALS**

Mayor:	Dave Earling
Council:	Diane Buckshnis
	Kristiana Johnson
	Mike Nelson
	Adrienne Fraley-Monillas
	Dave Teitzel
	Thomas Mesaros
	Neil Tibbott

APPOINTED OFFICIALS

Finance Director:	Scott James, CPA
Community Services Director:	Patrick Doherty
Development Services Director:	Shane Hope
Economic Development Director:	Patrick Doherty
Human Resources Director:	Mary Ann Hardie
Parks & Recreation Director:	Carrie Hite
Municipal Court Judge:	Linda Coburn
Police Chief:	Al Compaan
Public Works Director:	Phil Williams

City of Edmonds Organization Chart





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Edmonds
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



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Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 31, 2017

Mayor and City Council
City of Edmonds
Edmonds, 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 Edmonds, Snohomish County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Edmonds, Snohomish County, Washington, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 1 to the financial statements, the Transportation Benefit District, previously reported as a blended component unity, was dissolved and the rights, powers, functions and obligations of the District were assumed by the City of Edmonds effective December 2, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 and pension plan information and information on postemployment benefits other than pensions on pages 87 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 97 through 148 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated August 31, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy

State Auditor

Olympia, WA



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Edmonds (City) presents this Management's Discussion and Analysis of its financial activities for the fiscal year ended December 31, 2016. The City's discussion and analysis is designed to:

- Assist the reader in focusing on significant financial issues
- Provide an overview of the City's financial activity
- Identify changes in the City's financial position (its ability to meet future years' challenges)
- Identify any material deviations from the approved budget
- Identify individual fund issues or concerns

Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts. Therefore, it should be read in conjunction with the Transmittal Letter and the City's financial statements.

Financial Highlights

- At December 31, 2016 the City's net position, the amount by which total assets exceeded total liabilities, totaled \$165.9 million. Of this amount, \$115 million is invested in capital assets, such as land, buildings, and infrastructure net of related debt, \$10 million is restricted for debt service, construction, and various other purposes and the remaining Net Position of \$40.8 million is unrestricted.
- The City's total net position improved by \$9.6 million in 2016. Governmental activities increased by \$7.5 million and business-type activities increased by \$2.1 million.
- Governmental funds reported a combined ending fund balance of \$25.5 million; a \$2.0 million improvement over the prior year. Of this amount, \$16.8 million is unassigned and available to fund ongoing activities. The 2016 unassigned fund balance increased \$1.0 million over 2015 and equals 44.3% of 2016 general fund expenditures.
- Total capital assets increased by \$7.9 million in 2016.
- Total debt decreased by a net of \$5.9 million during the current fiscal year. Outstanding bonded debt, loans, and long term contracts at year-end totaled \$56.4 million.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Edmonds as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Edmonds basic financial statements. The basic financial statements are comprised of three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

In addition to the required components, the City's annual report also includes other supplementary information. The first set of supplementary information is the Combining Statements. These provide Balance Sheets, Statement of Revenues, Expenditures, and Changes in Fund Balances with Budget to Actual Comparisons, Statement of Net Position, and Cash Flows for all Non-Major Proprietary Funds. The other set of supplementary information is the Statistical Section. This section provides multi-year views of the City's revenues, expenditures, debt obligations and capacity, the City's largest taxpayers, and those entities with the largest employment within the City of Edmonds. This section provides a long-term perspective on the City's economy.

Government-wide Financial Statements

The **government-wide financial statements** are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the City.

The focus of the **Statement of Net Position** is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

The **Statement of Activities** is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed.

Governmental activities of the City include general government (executive, finance, legal, human resources, court), public safety, utilities and environment, transportation, economic environment, mental and physical health, and culture and recreation. The City's business-type activities include water, sewer, and storm utilities. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are self-supporting through user fees and charges.

The City also includes as a discretely presented component unit the Edmonds Public Facilities District (EPFD), a performing arts center in Edmonds, and the EPFD's blended component unit, the Edmonds Center for the Arts (ECA), a non-profit established to collect donations and manage the operations for the EPFD. Although legally separate, the EPFD is important because the City provides financial support and oversight responsibilities connected to the activities of the board.

Fund Financial Statements

The fund financial statements will look familiar to the traditional users of governmental financial statements. However, the focus now is on major funds rather than fund types. Individual funds are used to maintain control over resources that are segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories of City funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in the governmental funds. These statements, however, focus on cash and other assets that can readily be converted to available resources, as well as any balances remaining at year-end. Such information is useful in determining what financial resources are available in the near future to finance the City's programs.

Readers may better understand the long-term impact of the government's near-term financing decisions by

comparing the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. The Governmental Funds' Balance Sheet and the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison.

Information for the major governmental funds is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund's Statement of Revenues, Expenditures, and Changes in Fund Balances; information for the nonmajor funds is presented in the aggregate.

The City's main operating fund is the General Fund. However, the City maintains many accounts and six subfunds within the General Fund. The City's other major governmental fund is the Street Construction Fund. The remaining governmental funds are combined into a single column labeled nonmajor governmental funds. Individual fund data for each of the nonmajor governmental funds can be found in combining statements later in this report.

The City maintains control over its operating funds through the adoption of an annual budget. Budgets are adopted at the fund level and according to state law. A budgetary comparison is presented for the General Fund and for the Street Construction Fund as basic financial statements.

The basic governmental fund financial statements can be found after the government-wide statements of this report.

Proprietary funds account for services for which the City charges outside customers and internal City departments. Proprietary funds provide the same information as shown in the government-wide financial statements, only in more detail, since both use the accrual basis of accounting. Proprietary funds report the same functions presented as business-type activities in the government-wide financial statements.

The City has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens. Internal service funds are used to account for goods and services provided internally to various City departments.

The enterprise fund statements provide information for the City's water, sewer, and storm water utilities. The City uses an internal service fund to account for its fleet of vehicles. Because these internal services largely benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found following the governmental fund statements of this report.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support City programs. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position as part of the basic financial statements.

The basic fiduciary fund financial statements can be found following the proprietary fund statements of this report.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements. They provide additional disclosures essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning a schedule of funding progress for the Firemen's Pension

Trust Fund and other post-employment benefits. Additional pension benefit information is found in note 11.
Government-wide Financial Analysis

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's improving financial condition. The following two tables address the financial results of the City as a whole. The first table is a condensed version of the 2016 government-wide statement of net position with a comparison to 2015:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 34,443,306	\$ 33,934,953	\$ 28,812,761	\$ 25,015,613	\$ 63,256,067	\$ 58,950,566
Capital assets(net)	81,299,666	78,639,860	97,161,643	100,476,035	178,461,309	179,115,895
Total assets	<u>115,742,972</u>	<u>112,574,813</u>	<u>125,974,404</u>	<u>125,491,648</u>	<u>241,717,376</u>	<u>238,066,461</u>
Deferred outflows of resources						
Debt refunding	12,350	-	163,247	149,864	175,597	149,864
Pensions	2,302,336	1,262,716	623,365	344,155	2,925,701	1,606,871
Total assets and deferred outflows	<u>118,057,658</u>	<u>113,837,529</u>	<u>126,761,016</u>	<u>125,985,667</u>	<u>244,818,674</u>	<u>239,823,196</u>
Current and other liabilities	1,966,396	2,647,860	2,609,587	2,423,335	4,575,983	5,071,195
Long-term liabilities	21,571,276	22,584,309	52,382,494	53,527,329	73,953,770	76,111,638
Total liabilities	<u>23,537,672</u>	<u>25,232,169</u>	<u>54,992,081</u>	<u>55,950,664</u>	<u>78,529,753</u>	<u>81,182,833</u>
Deferred inflows of resources						
Debt refunding	141,114	150,522	54,732	63,854	195,846	214,376
Pensions	112,999	1,746,212	58,634	389,991	171,633	2,136,203
Total Liabilities and deferred inflows of resources	<u>23,791,785</u>	<u>27,128,903</u>	<u>55,105,447</u>	<u>56,404,509</u>	<u>78,897,232</u>	<u>83,533,412</u>
NET POSITION						
Net investment in capital assets	69,470,320	63,194,059	45,570,663	48,262,943	115,040,983	111,457,002
Restricted	7,064,140	6,157,408	2,986,888	2,984,388	10,051,028	9,141,796
Unrestricted	17,731,412	17,357,161	23,098,017	18,333,825	40,829,429	35,690,986
Total net position	<u>\$ 94,265,872</u>	<u>\$ 86,708,628</u>	<u>\$ 71,655,568</u>	<u>\$ 69,581,156</u>	<u>\$ 165,921,440</u>	<u>\$ 156,289,784</u>

Analysis of Net Position

Total net position (assets and deferred outflows, minus liabilities and deferred inflows) of the primary government was \$165.9 million at December 31, 2016 and improvement of \$9.6 million or 6.2% compared to December 31, 2015. Governmental activities increased net position by \$7.5 million and business-type activities decreased net position by \$2.1 million.

The largest component of the City's net position, \$115 million, or 69.3%, is its investment in capital assets. These capital assets, such as streets, parks, trails, and vehicles and equipment related to police and public works, are used to provide services to the citizens. As a result, these assets are not for sale, and are therefore not available to fund current and future City obligations.

Approximately \$10.1 million of the primary government's total net position are restricted for debt service payments, transportation improvements, and other purposes and unrestricted net position totals \$40.8 million. The business-type unrestricted assets of \$23.1 million may only be spent on utility activities. Other functions of the City may access the governmental unrestricted assets of \$17.7 million to meet ongoing obligations to citizens and creditors. There are no restrictions, commitments, or other limitations that significantly affect the availability of these resources for future use.

Unrestricted net position of the City's business-type activities totals \$23.1 million, representing the portion of unrestricted net position that may only be spent on activities related to one of the City's utilities (water, sewer, and storm water). Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, water meter reading, and the wastewater treatment plant.

Restricted governmental fund net position is \$7.1 million and is restricted for purposes such as debt service, public safety, transportation, culture and recreation, and other purposes.

The remaining \$17.7 million of governmental fund unrestricted net position may be used for functions such as general government employee salaries and supplies, park and road maintenance, and police services.

Changes in Net Position

The change in net position represents the increase or decrease in City net position resulting from its various activities.

Following is a condensed version of the City's changes in net position. This table shows the revenues, expenses and related changes in net position for both governmental-type and business-type activities:

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	\$ 9,862,952	\$ 9,442,468	\$20,863,573	\$19,094,173	\$ 30,726,525	\$ 28,536,641
Operating grants and contributions	382,596	267,915	51,300	58,129	433,896	326,044
Capital grants and contributions	5,937,285	6,824,847	2,513,764	1,862,860	8,451,049	8,687,707
General revenues:						
Property taxes	14,657,369	14,289,877	-	-	14,657,369	14,289,877
Sales taxes	7,814,209	7,567,383	-	-	7,814,209	7,567,383
Interfund utility taxes	2,191,481	2,031,530	-	-	2,191,481	2,031,530
Utility taxes	4,572,918	4,617,634	-	-	4,572,918	4,617,634
Excise taxes	5,163,781	5,250,216	-	-	5,163,781	5,250,216
Interest and investment earnings	(582)	174,738	131,933	135,586	131,351	310,324
Miscellaneous	479,823	536,434	20	-	479,843	536,434
Gain on sales of capital assets	135,591	96,487	-	6,994	135,591	103,481
Total revenues	<u>51,197,423</u>	<u>51,099,530</u>	<u>23,560,590</u>	<u>21,157,742</u>	<u>74,758,013</u>	<u>72,257,272</u>
EXPENSES						
Governmental activities:						
General government	\$10,617,051	\$9,836,339	-	-	10,617,051	9,836,339
Public safety	20,590,459	19,454,123	-	-	20,590,459	19,454,123
Utilities and environment	161,755	158,773	-	-	161,755	158,773
Transportation	6,115,715	6,314,909	-	-	6,115,715	6,314,909
Economic environment	1,421,122	1,424,538	-	-	1,421,122	1,424,538
Mental and physical health	70,814	69,762	-	-	70,814	69,762
Culture and recreation	4,527,224	4,800,710	-	-	4,527,224	4,800,710
Interest on long-term debt	146,942	190,898	-	-	146,942	190,898
Business-Type activities:						
Sewer Fund	-	-	10,672,276	9,503,685	10,672,276	9,503,685
Storm fund	-	-	3,393,990	3,677,867	3,393,990	3,677,867
Water Fund	-	-	7,409,006	6,872,035	7,409,006	6,872,035
Total expenses	<u>43,651,082</u>	<u>42,250,053</u>	<u>21,475,272</u>	<u>20,053,587</u>	<u>65,126,354</u>	<u>62,303,640</u>
Excess of Revenues over Expenses						
before Transfers	7,546,341	8,849,477	2,085,318	1,104,155	9,631,659	9,953,632
Transfers	<u>10,907</u>	<u>7,901</u>	<u>(10,907)</u>	<u>(7,901)</u>	-	-
Change in net position	7,557,248	8,857,378	2,074,411	1,096,254	9,631,659	9,953,632
Net position - beginning	86,708,625	83,175,112	69,581,157	71,147,212	156,289,782	154,322,324
Change in accounting principle	-	(5,323,862)	-	(2,662,310)	-	(7,986,172)
Net position - end of period	<u>\$94,265,873</u>	<u>\$86,708,628</u>	<u>\$71,655,568</u>	<u>\$69,581,156</u>	<u>\$165,921,441</u>	<u>\$156,289,784</u>

Analysis of the Changes in Net Position

Total government-wide revenues of the primary government increased \$2.5 million or 3.5% and total expenses increased \$2.8 million or 4.5% for the prior year. These changes are discussed in more detail below.

Governmental Activities:

Net position for Governmental activities increased \$7.6 million, while the total change in net position of

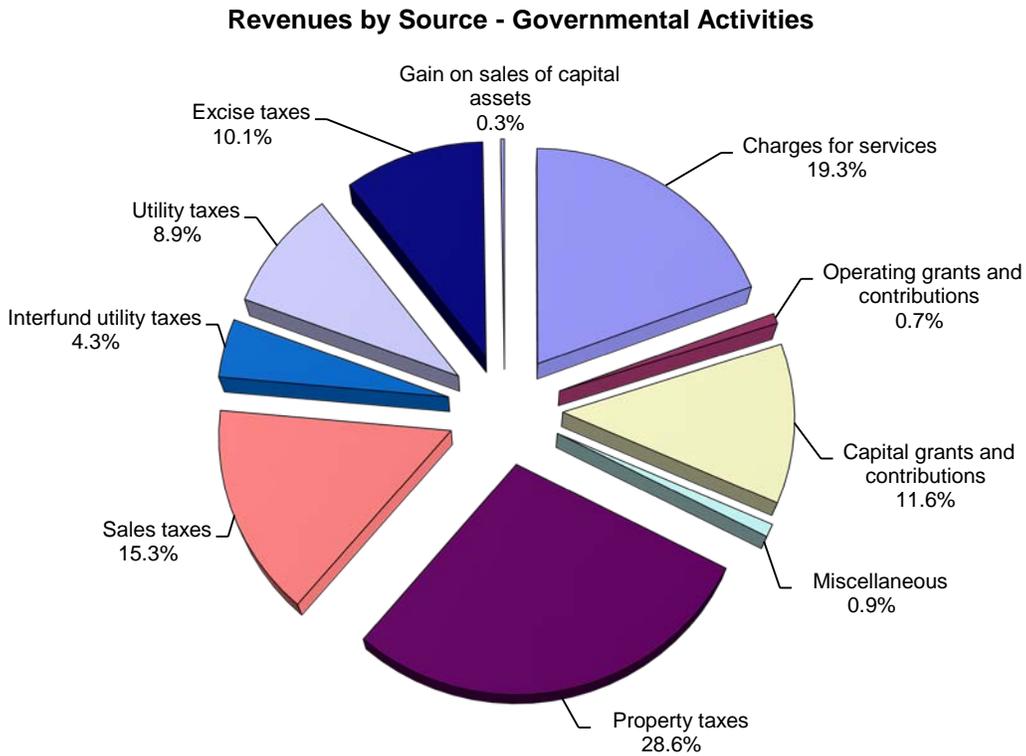
the primary government increased \$9.6 million. These increases are due to the strong local economy and management's continued diligence to manage expenses.

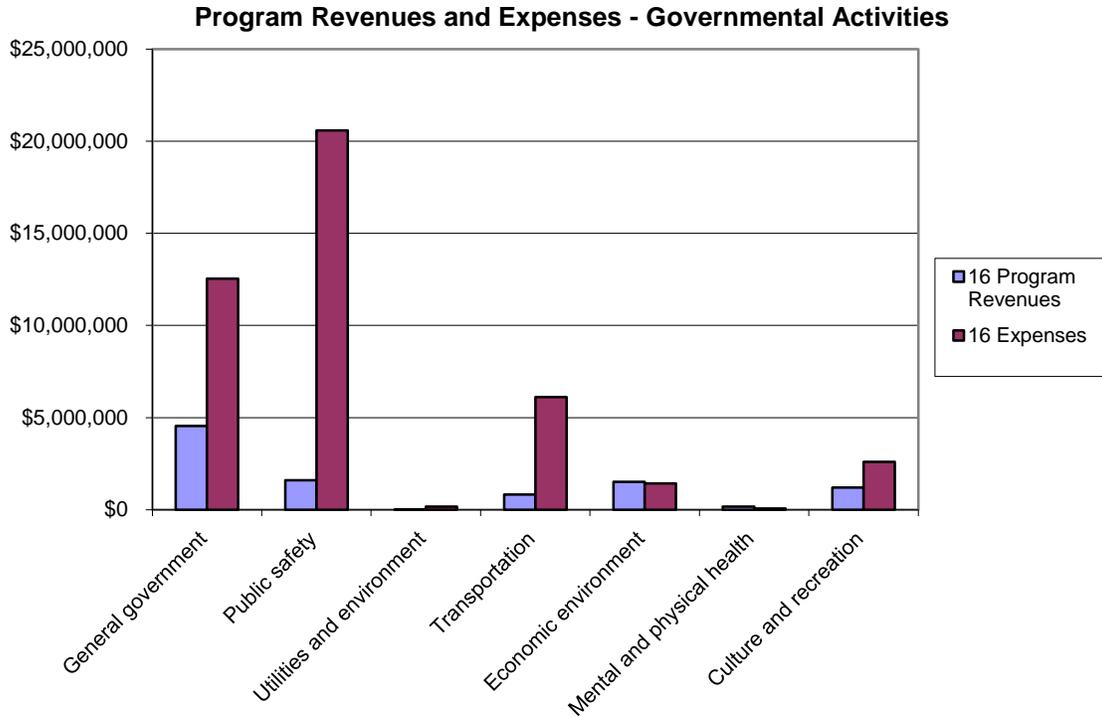
Total expenses for governmental activities increased \$1.4 million or 3.3%. The increase is mainly due to increased spending on public safety initiatives in the City. A large portion of the increased spending was offset by increases in tax revenues and development related revenues. Governmental activity revenues increased by \$98,000, or 0.2% over 2015:

- Charges for services increased \$420,484, or 4.5%. This change is due mainly to an increase in development related revenues,
- Property tax revenue increased \$367,492, or 2.6% over 2015,
- Sales tax collections increased by \$246,826, or 3.3%,
- Excise taxes decreased by \$86,435 or -1.6%.

The next chart summarizes the government activity revenue by source, while the second one reflects the specific programs' revenues and related expenses for the various activities of the City. Gaps between specific programs' revenues and their related expenditures are funded through general tax revenues.

Revenues by Source - Governmental Activities



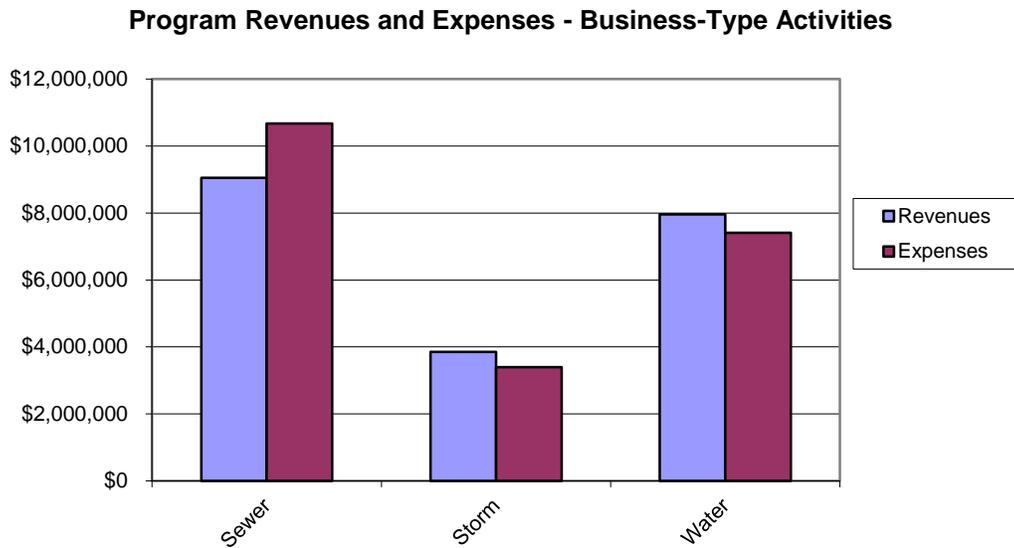


Business-type activities net position increased by \$2,074,412. Key components of this increase include:

- Business-type activities revenues increased by \$2,402,848, or 11.4%, over 2015.

The majority of net position in the City’s enterprise funds relate to capital asset infrastructure, such as water and sewer mains, storm water infrastructure, and the wastewater treatment plant. As such, most of the net position is not available to support the ongoing expenses of the funds.

The following chart depicts major sources of revenue for business-type activities:



Financial Analysis of Governments Funds

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

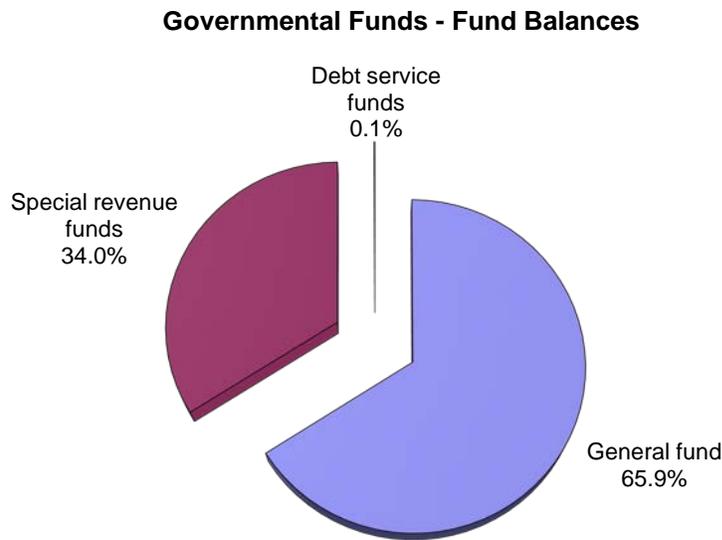
Governmental funds

The purpose of the City's governmental funds is to report on near-term revenues/financial resources and expenditures. This information helps determine the City's financial requirements in the near future. Specifically, fund balance is a good indicator of the City's financial resources.

As of December 31, 2016, the City's governmental funds had combined fund balances of \$25,503,622 an increase of \$2.0 million or 8.4%. Approximately 65.9% or \$16.8 million of this amount constitutes unassigned General Fund balance, which is available for spending at the City Council's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed for debt service payments, public safety, transportation, recreation and other purposes.

The General Fund is the primary operating fund of the City. Total fund balance increased \$1,124,373 or 7.2% over 2015. The increase in fund balance is mainly due to an increase in development related revenues and increases in property and sales tax receipts.

The following chart shows the relative fund balances for governmental funds:



Proprietary funds

The City of Edmonds proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the combined utility funds at the end of the year amounted to \$23.1 million, a \$4.8 million increase over 2015. The total change in net position for the three funds was a \$2.1 million increase.

General Fund Budgetary Highlights

The budget is developed to study and review the City's financial direction. It outlines how financial resources will be managed during the upcoming fiscal year; the course can be changed through the allocation of resources. Major groups that participate in the budget process are the Mayor, City Council, Department directors, managers, and interested Edmonds citizens.

The 2016 expenditure budget was amended to include an additional \$2,850,491 in appropriations. The largest portions of this increase was a bond refunding and for facility upgrades.

A comparison of the actual performance of the general fund on a budgetary basis to the final budget indicates that the total revenues were more than budgeted total revenues by \$445,286. This was primarily due to increases in sales tax revenues and charges for development related services.

Expenditures were approximately \$2,510,889 below budget, the savings were due to deferring an \$802,000 payment for fire services, realizing personnel expense savings of \$525,000, professional services of \$854,000, one project was not completed in 2016, saving \$181,500 and the remaining \$149,000 was due to various other expense line items.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2016 totaled \$162.2 million (net of accumulated depreciation), an increase of \$7.9 million from 2015. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, and other infrastructure.

Major capital asset changes during the year include:

- In Governmental Activities, Construction in Progress increased during the year, resulting in an increase in capital assets of \$1.2 million. The majority is due to projects related to street construction.
- In Business-type Activities, Improvement other than buildings increased during the year, resulting in an increase in capital assets of \$6.1 million. The majority is due to projects related to water line and sewer line replacements.

A summary of the City's capital assets, net of accumulated depreciation, follows:

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/16	As of 12/31/15	As of 12/31/16	As of 12/31/15	As of 12/31/16	As of 12/31/15
Land	\$ 17,586,510	\$ 15,455,574	\$ 1,257,106	\$ 1,257,106	\$ 18,843,616	\$ 16,712,680
Building	9,307,837	9,686,923	18,243,055	19,306,270	27,550,892	28,993,193
Improvements other than buildings	16,060,967	14,402,423	61,061,887	54,914,400	77,122,854	69,316,823
Infrastructure	18,027,898	19,315,907			18,027,898	19,315,907
Machinery and Equipment	3,058,893	2,393,937	457,308	390,335	3,516,202	2,784,272
Intangible Assets	0	-	132,278	184,178	132,278	184,178
Construction in Progress	9,705,249	8,466,376	7,313,996	8,492,543	17,019,246	16,958,919
Total	\$ 73,747,354	\$ 69,721,140.00	\$ 88,465,631	\$ 84,544,832	\$ 162,212,985	\$ 154,265,972

More detailed information on capital assets is provided in Note 9.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$50,100,000. Of this amount, \$6,425,000 is general obligation bonds for governmental activities, and \$43,675,000 is revenue bonds for business-type activities for the City-operated utilities. The City currently maintains a rating of Aa3 with Moody's for its revenue bonds, Aa2 for voter-approved general obligation bonds, and Aa2 for councilmanic general obligation bonds.

Due to the implementation of Governmental Accounting Standards Board Statement No 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, the City recorded a \$1.2 million liability for the extension of a financial guarantee of the 2008 bond issuance by the City's Component Unit. See Note 18 for additional detail.

The following schedule summarizes the City's long-term debt:

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/16	As of 12/31/15	As of 12/31/16	As of 12/31/15	As of 12/31/16	As of 12/31/15
General Obligation Debt	\$ 6,271,473	\$ 7,701,438	\$ 153,527	\$ 2,663,562	\$ 6,425,000	\$ 10,365,000
Revenue Bonds	-	-	43,675,000	44,885,000	43,675,000	44,885,000
Capital Contracts	119,694	490,593	-	-	119,694	490,593
Loans	1,445,614	2,414,528	4,437,598	2,337,986	5,883,212	4,752,514
Total	\$ 7,836,781	\$ 10,606,559	\$ 48,266,125	\$ 49,886,548	\$ 56,102,906	\$ 60,493,107

Economic Factors

As economic conditions continued to improve during 2016, sales tax collections increased 3.3%, and property taxes revenues increased 2.6% while utility tax revenue collections decreased 1.0%. The strong local economy has required the City to address the increasing service demands and hire additional staff to help meet citizen demands.

Economic Overview

The United States economy continued to grow in 2016. The national unemployment rates improved from 5.0% at the end of 2015 to 4.7% at the end of 2016, Washington State's unemployment rates decreased to 5.1% at the end of 2016 from 5.8% at the end of 2015, while the Puget Sound unemployment rates decreased from 4.3% at the end of 2015 to 3.6% at the end of 2016.

During 2016, we saw oil and gas prices climb in price and then stabilize, compared to the volatility in 2015, where a number of factors such as increased supply and decreased turmoil in some key oil producing regions. This trend bottomed out in mid-2016 and we are now seeing slight increases in fuel costs, noted in the chart below.



Like the rest of the nation, the Washington State economy continues to gain strength after the severest downturn in the past several decades. The Puget Sound region economy also is doing well, with solid employment numbers and a strong housing industry.

The economy of the City of Edmonds is primarily based on retail, service activity, health care and waterfront activity and has benefited from the stronger employment trends. Edmonds is located along the shore of Puget Sound about 15 miles north of the City of Seattle and south of Everett. Edmonds is primarily an upper-middle income residential community, with extensive waterfront and water view residential property.

Business Districts. The City's business districts include the Downtown/Waterfront, Highway 99, Westgate, Five Corners, Firdale Village, and Perrinville.

Downtown shops and galleries highlight the contemporary, offering everything from best-seller books, fine art, gifts, travel supplies, gourmet food, and garden supplies, to the latest in clothing styles, shoes, jewelry, and unique housewares. Restaurants, cafés, and bistros offer dining experiences near the center of town and beachfront eateries feature scenic views of Puget Sound, the Olympic Mountains, and magnificent sunsets. One-of-a-kind coffee shops, wine bars and cuisine from around the world offer many choices - from a quick break to relaxed dining. The Harbor Square shopping area offers 60 businesses, including an athletic club and a hotel.

More shopping and dining can be found along Highway 99 and in the neighborhood commercial districts of Westgate, Five Corners, Firdale Village and Perrinville.

Healthcare. Swedish Edmonds Hospital (formerly known as Stevens Hospital) which originally opened in 1964 is a full service facility licensed for 217 beds, staffed by over 450 physicians and specialists, and employs over 1,400 other staff including clinical and non-clinical personnel. The hospital is able to offer a full scope of medical and surgical services, including Level IV Trauma emergency medicine, as well as diagnostic, treatment and support services. Prior to joining Swedish, the Edmonds hospital was governed by Public Hospital District No. 2 of Snohomish County, also known as the Verdant Health Commission. The District's Board of Commissioners no longer oversees the day-to-day operations at Swedish Edmonds, but is still involved in some of the major decisions. In April of 2016, Swedish opened the Swedish Cancer Institute Facility on the Edmonds Campus, and made an investment in a Robotic Assisted da Vinci® Surgical System.

Transportation. The Edmonds/Kingston ferry connects South Snohomish County and North King County with the Kitsap Peninsula and, via the Hood Canal Bridge, the Olympic Peninsula. A Burlington Northern Railroad line runs adjacent to the Edmonds shoreline and is used for Sound Transit Commuter and Amtrak passenger rail service, and for moving freight. Community Transit provides local and commuter bus service.

Waterfront. The Edmonds waterfront area includes four public beaches, a public fishing pier, an off-leash dog area, and the oldest underwater park on the West Coast and Port. The 950-foot long fishing pier, located just south of the ferry terminal, includes benches, lighting, and bait and cleaning areas, and is open year-round, 24 hours a day. Edmonds Underwater Park, the oldest of its kind on the West Coast, is located just north of the ferry terminal. The 32-acre park was dedicated as a marine preserve in 1971, and provides divers with a number of underwater structures and a wide variety of fish and plant life to explore.

The Port of Edmonds operates a marina with 662 wet moorage slips and 232 spaces for dry boat storage. The marina provides guest moorage, public launching and parking facilities, a 35-ton travelift, a pressure washing facility, and a workyard. The port's charter fishing fleet attracts more than 10,000 customers annually.

Parks and Art. Residents and visitors can walk along an award winning waterfront walkway, access four public beaches, swim at outdoor Yost Pool, use an the Off Leash Area for their dogs, attend summer concerts at downtown City Park, take a picnic and enjoy views from public parks and beaches, take self-guided walking tours of public art, view murals in the downtown area, attend an annual Arts Festival and Third Thursday Artwalks, and attend performing art events at Edmonds Center for the Arts, and live theatre at Wade James and Phoenix Theaters.

Requests for Information

The City's financial statements are designed to provide users with a general overview of the City's finances as well as to demonstrate the City's accountability to its citizens, investors, creditors, and other customers. If you have a question about this report, please contact the Finance Director, 121 Fifth Avenue North, Edmonds, Washington, WA 98020, (425) 771-0240.



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City presents two government-wide financial statements:

The Statement of Net Position provides information on difference between assets and deferred outflows and liabilities and deferred inflows.

The Statement of Activities is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues.



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City of Edmonds
Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental	Business-type	Total	Edmonds Public Facilities District
	Activities	Activities		
ASSETS				
Current assets:				
Cash & equity in pooled investments	\$ 8,745,025	\$ 18,706,591	\$ 27,451,616	\$ 195,069
Deposits with trustees	18,417	-	18,417	-
Investments	20,441,892	6,218,176	26,660,068	-
Taxes	387,297	-	387,297	-
Customer accounts	735,033	2,896,256	3,631,289	48,827
Court receivable	454,060	-	454,060	-
Other receivable	-	-	-	31,887
Interest on investments	173,566	22,510	196,076	-
Due from other governments	3,143,392	860,534	4,003,926	50,338
Due from component unit	305,000	-	305,000	-
Inventory of materials & supplies	39,624	108,694	148,318	3,523
Prepayments	-	-	-	69,472
Total current assets	34,443,306	28,812,761	63,256,067	399,116
Noncurrent assets:				
Restricted cash and cash equivalents	-	8,696,012	8,696,012	97,647
Special assessments - non-current	34,115	-	34,115	-
Due from component unit - long-term	4,813,381	-	4,813,381	-
Net pension asset	1,639,345	-	1,639,345	-
Investment in joint venture	1,065,472	-	1,065,472	-
Depreciable capital assets (net)	46,455,595	79,894,529	126,350,124	8,507,097
Nondepreciable capital assets	27,291,758	8,571,102	35,862,860	3,444,885
Total noncurrent assets	81,299,666	97,161,643	178,461,309	12,049,629
Total assets	115,742,972	125,974,404	241,717,376	12,448,745
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources -2007 Refunding	12,350	34,800	47,150	-
Deferred outflows of resources -2011 Refunding	-	128,150	128,150	-
Deferred outflows of resources -2012 Refunding	-	297	297	-
Deferred outflows of resources - Pension	2,302,336	623,365	2,925,701	-
Deferred outflows of resources - PFD	-	-	-	144,004
Total deferred outflows of resources	2,314,686	786,612	3,101,298	144,004
Total assets and deferred outflows of resources	118,057,658	126,761,016	244,818,674	12,592,749
LIABILITIES				
Current liabilities:				
Accounts payable	1,053,552	1,149,325	2,202,877	180,803
Accrued wages	932,512	210,667	1,143,179	51,655
Internal balances	(206,500)	206,500	-	-
Due to other governmental units	-	487,199	487,199	-
Other current liabilities	173,020	398,093	571,113	-
Accrued bond interest payable	13,811	146,555	160,366	16,984
Deposits payable	-	11,248	11,248	32,940
Unearned Revenue	-	-	-	347,987
Total current liabilities	1,966,395	2,609,587	4,575,982	630,369
Noncurrent liabilities:				
Net pension obligation	8,914,228	3,110,095	12,024,323	637,398
Net other post employment obligation	1,388,057	-	1,388,057	-
Due within one year	2,867,722	2,103,658	4,971,380	547,386
Due in more than one year	8,401,269	47,168,741	55,570,010	7,468,381
Total noncurrent liabilities	21,571,276	52,382,494	73,953,770	8,653,165
Total liabilities	23,537,671	54,992,081	78,529,752	9,283,534
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - 2011 Refunding	-	54,732	54,732	-
Deferred inflows of resources - 2012 Refunding	141,114	-	141,114	-
Deferred inflows of resources - Pension	112,999	58,634	171,633	-
Deferred inflows of resources - PFD	-	-	-	11,477
Total deferred inflows of resources	254,113	113,366	367,479	11,477
Total liabilities and deferred inflows of resources	23,791,784	55,105,447	78,897,231	9,295,011
NET POSITION				
Net investment in capital assets	69,470,320	45,570,663	115,040,983	3,953,601
Restricted for:				
Culture and Recreation	5,957,319	-	5,957,319	-
Customer Deposits	-	11,248	11,248	-
Debt Service	-	2,975,640	2,975,640	148,925
Economic Environment	144,605	-	144,605	-
Other	45,197	-	45,197	-
Public Safety	34,632	-	34,632	-
Transportation	882,387	-	882,387	-
Unrestricted	17,731,412	23,098,017	40,829,429	(804,790)
Total net position	\$ 94,265,872	\$ 71,655,568	\$ 165,921,440	\$ 3,297,736

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

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

Page 1 of 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,617,051	\$ 4,539,295	\$ 1,736	\$ 15,000
Public safety	20,590,459	1,598,316	142,303	-
Utilities and environment	161,755	16,962	5,250	-
Transportation	6,115,715	828,018	164,445	2,394,616
Economic environment	1,421,122	1,509,693	2,142	-
Mental and physical health	70,814	172,518	114	-
Culture and recreation	4,527,224	1,198,150	66,606	3,527,669
Interest on long-term debt	146,942	-	-	-
Total governmental activities	<u>43,651,082</u>	<u>9,862,952</u>	<u>382,596</u>	<u>5,937,285</u>
Business-type activities:				
Sewer Utility	10,672,276	9,049,603	5,492	1,580,773
Storm Utility	3,393,990	3,857,309	22,397	157,602
Water Utility	7,409,006	7,956,661	51,300	747,500
Total business-type activities	<u>21,475,272</u>	<u>20,863,573</u>	<u>79,189</u>	<u>2,485,875</u>
Total primary government	<u>\$ 65,126,354</u>	<u>\$ 30,726,525</u>	<u>\$ 461,785</u>	<u>\$ 8,423,160</u>
Component Unit				
Edmonds Public Facilities District	3,212,534	1,331,682	972,498	727,857
Total component unit	<u>\$ 3,212,534</u>	<u>\$ 1,331,682</u>	<u>\$ 972,498</u>	<u>\$ 727,857</u>

General revenues:
Property taxes
Sales taxes
Interfund utility taxes
Utility tax
Excise Taxes
Interest and investment earnings
Miscellaneous
Gains on disposition of assets
Transfers
Total general revenues, special items, and transfers
Change in net position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Component Unit
Governmental Activities	Business-type Activities	Total		Edmonds Public Facilities District
\$ (6,061,020)	\$ -	\$ (6,061,020)	\$ -	-
(18,849,840)	-	(18,849,840)	-	-
(139,543)	-	(139,543)	-	-
(2,728,636)	-	(2,728,636)	-	-
90,713	-	90,713	-	-
101,818	-	101,818	-	-
265,201	-	265,201	-	-
(146,942)	-	(146,942)	-	-
<u>(27,468,249)</u>	<u>-</u>	<u>(27,468,249)</u>	<u>-</u>	<u>-</u>
-	(36,408)	(36,408)	-	-
-	643,318	643,318	-	-
-	<u>1,346,455</u>	<u>1,346,455</u>	-	-
-	<u>1,953,365</u>	<u>1,953,365</u>	-	-
<u>(27,468,249)</u>	<u>1,953,365</u>	<u>(25,514,884)</u>	-	-
			(180,497)	
			<u>(180,497)</u>	
14,657,369	-	14,657,369		
7,814,209	-	7,814,209		
2,191,481	-	2,191,481		
4,572,918	-	4,572,918		
5,163,781	-	5,163,781		
(582)	131,933	131,351		
479,823	20	479,843		1,194
135,591	-	135,591		
10,907	(10,907)	-		
<u>35,025,497</u>	<u>121,046</u>	<u>35,146,543</u>		<u>1,194</u>
7,557,248	2,074,411	9,631,659		(179,303)
86,708,625	69,581,157	156,289,782		3,477,038
<u>\$ 94,265,873</u>	<u>\$ 71,655,568</u>	<u>\$ 165,921,441</u>	<u>\$</u>	<u>3,297,735</u>



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MAJOR GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. As is the case with most municipalities, the general fund is the largest and most important accounting fund of the City. As noted in the statements that follow, the general fund receives the bulk of its revenues from local taxes, followed by State shared revenues, service charges, and other income.

The general fund is accounted for on a modified accrual basis. Annual budgets are adopted with appropriations lapsing at the end of the year.

Street Construction Fund

The street construction fund is used to account for transportation improvement projects funded by a variety of sources, including federal and state transportation grants, motor vehicle fuel taxes, impact fees, real estate excise tax, and Public Works Trust Fund loans.

City of Edmonds
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Street Construction Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,458,624	\$ 1,830,151	\$ 3,787,042	\$ 8,075,817
Investments	9,683,460	987,012	4,589,606	15,260,078
Deposits with trustee	18,417	-	-	18,417
Property taxes	387,297	-	-	387,297
Customer accounts	733,756	-	86	733,842
Interest on investments	135,156	3,573	16,079	154,808
Due from other governments	2,056,338	716,643	369,786	3,142,767
Interfund receivable	3,251,107	-	-	3,251,107
Due from component unit	5,118,381	-	-	5,118,381
Inventory	384	-	-	384
Special assessments	-	-	34,115	34,115
Total assets	<u>\$ 23,842,920</u>	<u>\$ 3,537,379</u>	<u>\$ 8,796,714</u>	<u>\$ 36,177,013</u>
LIABILITIES				
Accounts payable	\$ 452,864	\$ 386,299	\$ 124,700	\$ 963,863
Wages and benefits payable	887,705	-	29,482	917,187
Interfund payables	38,501	3,006,106	-	3,044,607
Other current liabilities	106,085	53,016	13,918	173,019
Unearned revenues	5,151,545	-	1,759	5,153,304
Total liabilities	<u>6,636,700</u>	<u>3,445,421</u>	<u>169,859</u>	<u>10,251,980</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - property taxes	387,297	-	-	387,297
Deferred inflows of resources - special assessments	-	-	34,115	34,115
Total deferred inflow of resources	<u>387,297</u>	<u>-</u>	<u>34,115</u>	<u>421,412</u>
Total liabilities and deferred inflows of resources	<u>7,023,997</u>	<u>3,445,421</u>	<u>203,974</u>	<u>10,673,392</u>
FUND BALANCES (DEFICITS)				
Nonspendable	361	-	-	361
Restricted	-	91,959	6,972,181	7,064,140
Committed	-	-	1,600,295	1,600,295
Assigned	-	-	20,265	20,265
Unassigned	16,818,561	-	-	16,818,561
Total fund balances (deficits)	<u>\$ 16,818,922</u>	<u>\$ 91,959</u>	<u>\$ 8,592,741</u>	<u>\$ 25,503,622</u>
Total liabilities and fund balances (deficits)	<u>\$ 23,842,919</u>	<u>\$ 3,537,380</u>	<u>\$ 8,796,715</u>	<u>\$ 36,177,014</u>

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

CITY OF EDMONDS, WASHINGTON
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2016

Total governmental fund balances as reported on this statement	\$ 25,503,619
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. These assets consist of:

Land	\$ 17,586,510	
Construction in progress	9,705,249	
Subtotal: Non-depreciable capital assets	27,291,759	
Investment in joint venture	1,065,472	
Buildings	25,679,679	
Improvements other than buildings	24,475,879	
Infrastructure	60,354,723	
Machinery and equipment - general government	8,442,458	
Less: Accumulated depreciation	(72,497,144)	
Subtotal: Depreciable capital assets	46,455,595	74,812,826

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Court receivable	454,060	
Interest receivable on investments (\$18,758 attributable to internal service funds)	18,758	
Net Pension Asset	1,639,345	
Deferred outflow of resources - bond refunding	12,350	
Deferred outflow of resources - pension (\$45,053 attributable to internal service funds)	2,302,336	
Deferred inflow of resources - property tax	387,297	
Deferred inflow of resources - special assessments	34,115	4,848,261

Internal service funds are used by management to charge the cost of equipment maintenance to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position. Capital assets of \$2,716,966 are included in the capital asset adjustment above. Interest on investments, compensated absence liability and the pension amounts are included in the appropriate categories with a note.

5,787,062

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds	(6,271,473)	
Compensated absences (\$37,430 attributable to internal service funds)	(2,231,850)	
Capital contracts	(376,182)	
Public works trust fund loans	(1,445,614)	
Nonexchange Financial Guarantee	(943,872)	
Subtotal: Long-term debt payable	(11,268,991)	
Accrued interest payable	(13,811)	
Net pension obligation (\$215,187 attributable to internal service funds)	(8,914,228)	
Net other post employment benefit obligation	(1,388,057)	
Deferred inflow of resources - bond refunding	(141,114)	
Deferred inflow of resources - pension (\$3,592 attributable to internal service funds)	(112,999)	
Unearned revenues reported in the Balance Sheet - Governmental Funds are not reported in the government-wide Statement of Net Position (Note 1)	5,153,304	(16,685,896)

Net position of government activities as reported on the statement of net position	\$ 94,265,872
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The notes to the financial statements are an integral part of this statement.

City of Edmonds
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Street Construction Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 29,403,794	\$ -	\$ 3,464,188	\$ 32,867,982
Licenses and permits	2,269,313	-	109,000	2,378,313
Intergovernmental	3,035,654	2,104,136	2,255,527	7,395,317
Charges for services	5,403,786	139,031	1,205,369	6,748,186
Fines and forfeitures	522,051	-	52	522,103
Investment earnings	(27,651)	(9,415)	36,431	(635)
Contributions	-	-	102	102
Miscellaneous	446,432	49,706	785,002	1,281,140
Total revenues	<u>41,053,379</u>	<u>2,283,458</u>	<u>7,855,671</u>	<u>51,192,508</u>
EXPENDITURES				
Current:				
General government	10,834,374	-	-	10,834,374
Public safety	20,128,896	-	61,296	20,190,192
Utilities and environment	-	-	168,461	168,461
Transportation	3,600	1,277,677	3,325,441	4,606,718
Economic environment	1,313,430	-	99,528	1,412,958
Mental and physical health	70,814	-	-	70,814
Culture and recreation	3,773,633	-	474,055	4,247,688
Debt service:				
Principal	158,628	39,320	1,492,780	1,690,728
Interest	38,035	1,588	150,818	190,441
Capital outlay:				
General government	1,632,828	-	-	1,632,828
Transportation	-	1,305,716	82,280	1,387,996
Economic environment	27,449	-	-	27,449
Culture and recreation	-	-	2,807,563	2,807,563
Total expenditures	<u>37,981,687</u>	<u>2,624,301</u>	<u>8,662,222</u>	<u>49,268,210</u>
Excess (deficiency) of revenues over expenditures	<u>3,071,692</u>	<u>(340,843)</u>	<u>(806,551)</u>	<u>1,924,298</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	549,095	-	289,431	838,526
Payment to escrow for debt refunding	(556,593)	-	(293,383)	(849,976)
Proceeds from sale of capital assets	58,451	-	735	59,186
Transfers in	1,472,730	423,463	1,867,710	3,763,903
Transfers out	<u>(3,471,001)</u>	<u>-</u>	<u>(281,995)</u>	<u>(3,752,996)</u>
Total other financing sources (uses)	<u>(1,947,318)</u>	<u>423,463</u>	<u>1,582,498</u>	<u>58,643</u>
Net change in fund balances	1,124,374	82,620	775,947	1,982,941
Fund balances - beginning	15,694,549	9,339	7,816,793	23,520,681
Fund balances - ending	<u>\$ 16,818,923</u>	<u>\$ 91,959</u>	<u>\$ 8,592,740</u>	<u>\$ 25,503,622</u>

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

CITY OF EDMONDS, WASHINGTON
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance	\$	1,982,940
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Amount reported as change in net position in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay is exceeded by depreciation and amortization in the current period.

Capital outlays	\$	7,518,316	
Internal service fund - capital outlays		895,220	
Current year depreciation (includes \$305,885 for internal service fund)		(4,387,323)	
Adjustment in investment in joint venture		<u>(277,973)</u>	
			3,748,240

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred inflows of resources - property taxes		35,622	
Other unearned revenue		(182,059)	
Court receivable		<u>(101,508)</u>	
			(247,945)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, yet the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.

Amortization of Bond Refunding		9,408	
Long-term debt repayments		<u>1,959,361</u>	
			1,968,769

Internal service funds are used by management to charge the costs of equipment rental to individual funds. The net revenue (expense) of this internal service fund is reported with governmental activities. Capital activity, net pension obligations and accrued compensated absences are report in the appropriate category.

63,013

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

Accrued interest expense		1,476	
Net pension obligation (\$8,644 attributable to internal service funds)		201,040	
Net other post-employment benefit obligation		(208,137)	
Accrued compensating absence expense (\$140 attributable to internal service funds)		<u>47,854</u>	
			42,232

Change in net position on the Statement of Activities	\$	<u>7,557,248</u>
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The notes to the financial statements are an integral part of this statement.

City of Edmonds
GENERAL FUND
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 28,579,370	\$ 28,579,370	\$ 29,403,794	\$ 824,424
Licenses and permits	2,011,120	2,011,120	2,269,313	258,193
Intergovernmental	2,674,820	3,234,820	3,035,654	(199,166)
Charges for services	5,738,180	5,742,882	5,403,786	(339,096)
Fines and forfeitures	522,130	522,130	522,051	(79)
Investment earnings	87,840	88,210	(27,651)	(115,861)
Miscellaneous	445,910	459,561	446,432	(13,129)
Total revenues	40,059,370	40,638,093	41,053,379	415,286
EXPENDITURES				
Current:				
General government	12,396,310	13,004,851	10,834,374	2,170,477
Public safety	21,577,260	21,479,893	20,128,896	1,350,997
Transportation	3,600	3,600	3,600	-
Economic environment	1,487,460	1,570,843	1,313,430	257,413
Mental and physical health	69,540	69,540	70,814	(1,274)
Culture and recreation	3,869,550	3,920,468	3,773,633	146,835
Total current	39,403,720	40,049,195	36,124,747	3,924,448
Debt service:				
Principal	168,300	168,300	158,628	9,672
Interest	46,150	37,040	38,035	(995)
Total debt service	214,450	205,340	196,663	8,677
Capital outlay:				
General government	73,000	210,541	1,632,828	(1,422,287)
Economic environment	-	27,500	27,449	51
Total capital outlay	73,000	238,041	1,660,277	(1,422,236)
Total expenditures	39,691,170	40,492,576	37,981,687	2,510,889
Excess (deficiency) of revenues over expenditures	368,200	145,517	3,071,692	2,926,175
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	549,095	549,095	-
Payment to escrow for debt refunding	-	(556,595)	(556,593)	2
Proceeds from sale of capital assets	-	10,927	58,451	47,524
Transfers in	1,205,840	2,272,736	1,472,730	(800,006)
Transfers out	(2,881,490)	(4,373,980)	(3,471,001)	902,979
Total other financing sources (uses)	(1,675,650)	(2,097,817)	(1,947,318)	150,499
Net change in fund balances	(1,307,450)	(1,952,300)	1,124,374	3,076,674
Fund balances - beginning	14,475,668	15,694,550	15,694,549	(1)
Fund balances - ending	\$ 13,168,218	\$ 13,742,250	\$ 16,818,923	\$ 3,076,673

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

MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

The City's enterprise fund is used to account for operations that are financed and operated in a manner similar to private business operations. The goods and services this fund provides to the general public are primarily financed by service charges. Enterprise funds are self-supporting and use the accrual method of accounting. Edmonds has one major enterprise fund.

The Combined Utility Fund

This fund accounts for all maintenance, construction, and debt service requirements associated with the City's water, sewer and stormwater systems.

City of Edmonds
Statement of Net Position
Proprietary Funds
December 31, 2016

	Governmental	
	Business-type Activities	Activities
	421/422/423 Combined Utility Funds	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,706,592	\$ 669,208
Investments	6,218,175	5,181,814
Customer accounts	2,896,255	1,192
Interest on investments	22,509	18,758
Due from other governments	860,533	624
Inventory	108,694	39,239
Total current assets	<u>28,812,758</u>	<u>5,910,835</u>
Noncurrent assets:		
Restricted cash and investment	8,696,012	-
Land	1,257,107	-
Property, plant and equipment	79,762,251	2,547,732
Construction in progress	7,313,997	169,234
Intangible assets (net)	132,278	-
Total noncurrent assets	<u>97,161,645</u>	<u>2,716,966</u>
Total assets	<u>125,974,403</u>	<u>8,627,801</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - 2007 Refunding	34,800	-
Deferred outflows of resources - 2011 refunding	128,150	-
Deferred outflows of resources - 2012 refunding	297	-
Deferred outflows of resources - pension	623,365	45,053
Total deferred outflows of resources	<u>786,612</u>	<u>45,053</u>
Total assets and deferred outflows of resources	<u>126,761,015</u>	<u>8,672,854</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,149,325	89,690
Wages and benefits payable	210,667	15,324
Interfund payables	206,499	-
Due to other governmental units	487,199	-
Other current liabilities	409,342	-
Interest payable	146,555	-
Total current liabilities	<u>2,609,587</u>	<u>105,014</u>
Noncurrent liabilities:		
Compensated absences	348,138	37,430
Loans payable - current	443,103	-
Revenue bonds payable-current	1,291,959	-
G.O. bonds payable - current	29,556	-
Pension Obligation (Net)	3,110,096	215,187
Loans payable - long-term	1,880,351	-
Revenue bonds payable - long-term	45,149,079	-
G.O. bonds payable - long-term	130,215	-
Total noncurrent liabilities	<u>52,382,497</u>	<u>252,617</u>
Total liabilities	<u>54,992,084</u>	<u>357,631</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - 2011 refunding	54,732	-
Deferred inflow of resources - pension	58,634	3,592
Total deferred inflows of resources	<u>113,366</u>	<u>3,592</u>
Total liabilities and deferred inflows of resources	<u>55,105,450</u>	<u>361,223</u>
NET POSITION		
Net investment in capital assets	45,570,663	2,716,965
Restricted for:		
Customer Deposits	11,248	-
Debt Service	2,975,640	-
Unrestricted	23,098,017	5,594,666
Total net position	<u>\$ 71,655,568</u>	<u>\$ 8,311,631</u>

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

City of Edmonds
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities 421/422/423 Combined Utility Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 20,482,215	\$ 1,588,186
Other operating revenue	381,358	193
Total operating revenues	<u>20,863,573</u>	<u>1,588,379</u>
OPERATING EXPENSES		
Personnel services	4,438,090	314,966
Operations and maintenance	10,241,240	361,219
Professional services	1,011,154	1,399
Insurance	222,437	29,967
Depreciation	3,559,919	305,885
Total operating expenses	<u>19,472,840</u>	<u>1,013,436</u>
Operating income (loss)	<u>1,390,733</u>	<u>574,943</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	79,189	289
Investment earnings	131,934	9,493
Judgments and settlements	20	40,726
Gain (loss) on sale of capital assets	(652,498)	35,680
Interest expense	(1,349,933)	-
Total nonoperating revenues (expenses)	<u>(1,791,288)</u>	<u>86,188</u>
Income (loss) before contributions and transfers	(400,555)	661,131
Capital contributions	2,485,875	-
Transfers out	(10,907)	-
Change in net position	2,074,413	661,131
Total net position - beginning	<u>69,581,157</u>	<u>7,650,499</u>
Total net position - ending	<u>\$ 71,655,570</u>	<u>\$ 8,311,630</u>

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

City of Edmonds
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities 421/422/423 Combined Utility Funds	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 20,480,342	\$ 1,588,492
Payments to employees	(4,532,133)	(323,239)
Payments to suppliers	(11,289,948)	(366,183)
Net cash provided (used) by operating activities	<u>4,658,261</u>	<u>899,070</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant income	27,889	289
Miscellaneous	51,320	-
Proceeds of refunding debt	2,114,144	-
Net cash provided (used) by noncapital financing activities	<u>2,193,353</u>	<u>289</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of fixed assets	5,548	35,680
Judgments and settlements	-	40,726
Acquisition and construction of capital assests	(8,138,764)	(895,221)
Capital contributions	2,485,875	-
Principal payments on debt	(3,734,567)	-
Interest payments on debt	(1,407,990)	-
Transfers to other funds	(10,907)	-
Net cash provided (used) by capital and related financing activities	<u>(10,800,805)</u>	<u>(818,815)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	191,249	58,922
Purchase of investments	(6,300,000)	(5,250,000)
Net cash provided (used) by investing activities	<u>(6,108,751)</u>	<u>(5,191,078)</u>
Net increase (decrease) in cash and cash equivalents	(10,057,943)	(5,110,534)
Balances - beginning of year	37,460,552	5,779,742
Balances - end of the year	<u>\$ 27,402,609</u>	<u>\$ 669,208</u>

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

City of Edmonds
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities <u>421/422/423</u> Combined Utility Funds	Governmental Activities <u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income	\$ 1,390,733	\$ 574,943
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,559,919	305,885
Changes in assets and liabilities:		
Customer Receivables	\$ (383,231)	113
Accounts Payable - Supplier	184,883	26,402
Payroll Liabilities	(94,043)	(8,273)
Net cash provided (used) by operating activities	<u>\$ 4,658,261</u>	<u>\$ 899,070</u>

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



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FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City of Edmonds as a trustee or agent for various individuals, private organizations, and other governmental units.

TRUST FUNDS

The Firemen's Pension Fund

This fund accounts for the payment of administrative costs and benefits for retired firefighters (and beneficiaries) who were employed prior to March 1, 1970. Primary revenue sources are transfers-in from the general fund, fire insurance premium tax, and investment interest, in accordance with actuarial recommendations. The Firemen's Pension Fund is accounted for on an accrual basis.

AGENCY FUNDS

The North Sound Metro Special Weapons and Tactics (SWAT) Team

The City of Edmonds signed an Interlocal Agreement with surrounding Cities to form The North Sound Metro Special Weapons and Tactics (SWAT) Team in 2013. Per the interlocal agreement, the SWAT Board shall designate a Host police department for general administration and bookkeeping. The City of Edmonds was designated as the Host police department and is responsible for holding the funds.

City of Edmonds
Statement of Fiduciary Net Position
December 31, 2016

	<u>Pension trust funds</u>	<u>Agency funds</u>
ASSETS		
Cash and cash equivalents	\$ 230,122	\$ 20,623
Total assets	<u>230,122</u>	<u>20,623</u>
LIABILITIES		
Accrued expenses	\$ 5,426	\$ -
Agency deposits	-	20,623
Total liabilities	<u>5,426</u>	<u>20,623</u>
NET POSITION RESTRICTED FOR PENSIONS		
Held in trust for pension benefits and other purposes	<u>\$ 224,696</u>	

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

City of Edmonds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2016

	Pension trust funds
ADDITIONS	
Contributions:	
Employer contributions	\$ 15,000
State shared revenue-distribution of fire insurance premiums	49,004
Investment earnings	2,296
Total contributions	66,300
Total additions	66,300
 DEDUCTIONS	
Benefits paid to retirees	44,491
Administrative expenses	214
Total deductions	44,705
Change in net position	21,595
Net Position -- beginning of the year	203,101
Net Position -- end of the year	\$ 224,696

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



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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Edmonds, which conform to Generally Accepted Accounting Principles for governments as prescribed by the Governmental Accounting Standards Board (GASB), are regulated by the Washington State Auditor's Office. The City's significant accounting policies are described below.

A. REPORTING ENTITY

The City of Edmonds was incorporated in 1890 and operates under a Council/Mayor form of government. The City Council is composed of seven members elected at large who each serve a four-year term. The Mayor is elected at large and also serves a four-year term. The Mayor is responsible for all City affairs. The City provides a full range of general government services including public safety; streets; parks and recreation; planning and zoning; permits and inspection; general administration; and water, sewer, storm water and wastewater treatment utilities.

The accompanying financial statements include all funds, agencies, and boards controlled by or dependent on the City. Criteria used to determine agency dependence on the City were: selection of the governing body, budget adoption, taxing authority, outstanding debt service secured by City revenues or general obligations, City obligation to finance possible deficits, or receipt of significant City subsidies.

Discretely Presented Component Unit - The Edmonds City Council formed the Edmonds Public Facilities District (PFD) on April 24, 2001 by Ordinance, under the authority provided by RCW 35.57. The purpose of the PFD is to construct and operate a "regional center" in the City of Edmonds, defined by RCW 35.57 as a conference, convention or special events center, along with related parking.

A five member board governs the PFD and is appointed to four-year terms by the Edmonds City Council. The PFD has authority under state law to issue debt, levy certain taxes, and enter into contracts. In 2002 the City issued Limited Tax General Obligation Bonds for the acquisition, renovation and remodeling of a Performing Arts Center by the PFD in the amount of \$7,015,000. These proceeds were transferred to the PFD. The bonds, which were refinanced in 2012, are a debt of the City and not the PFD; however the PFD is obligated by inter-local agreement to pay the entire amount of the PFD's portion of the 2012 debt service over the life of the bonds. Payment is not limited to sales tax revenue.

In 2008 the PFD issued bonds to retire short-term debt it had issued to complete construction of the Edmonds Center for the Arts. The PFD is currently not able to meet its debt service obligation on these bonds. However, the City guarantees repayment of the bonds through a Contingent Loan Agreement. Advances by the City to the PFD for debt service on the 2008 bonds are shown in the City's Statement of Net Position as a Due from Component Unit. Separate financial statements can be obtained from the Edmonds Performing Arts Center, c/o Joe McLalwain, 401 Fourth Avenue N., Edmonds, WA 98020.

Blended Component Unit - The Edmonds Transportation Benefit District (TBD) was governed by a seven-member board appointed by the Edmonds City Council. Although it was legally separate from the City, the TBD was reported as if it were part of the primary government because its sole purpose was to finance and construct City of Edmonds streets. The TBD was dissolved and the rights, powers, functions and obligations of the District were assumed by the City of Edmonds effective December 2, 2016.

Joint Ventures – The City participates in three separate joint ventures. The first is a joint venture with Snohomish County and other local governments in the Snohomish County Emergency Radio System. The second is a joint venture with six other cities and Snohomish County Fire District 1 in the Southwest Snohomish County Public Safety Communications Agency. The third is a joint venture with ten other cities and Snohomish County in the Alliance for Housing Affordability.

Snohomish County Emergency Radio System (SERS) –SERS was created by agreement under the Interlocal Cooperation Act (RCW 39.34) between The City of Edmonds, Snohomish County and various other cities and political districts. The purpose of the venture is to equip and operate a radio system primarily for the use of public safety agencies. The City of Edmonds has an 8% interest in the equity and operations of the venture, and its share of the assets and fund equity as of December 31, 2016 was \$322,961. The venture appears to be accumulating significant resources, and is not experiencing any financial stress that would cause an additional burden on the participating governments.

SERS is considered a separate reporting entity. The City's and each participant's share of authority is defined by the terms of the enabling charter. Control as represented by the City Council or Board of County Commissioners is divided between the County and participating Cities. Separate financial statements for the Snohomish County Emergency Radio System can be obtained from Snohomish County.

Southwest Snohomish County Public Safety Communications Agency (SNOCOM) – SNOCOM is a public non-profit corporation formed in 1971 and incorporated in 2014. The purpose of SNOCOM is to provide public safety communications, records retention and usage and other board approved functions. SNOCOM was established via an interlocal agreement between the City of Edmonds, six other cities, and Snohomish County Fire District 1, all located within the county. Each member city and the Fire District provide voting members to the SNOCOM Board of Directors. The purpose of SNOCOM is to provide communications and dispatching for public health and safety services in Southwest Snohomish County.

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

At December 31, 2016 the City owned an equity interest in the SNOCOM joint venture of \$742,512. This value has been recorded in the government-wide statements as an asset as of December 31, 2016. The equity interest is adjusted to the extent of revenue and expenditure transactions occurring between the City of Mountlake Terrace and SNOCOM as recorded in the City of Mountlake Terrace's financial system. The City of Mountlake Terrace, who provides general financial services as outlined in the Interlocal Agreement for Financial Services signed on November 25, 2009, prepares the unaudited financial information. Separate financial statements for SNOCOM can be obtained from the City of Mountlake Terrace, Finance Department, 6100 219th Street SW, Suite 200, Mountlake Terrace, WA 98043.

The Alliance for Housing Affordability (AHA) – AHA was formed in September 2013 when the City of Edmonds joined the cities of Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Snohomish, the Town of Woodway,

and Snohomish County. The agreement was amended in May of 2014 to add Arlington and in June of 2014 to add 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 funding 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 three years of organizational startup. The City's equity share to date is:

Fiscal Year Ending 6/30:	AHA's Total Fiscal Year Budget	Edmonds's Share of Budget	Edmonds Share as % of Total AHA Budget
2013	\$ 89,850	\$ 2,385	2.65%
2014	92,543	2,457	2.65%
2015	123,464	2,381	1.93%
2016	145,590	2,346	1.61%
2017	97,934	3,518	3.59%

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

Budget monitoring information can be obtained from Crystil Wooldridge, Finance Director, City of Mountlake Terrace, 6100 219th Street SW, Mountlake Terrace WA 98043 (or email cwooldridge@ci.mlt.wa.us) or from Kristina Gallant, Housing Analyst, Alliance for Housing Affordability, 12625 4th Avenue W Suite 200, Everett, WA 98204.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of Net Position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a

particular function or segment. The City has allocated certain indirect costs that are included in the program expense reported for individual functions and activities. Taxes and other items not properly included among program revenues are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between the government's water and sewer function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are not included in the government-wide financial statements. Major individual funds are reported as separate columns, while the remaining funds are combined for presentation purposes in the governmental funds statements and the proprietary funds statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a set of accounts that comprise its assets and deferred outflows of resources, its liabilities and deferred inflows of resources, fund equity, revenue, and expenditures or expenses, as appropriate. The City resources are allocated to, and accounted for in, individual funds according to the purpose for which they are spent and how they are controlled. The *basis of accounting* refers to the timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The Statement of Net Position presents the City's Assets and Deferred Outflows of Resources, its Liabilities and Deferred Inflows of Resources, with the difference reported as Net Position. Net Position is reported in three categories:

- Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- Restricted Net Position results when constraints placed on net position are either externally imposed by creditors, grantors, contributors, and the like, or are imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position is the difference between Total Net Position and its other two components (Net Investment in Capital Assets and Restricted Net Position).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers who purchase, use, or directly benefit from goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The City has allocated certain indirect costs that are included in the program expense reported for individual functions and activities. Taxes and other items not properly included among program revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The *modified accrual basis* of accounting is followed in all governmental funds of the City. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Revenues are generally considered available if they are collected within the current period or soon enough thereafter (60 days) to pay current liabilities. For derived tax revenues, such as sales tax and utility business and occupation taxes, revenues are recognized in the period when the underlying exchange has occurred. For imposed non-exchange taxes, such as property taxes, revenues are recognized when the use of resources is permitted, or when resources are available. Grant revenue is recognized in the period in which the expenditure occurs and the eligibility requirements have been met. Non-exchange transactions, such as contributions, are recognized when the donation eligibility requirements have been satisfied.

The *accrual basis of accounting* is followed in all proprietary and fiduciary funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred.

Major Governmental Funds – The City reports two Major Governmental Funds. The General Fund is the general operating fund of the City and accounts for all activities not accounted for in some other fund. The Street Construction Fund is used to account for transportation improvement projects.

Proprietary Funds – The Combined Utility Operation Fund accounts for the provision of water, sewer, storm water and wastewater treatment services to the residents of the City and certain residents of Mountlake Terrace, Lynnwood, Woodway, Olympic View Water District and Ronald Wastewater District. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, financing, debt service, billing, and collection.

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and delivering goods in connection with principal ongoing operations. The principal operating revenues of the City's utility fund are charges to customers for sales and service. 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 systems. Operating expenses for enterprise funds include operating and maintenance costs, employee salaries and benefits, contracted services, insurance, and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

Internal Service Fund – The Equipment Rental Fund is an internal service fund used to account for the Fleet Maintenance Division, which is responsible for maintaining the City's vehicle fleet.

Fiduciary Funds – The Firemen's Pension Fund is a Trust Fund that accounts for the payment of administrative costs and benefits for retired firefighters who were employed prior to March 1, 1970. Primary revenue sources are transfers-in from the General Fund, a fire insurance premium tax, and investment interest. The North Sound Metro Special

Weapons and Tactics Team (SWAT) is an Agency Fund that accounts for the general administration and bookkeeping for the SWAT team. The City signed an interlocal agreement with surrounding cities in 2013 to form a SWAT team, and per the agreement the City of Edmonds was designated as the host police department and is responsible for the holding of funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. BUDGET AND BUDGETARY ACCOUNTING

Scope of Budget – Budgets are adopted at the fund level, which constitutes the legal level of control where expenditures may not exceed appropriations. Purely as a management tool, budgets are broken out by department, activity and expense types.

The City adopts the budget for governmental funds on the modified accrual basis and all unexpended appropriations lapse at year-end. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but financial statements include budget-to-actual comparisons for governmental funds only. Proprietary fund budgets are "management budgets" and are not required to be reported.

Procedures for Adopting the Original Budget – The budget process steps are: 1) prior to November 1st, the Mayor submits a proposed annual budget to the City Council. It is based on Mayor and Council established priorities and estimates provided by City staff during the preceding months, and balanced with revenue estimates made by the Mayor; 2) the City Council conducts public hearings on the proposed budget in November and December; 3) the Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced annual budget no later than December 31; 4) the final annual budget as adopted is published and distributed by the end of the year. Limited copies of the budget book can be obtained from City of Edmonds Finance Department, 121 5th Avenue N., Edmonds, WA 98020, or by visiting our web site at www.edmondswa.gov.

Amending the Budget – The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, only the City Council, by a City ordinance, can increase or decrease a fund's budget. The budget amounts shown in the financial statement are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by supplemental appropriations and other legally authorized changes during the fiscal year.

E. ASSETS, LIABILITIES, AND FUND EQUITY

Cash and Equity in Pooled Investments – The City of Edmonds invests all short-term cash surpluses. The City considers all highly liquid assets, including investments in the Washington State Local Government Investment Pool, the Snohomish County Investment Pool, and short-term investments with a maturity of three months or less when purchased to be cash equivalents.

Investments – Investments are presented in the financial statements at fair value based on quoted market prices. The City's position in the State and County Local Government Investment Pools is the same as the value of the pool shares. Pool investments are reported as Cash and Cash Equivalents. Interest earned on the pooled investments is

allocated to individual funds based on each fund's cash balance at the end of each month. The City holds most investments to maturity. Interest earnings are recognized in the period in which they become available and measurable. Additional deposit and investment information is presented in Note 3.

Inventories – Inventories are generally valued using the weighted-average cost method and consist of expendable materials and supplies. Governmental fund types use the consumption method, where inventory cost is recognized as an expenditure when the inventory is consumed. Inventories in the proprietary funds use two methods. The combined utility fund inventories are expensed as consumed. The internal service fund inventories are expensed when purchased, with the inventory balances adjusted at year-end.

Receivables - Property taxes – The County Treasurer collects annual property taxes levied in the county for all taxing authorities. Taxes are levied on January 1 for property value listed as of May 31.

Washington State law requires the County Assessor to use the January 1, 2015 assessment date in calculating taxes and levies due in 2016. These values were based on sales that occurred in 2014. Sales that occurred in 2015 will be used to calculate the taxes and levies due for 2017.

Due to voter approval of Initiative 747 in November 2001, levy increases are limited to a maximum increase of 1% over the previous levy, plus the value of new construction. Any increase above this limit requires voter approval. Property taxes levied by the County Assessor and collected by the County Treasurer become a lien on the first day of the levy year and may be paid in two equal payments. Delinquent taxes bear interest at 12% and are subject to additional penalties if not paid as scheduled.

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

Customer Accounts – Customer accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations. Notes and contracts receivable arise from a written agreement or contract with private individuals or organizations. Receivables are shown net of allowances for uncollectible accounts.

Interfund – Activity between funds that is representative of borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/due from other funds. Advances to other funds in governmental funds are equally offset by a fund balance reserve account, which indicates that they do not constitute available spendable resources since they are not a component of net current assets.

Unearned Revenues – Unearned revenues include amounts collected before revenue recognition criteria are met because under the modified accrual basis of accounting, they are measurable but not yet available. Unearned revenues consist primarily of contracts and agreements, special assessments, and amounts due from a component unit. In the proprietary funds the premium or discount of long-term debt is amortized over the life of the debt.

Restricted Assets – In accordance with the utility bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, financing the ongoing capital improvement programs of the various utilities, and other purposes.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. The capital assets purchased or constructed by a governmental fund are recorded as expenditures in the fund at the time the related purchases are made; however, the associated capital assets are reported in the governmental activities column of the government-wide Statement of Net Position while not reported in the fund balance sheets.

The City classifies assets with an estimated useful life in excess of one year as capital assets. Capital assets include land, buildings, improvements, machinery, equipment, and infrastructure. Land is capitalized at cost with no minimum threshold. Buildings, improvements, and machinery and equipment are capitalized when cost meets or exceeds \$5,000. Public domain (infrastructure) assets consist of certain improvements other than buildings, including utility systems, streets, traffic controls, and overlays and are capitalized when cost equals or exceeds \$50,000.

Costs of normal maintenance and repair for general assets are not capitalized. However, any improvement that increases an asset's value, capacity or materially extends its life is added to that asset's capitalized costs.

Equipment acquired through capital lease agreements, and land purchased through conditional sales contracts, are reported as general capital assets in the government-wide Statement of Net Position. In the governmental fund financial statements, lease and contract payments are reported as expenditures.

All project costs are included in construction in progress in the government-wide Statement of Net Position. At completion, capital costs are reclassified to property plant and equipment. In the governmental fund financial statements, projects are reported as expenditures.

Capital assets acquired or constructed by the proprietary funds are capitalized in those funds at historical cost. Contributed assets are recorded at their acquisition value as of the date acquired. The value of donated assets is recorded as contributed capital by the fund which receives them.

Land and construction in progress are not depreciated. Buildings, equipment, non-building improvements and intangible assets are depreciated using the straight line method, using varying estimated service lives for individual assets and asset classifications depending on particular characteristics of an asset and factors surrounding its anticipated use. Depreciation is reported as part of the related program expense column on the government-wide statement of activities and as a fund expense in the proprietary funds, while not reported in the fund statements of governmental funds. Capital assets are reported net of accumulated depreciation on the government-wide Statement of Net Position and in the proprietary funds Statement of Net Position, while not reported in the governmental fund balance sheets. See Note 9 for additional information regarding capital assets.

The average service lives used to calculate depreciation for specific categories of assets are summarized below:

<u>Asset Type</u>	<u>Est. Service Life (Yrs)</u>
Buildings	30–50
Improvements other than Buildings	25–60
Infrastructure	20–100
Machinery and Equipment	2–20
Intangible Assets	20–30

Compensated Absences – Compensated absences including payroll taxes are reported as a current liability in the balance sheet. Actual balances are accrued for all types of compensated absences except sick leave, the liability for which is estimated using the termination method provided by GASB Statement No. 16.

Vacation Pay – Employees earn vacation pay based on their years of service, and accruals of up to two years' accumulation may be carried over from one year to the next. Unused vacation at retirement or termination is considered vested and payable to the employee.

Sick Pay – Employees may accumulate up to 1,000 hours of sick leave. Up to 800 hours of unused sick leave at retirement or termination is paid based on a percentage of accumulated sick leave. Payment is based on the employee's wage rate at termination.

Other Compensated Absences – Other compensated absences include compensatory time in lieu of overtime pay, holiday earned by fire and police employees, and other compensation earned by City employees under law or union contracts. Unused compensated absences are payable at retirement or termination.

F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City has two items that qualify for reporting in this category: 1) deferred gains on refunding and 2) pensions. Deferred gains on refunding reported in the statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions and affects both assets and liabilities. The City's fiscal year ends on December 31, while the State's fiscal year ends on June 30. Since these do not match, they cause the recognition periods for pension contributions to also not match, resulting in the recognition of Deferred Outflows and Deferred Inflows to account for the City's pension contributions. For example, for the City's fiscal year 2016, pension contributions made during the State's 2015 fiscal year create an asset or Deferred Outflow. Similarly, for the City's fiscal year 2016, pension contributions made during the State's 2016 fiscal year create a liability or Deferred Inflow.

In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that period. The City has three items that qualify for reporting in this category: 1) unavailable property taxes recorded as receivables, 2) deferred losses on refunding, and 3) pensions, as explained above.

G. FUND BALANCES

The difference between fund Assets and Deferred Outflows of Resources, minus its Liabilities and Deferred Inflows of Resources, is referred to as Net Position on the government-wide, proprietary, and fiduciary fund statements, and as Fund Balance on the governmental fund statements.

The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. Amounts previously reported as reserved and unreserved are now reported as non-spendable, restricted, committed, assigned, or unassigned.

- Non-spendable fund balance includes amounts that cannot be spent. This includes amounts that are not in a spendable form (inventories, prepaid balances, long-term portion of loans or notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and amounts that are legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balances have constraints that have been imposed by a formal action of the City Council. This formal action is the passage of an ordinance by Council creating, modifying, or rescinding an appropriation.
- Assigned fund balances include amounts that are limited by the mayor, or department directors based on delegation, for its intended use. This type of limitation can be imposed by the highest level of decision making within the City, but little or no formal action is required to modify or eliminate those limitations.
- Unassigned fund balance is the residual amount of the general fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the City Council and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved.

The appropriated balance in the general fund is committed, and the remaining balance is unassigned. All other governmental funds are presented as restricted or committed. Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance is spent. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first.

H. REVENUES, EXPENDITURES AND EXPENSES

Under the *modified accrual* basis of accounting:

Charges for services, interest on investments, and rents generally are considered measurable and available when earned in governmental funds.

Taxes and federal or state entitlements or shared revenues that have been collected but not remitted by an intermediary collection agency to the City are considered measurable and available.

Special assessments are considered measurable and available when they become due.

Grants are considered measurable and available to the extent that expenditures have been incurred. Other intergovernmental revenues are considered measurable and available when earned.

Interfund revenues for goods and services are considered measurable and available when earned.

Proceeds from the disposal of capital assets are recognized as other financing sources.

Revenues from taxpayer-assessed taxes (e.g. sales tax), net of estimated refunds, are recognized when measurable and available to finance expenditures of the current period.

All other revenues are either not measurable or considered not available until collected.

Expenditures are generally recognized when incurred, except for principal and interest on general long-term debt, which are reported as expenditures when paid, and compensated absences, which are reported as expenditures when liquidated from expendable available financial resources.

Under the *accrual* basis of accounting:

Revenues are recognized when earned and expenses are recognized when incurred.

Contributions of capital in proprietary fund financial statements arise from internal and external contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Transfers between government 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, as are transfers between funds reported in the business-type activities column.

I. 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.

J. CHANGES IN ACCOUNTING STANDARDS

The accompanying financial statements of the City of Edmonds have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

The GASB has issued several statements that take effect for fiscal year 2016 reporting. The City has adopted the following new GASB standards:

Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 defines fair value and provides guidance for determining a fair value measurement for financial reporting purposes. See Note 3 for additional information.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68*. GASB Statement No. 73 addresses three separate subjects, two of which are effective for fiscal year 2016 reporting. It requires assets accumulated for pension purposes to be reported as assets of the employer. It also amends Statements 67 and 68 by:

- limiting disclosure of investment related factors that significantly affect trends in the amounts reported to factors that the pension plan or government have influence over;
- defining separately financed specific liabilities and financial reporting requirements for those liabilities; and
- requiring employers to recognize revenue for the support of non-employer contributing entities not in a special funding situation in the period in which the contribution is reported as a change in the net pension liability.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which identifies, in the context of the current financial reporting environment, the hierarchy of GAAP. The “GAAP Hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The City implemented this Statement in 2016.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for entities with fiscal years beginning after December 15, 2015. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government’s own abatement agreements and (2) those that are entered into by other governments and reduce the reporting government’s tax revenues. The City assessed the effects of tax abatements on its financial position and determined the impact to be immaterial; therefore, financial statement disclosure is not required.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local government employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. Requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The City does not have any pension plans that are covered under Statement No. 78.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in the Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. In the period this statement is first implemented, changes made to comply with this Statement should be applied on a prospective basis. The implementation of Statement No. 79 will have no material impact on the City. The City records its investment in the Washington State Local Government Investment Pool at amortized cost and in the Snohomish County Investment Pool at fair value. The City has no material restrictions or limitations on these investments requiring notation in the financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of contract provisions. The amended expenditure budgets for all funds totaled \$108,155,929 which includes \$9,826,729 of supplemental appropriations. The 2016 original budget and supplemental appropriations are summarized below:

Fund Number	Fund Description	2016 Original Budget	2016 Supplemental Appropriations	2016 Amended Budget
001	General Fund	\$ 39,733,780	\$ 2,152,631	\$ 41,886,411
009	Leoff-Medical Ins. Reserve	279,480	-	279,480
012	Contingency Reserve Fund	800,000	-	800,000
013	Multimodal Transportation Fund	-	56,860	56,860
014	Historic Preservation Gift Fund	5,400	-	5,400
016	Building Maintenance	1,754,000	641,000	2,395,000
104	Drug Enforcement Fund	76,030	-	76,030
111	Street Fund	1,712,370	46,060	1,758,430
112	Combined Street Const/Improve	5,311,460	2,861,652	8,173,112
117	Municipal Arts Acquis. Fund	181,380	-	181,380
120	Hotel/Motel Tax Revenue Fund	149,650	-	149,650
121	Employee Parking Permit Fund	26,880	-	26,880
122	Youth Scholarship Fund	3,000	-	3,000
123	Tourism Promotional Fund/Arts	31,500	20,000	51,500
125	Park Acq/Improvement	1,523,650	639,190	2,162,840
126	Special Capital Fund	1,934,390	1,095,518	3,029,908
127	Gifts Catalog Fund	44,950	-	44,950
130	Cemetery Maintenance/Improv	210,370	-	210,370
132	Parks Construction	2,100,000	(519,230)	1,580,770
138	Sister City Commission	12,500	-	12,500
139	Transportation Benefit District	682,500	-	682,500
211	L.I.D. Fund Control	14,400	7,600	22,000
213	L.I.D. Guaranty Fund	-	105,136	105,136
231	2012 LTGO Debt Service Fund	677,380	-	677,380
232	2014 Debt Service Fund	949,540	-	949,540
421	Water Utility Fund	12,323,960	393,779	12,717,739
422	Storm Utility Fund	6,612,170	1,500,019	8,112,189
423	Sewer/WWTP Utility Fund	17,172,110	810,514	17,982,624
424	Bond Reserve Fund	1,990,920	-	1,990,920
511	Equipment Rental Fund	1,955,820	16,000	1,971,820
617	Firemen's Pension Fund	59,610	-	59,610
	Totals	\$ 98,329,200	\$ 9,826,729	\$ 108,155,929

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and equity in pooled investments are comprised of both government-type and business-type activities. The balances are comprised of the following:

	December 31, 2016
Deposits with US Bank	\$ 2,594,687
Petty Cash/Change Funds	4,500
Local Government Investment Pool	13,163,709
Snohomish County Investment Pool	20,635,478
Federal Agency Securities	26,660,068
	<u>\$ 63,058,442</u>

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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy manages the exposure to declines in fair values by limiting the average of maturity of its portfolio to no more than three and one half years, unless an investment is matched to an anticipated future cash flow.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

	Remaining Maturity in Months					Credit Rating
	Fair Value	Twelve Months or Less	Twelve Months to Two Years	Two Years to Three Years	Three Years to Five Years	
Federal Agency Securities	\$ 26,660,068	\$ 2,022,321	\$ 2,000,022	\$ 4,962,751	\$ 17,674,974	Aaa/AA+
Local Government Investment Pool	13,163,709	13,163,709	-	-	-	Not Rated
Snohomish County Investment Pool	20,635,478	20,635,478	-	-	-	Not Rated
	<u>\$ 60,459,255</u>	<u>\$ 35,821,508</u>	<u>\$ 2,000,022</u>	<u>\$ 4,962,751</u>	<u>\$ 17,674,974</u>	

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy limits the instruments in which the City may invest. The City is empowered to invest in the following types of securities:

- U.S. Government obligations, U.S. Government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value;
- U.S. Treasury securities maturing in less than ten years;
- Fully insured or collateralized certificates of deposit, and other evidences of deposit, at qualified financial institutions that are approved by the Washington Public Deposit Protection Commission;
- Banker's Acceptances, and commercial paper rated in the highest tier by a nationally recognized rating agency;
- Investment grade obligations of state and local governments and public authorities located within the State of Washington; and
- Local government investment pools, either state administered or through joint powers statutes and other intergovernmental agreement legislation.

The Washington State Local Government Investment Pool (LGIP), created by the Washington State Legislature in 1986, is managed and operated solely by the Office of the State Treasurer. The State Finance Committee administers the statute that created the pool and adopts appropriate rules. The State Treasurer established the LGIP Advisory Committee to provide advice on the pool's operation. The advisory committee includes 12 members selected from the active pool participants. Eight members are appointed by the participant associations, and four are appointed by the State Treasurer.

The LGIP is considered extremely low risk and is recorded as a cash equivalent. The pool is unrated by financial rating agencies. It is operated in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. Investments are reported at their amortized cost basis to pool participants, which approximates fair value.

The Snohomish County Investment Pool (SCIP) is not registered with the SEC. It includes funds from the County's primary government and funds from the districts where the County Treasurer serves as *ex-officio* Treasurer. There are no involuntary participants in the SCIP. All participants have notified the Treasurer of their desire to participate in SCIP. The portion of the pool belonging to outside districts is reported in an Investment Trust Fund. SCIP investments are those allowed by County Investment Policy and include savings accounts, CD's and securities.

Pool participant shares are based on the dollars that they have invested in SCIP. The income is distributed based on interest rates on investments, amortization of premiums and discounts, and realized gains and losses for the month.

Pool oversight comes from the Snohomish County Finance Committee (SCFC). The SCFC consists of the County Treasurer, County Executive and Chairperson of the County Council. SCFC approves investment policies for SCIP.

Fair value of securities is based on the market value reports provided by the County's custodial agent. The market values are uploaded into the County investment software monthly from the custodial agent. The fair value of each participant's investment is determined by calculating the ratio of total investments by pool participants divided into the total fair value of the SCIP underlying assets. Each pool participant can determine their fair value by taking their investment in SCIP multiplied by this ratio.

Effective December 31, 2016, the City of Edmonds implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring fair value that requires or permits fair value measurement and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs. Securities classified as Level 1 in the fair value hierarchy are valued using prices quoted in active markets for identical securities, Level 2 securities are valued using observable inputs, and Level 3 securities are valued using unobservable inputs. U.S. Agency Securities and municipal bonds classified as Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. The City has no Level 1 or Level 3 security classifications to report.

Custodial Credit Risk - Deposits. Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All City deposits are insured by Federal Depository Insurance (FDIC) up to \$250,000. All deposits not covered by FDIC insurance are covered by the Washington Public Deposit Protection Commission (WPDPC).

The WPDPC is a statutory authority established under RCW 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 39.58.060 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.

Custodial Credit Risk – Investments. Custodial Credit Risk for Investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All City securities are held for safekeeping by U.S. 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 an investment in a single issuer. The City diversifies its investments by security type and institution. The investment policy requires that no more than 50 percent of the City's portfolio, at the time of purchase, shall be in any single financial institution, with the exception of investments in the LGIP, the SCIP, or U.S. Treasury or Agency securities.

Implementation of Statement on Fair Value Measurement. Effective December 31, 2016 the City of Edmonds implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring fair value that requires or permits fair value measurement and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

Securities classified at Level 1 in the fair value hierarchy are valued using prices quoted in active markets for identical securities, Level 2 securities are valued using observable inputs, and Level 3 securities are valued using unobservable inputs. U.S. Agency securities and municipal bonds classified in Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. There are no Level 1 or Level 3 security classifications to report.

The following table presents recurring fair value measurements as of December 31, 2016:

	December 31, 2016	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level		
Federal Agency Securities	\$ 26,660,068	\$ 26,660,068
Snohomish County Investment Pool	20,635,478	20,635,478
Total Investments by Fair Value	\$ 47,295,546	\$ 47,295,546
Investments Measured at Amortized Cost		
State of WA Local Government Investment Pool	\$ 13,163,709	
Total Investment Measured at Amortized Cost	\$ 13,163,709	
Total Investment Measured at Fair Value	\$ 60,459,255	

Discretely Presented Component Unit. Cash and equity in pooled investments of the Edmonds Public Facilities District are comprised of governmental type activities only. The balances as of December 31, 2016 are as follows:

	December 31, 2016
Cash and Cash Equivalents	\$ 195,069
Restricted Cash and Cash Equivalents	97,647
Equity in Pooled Investments	-
	<u>\$ 292,716</u>

The following tables present information regarding the components of Cash and Cash Equivalents as of December 31, 2016:

	Governmental Activities	Business-type Activities	Total Primary Govt.	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 8,745,025	\$ 18,706,591	\$ 27,451,616	\$ 250,745	\$ 27,702,361
Restricted Cash and Cash Equivalents	-	8,696,012	8,696,012	-	8,696,012
Investments	20,441,892	6,218,176	26,660,068	-	26,660,068
	<u>\$ 29,186,917</u>	<u>\$ 33,620,779</u>	<u>\$ 62,807,696</u>	<u>\$ 250,745</u>	<u>\$ 63,058,442</u>

Restricted Cash and Cash Equivalents

	Business-type Activities
Deposit to Bond Reserve Account	\$ 2,975,640
Unspent Construction Debt Proceeds	5,720,372
	<u>\$ 8,696,012</u>

NOTE 4 – PROPERTY TAXES

The Snohomish County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

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

The City may levy up to \$3.10 per \$1,000 of assessed valuation for general governmental services. The Washington State Constitution and RCW 84.55.010 limit this rate.

The City's regular levy for 2016 was \$1.3658 per \$1,000 on an assessed valuation of \$7,369,027,390 for a total regular levy of \$10,064,874. City of Edmonds voters approved two special levies: Emergency Medical Services (EMS) and a Debt Service Levy for the City's Public Safety Complex. Levy rates and amounts for the Regular, EMS and Debt Service levies are identified in the table below:

Purpose of the Levy	Levy Rate per \$1,000	Total Levy Amount
General Government	\$ 1.36583473	\$ 10,064,874
Emergency medical service (EMS)	0.50000000	3,684,514
Debt Service on voter approved general obligation bonds	0.13714439	949,540
Total City Levy	\$ 2.00297912	\$ 14,698,928

NOTE 5 – RECEIVABLES AND PAYABLES

Receivables at December 31, 2016 are as follows:

	Customer Accounts	Taxes	Special Assessments	Due From Other Governments	Due from Component Units	Total
Governmental Activities						
General Fund	\$ 733,755	\$ 387,297	\$ -	\$ 2,056,338	\$ 5,118,381	\$ 8,295,771
Other Governmental Funds	86	-	34,115	1,086,430	-	1,120,631
Internal Service	1,192	-	-	624	-	1,816
Total Governmental Activities	\$ 735,033	\$ 387,297	\$ 34,115	\$ 3,143,392	\$ 5,118,381	\$ 9,418,217
Business-type Activities						
Combined Utility Fund	\$ 2,896,256	\$ -	\$ -	\$ 860,534	\$ -	\$ 3,756,790
Total Business-type Activities	\$ 2,896,256	\$ -	\$ -	\$ 860,534	\$ -	\$ 3,756,790

Payables at December 31, 2016 are as follows:

	Salaries and Benefits	Accounts Payable	Due to Other Governments	Other Current Liabilities	Total
Governmental Activities					
General Fund	\$ 887,705	\$ 452,863	\$ -	\$ 106,086	\$ 1,446,654
Other Governmental Funds	29,482	510,999	-	66,934	607,415
Internal Service	15,325	89,690	-	-	105,014
Total Governmental Activities	\$ 932,512	\$ 1,053,552	\$ -	\$ 173,020	\$ 2,159,083
Business-type Activities					
Combined Utility Fund	\$ 210,667	\$ 1,149,325	\$ 487,199	\$ 409,432	\$ 2,256,623
Total Business-type Activities	\$ 210,667	\$ 1,149,325	\$ 487,199	\$ 409,432	\$ 2,256,623

NOTE 6 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred Outflows of Resources at December 31, 2016, are as follows:

Deferred Outflows of Resources - Government-wide Statement of Net Position	General Fund	Enterprise Funds
Difference between the reacquisition price and the net carrying amount of old debt in current refundings when the reacquisition price is greater.	\$ 12,350	\$ 163,247
GASB 68 Pension Deferred Outflow	2,302,336	623,365
Total	\$ 2,314,686	\$ 786,612

Deferred Inflows of Resources at December 31, 2016 are as follows:

Deferred Inflows of Resources - Government-wide Statement of Net Position	Governmental Activities	Business-Type Activities
Difference between the reacquisition price and the net carrying amount of old debt in current refundings when the reacquisition price is less.	\$ 141,114	\$ 54,732
GASB 68 Pension Deferred Outflow	112,999	58,634
Total	\$ 254,113	\$ 113,366

Deferred Inflows of Resources - Governmental Funds Balance Sheet	General Fund	Enterprise Funds
The portion of property taxes not received within 60 days of 2015.	\$ 387,297	\$ -
The portion of special assessments not received within 60 days of 2015.	34,115	-
Total	\$ 421,412	\$ -

NOTE 7 – INTERFUND ACTIVITY

There were two interfund balances as of December 31, 2016. The first is the utility tax payable to a General Fund receivable in the amount of \$206,500. The second was for an interfund loan between the Contingency Reserve Fund and the Street Construction Fund in the amount of \$3,006,106. The Street Construction Fund made grant eligible payments and is waiting for grant reimbursement.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. The City uses transfers to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations. Interfund activity for the year is as follows:

	Transfers In	Transfers Out			Total
		General	Other Governmental	Enterprise	
General Fund	\$ 1,472,730	\$ 1,334,160	\$ 138,570	\$ -	\$ 1,472,730
Other Governmental	1,867,710	1,713,378	143,425	10,907	1,867,710
Street	423,463	423,463	-	-	423,463
Total	\$ 3,763,903	\$ 3,471,001	\$ 281,995	\$ 10,907	\$ 3,763,903

NOTE 8 – RESTRICTED AND COMMITTED COMPONENTS OF NET POSITION

The government-wide statement of net position reports \$7,064,140 for Governmental Activities and \$2,986,888 for Business-Type Activities of restricted component of net position, and \$1,620,560 for Governmental Activities of committed component of net position.

Governmental Activities Restricted for:	
Per RCW, proceeds from seizures are limited to law enforcement activities exclusively	\$ 34,632
Restricted per RCW related to state fuel taxes, transportation benefit fees, impact fees and grant agreements	882,387
Restricted per RCW related to REET revenue and lodging tax restrictions, private donors, and grant agreements	5,957,319
Per RCW, proceeds are limited to paying the cost of tourism promotion and the Edmonds Business Improvement District	144,605
Restricted by grant agreements and private donations limited to a specific purpose, Inventory	45,197
Total Restricted Components of Net Position	\$ 7,064,140

Business-Type Activities Restricted for:	
Customer deposits	\$ 11,248
Debt service restrictions	2,975,640
Total Restricted Components of Net Position	\$ 2,986,888

Governmental Activities Committed or Assigned for:	
Committed for the acquisition or advancement of visual and performing arts within the City	\$ 493,080
Committed for the administration of the employee permit parking program solely and exclusively	63,704
Committed for special projects, special events, capital improvements and other nonrecurring needs of cemetery	142,339
Committed to be expended solely for the purpose of maintaining the cemetery	901,173
Assigned to be transferred to the Contingency Reserve Fund	20,265
Total Committed or Assigned Components of Fund Balance	\$ 1,620,560

NOTE 9 – CAPITAL ASSETS AND DEPRECIATION

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

Schedule of Capital Asset Activity				
	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 15,455,574	\$ 2,130,936	\$ -	\$ 17,586,510
Construction in progress	8,466,376	2,543,446	(1,304,573)	9,705,249
Total capital assets not being depreciated:	23,921,950	4,674,382	(1,304,573)	27,291,759
Capital assets, being depreciated:				
Building	25,421,182	405,765	(147,268)	25,679,679
Improvements other than buildings	22,231,884	2,295,342	(51,346)	24,475,879
Infrastructure	59,089,534	1,329,782	(64,593)	60,354,723
Machinery and equipment	7,991,828	1,087,232	(636,603)	8,442,458
Total capital assets being depreciated:	114,734,428	5,118,121	(899,810)	118,952,738
Less accumulated depreciation for:				
Buildings	(15,734,258)	(750,101)	112,517	(16,371,842)
Improvements other than buildings	(7,829,460)	(636,799)	51,346	(8,414,912)
Infrastructure	(39,773,628)	(2,585,494)	32,296	(42,326,825)
Machinery and equipment	(5,597,891)	(414,930)	629,257	(5,383,564)
Total accumulated depreciation:	(68,935,237)	(4,387,324)	825,417	(72,497,144)
Total capital assets being depreciated, net:	45,799,191	730,797	(74,393)	46,455,595
Governmental activities capital assets, net:	\$ 69,721,141	\$ 5,405,179	\$ (1,378,966)	\$ 73,747,354

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 1,257,106	\$ -	\$ -	\$ 1,257,106
Construction in progress	8,492,543	4,934,966	(6,113,513)	7,313,996
Total capital assets, not being depreciated:	9,749,649	4,934,966	(6,113,513)	8,571,102
Capital assets being depreciated:				
Building	36,585,060	-	(729,838)	35,855,222
Improvements other than buildings	84,902,596	9,202,361	(2,087,470)	92,017,487
Machinery and equipment	1,148,632	109,401	(78,104)	1,179,930
Intangible assets	1,305,260	-	-	1,305,260
Total capital assets being depreciated:	123,941,548	9,311,762	(2,895,411)	130,357,899
Less accumulated depreciation for:				
Buildings	(17,278,789)	(698,451)	365,073	(17,612,167)
Improvements other than buildings	(29,988,196)	(2,767,141)	1,799,737	(30,955,600)
Machinery and equipment	(758,297)	(42,428)	78,104	(722,621)
Intangible assets	(1,121,082)	(51,900)	-	(1,172,982)
Total accumulated depreciation:	(49,146,364)	(3,559,919)	2,242,914	(50,463,370)
Total capital assets being depreciated, net:	74,795,184	5,751,843	(652,498)	79,894,529
Business activities capital assets, net:	\$ 84,544,833	\$ 10,686,809	\$ (6,766,011)	\$ 88,465,631

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Depreciation Expense by Function

Governmental Activities:

General government	\$ 775,900
Public safety	293,925
Culture and recreation	547,265
Transportation	2,462,443
Physical Environment	1,906
Internal service	305,885
Total depreciation expense - Governmental Activities	\$ 4,387,324

Business-Type Activities:

Stormwater	\$ 554,591
Water	889,249
Sewer	853,197
Wastewater Treatment	1,262,882
Total depreciation expense - Business Type Activities	\$ 3,559,919

NOTE 10 – RECORDED VACATION AND SICK LEAVE

In accordance with GASB Statement No. 16, the City accrues vacation and sick leave pay. The accrual is shown on the government-wide Statement of Net Position for both Governmental and Proprietary funds. The accrual is also seen in the separate Proprietary Fund balance sheets, but is excluded from the separate Governmental Fund balance sheets since it is not currently due and payable at year-end (see Note 14).

NOTE 11 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year 2016:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (12,024,324)
Pension assets	\$ 1,639,345
Deferred outflows of resources	\$ 2,925,701
Deferred inflows of resources	\$ (171,633)
Pension expense/expenditures	\$ 1,367,694

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 (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The DRS issues a 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.

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 1 and 2 are defined benefit plans, and PERS 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, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

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

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

The City's actual contributions to the plan were \$35,805 for the year ended December 31, 2016.

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, or 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 age 65 with at least five years of

service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance based on the CPI capped at three percent annually, and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	11.18%	6.12%

* For employees participating in JBM, the contribution rate was 15.30%

The City's actual contributions to the plan were \$1,316,625 for the year ended December 31, 2016.

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 years of service calculated as a percent of final average salary (FAS) as follows:

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

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

Contributions

Starting on July 1, 2000 LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at age 53, with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance based on the CPI, capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%
Ports and Universities	8.41%	8.41%
Administrative Fee	0.18%	
Total	8.59%	8.41%

The City's actual contributions to the plan were \$303,767 for the year ended December 31, 2016.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2016 the state contributed \$60,375,158 to LEOFF Plan 2.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. 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 that each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

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

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent. To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent. Consistent with the long-term expected rate of return, a 7.5 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 7.5 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 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, 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%	1.7%
Tangible Assets	5%	4.4%
Real Estate	15%	5.8%
Global Equity	37%	6.6%
Private Equity	23%	9.6%
	100%	

Sensitivity of the Net Pension Liability

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 6,598,908	\$ 5,472,188	\$ 4,502,576
PERS 2/3	\$ 11,277,934	\$ 6,125,384	\$ (3,188,616)
LEOFF 1	\$ (337,481)	\$ (568,110)	\$ (765,247)
LEOFF 2	\$ 3,004,037	\$ (1,071,235)	\$ (4,142,806)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2016, the City reported a total pension liability of \$9,958,227 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 5,472,188
PERS 2/3	\$ 6,125,384
LEOFF 1	\$ (568,110)
LEOFF 2	\$ (1,071,235)

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

	Liability (or Asset)
LEOFF 2 - Employer's proportionate share	(1,071,235)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with the employer	(229,538)
TOTAL	(1,300,773)

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

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	0.101786%	0.101894%	0.000108%
PERS 2/3	0.121602%	0.121658%	0.000056%
LEOFF 1	0.054022%	0.055141%	0.001119%
LEOFF 2	0.183336%	0.184178%	0.000842%

Employer contribution transmittals received and processed by the 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 the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

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

In fiscal year 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

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

	Pension Expense	
PERS 1	\$	335,943
PERS 2/3		899,339
LEOFF 1		(84,689)
LEOFF 2		217,100

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	
Net difference between projected and actual investment earnings on pension plan investments	137,781	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	302,338	-
TOTAL	440,119	-

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	326,172	(202,209)
Net difference between projected and actual investment earnings on pension plan investments	749,570	-
Changes of assumptions	63,311	-
Changes in proportion and differences between contributions and proportionate share of contributions	116,762	-
Contributions subsequent to the measurement date	371,839	-
TOTAL	1,627,655	(202,209)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	57,748	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	57,748	-
LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	146,788	-
Net difference between projected and actual investment earnings on pension plan investments	384,938	-
Changes of assumptions	4,039	-
Changes in proportion and differences between contributions and proportionate share of contributions	679,112	(114,995)
Contributions subsequent to the measurement date	154,521	-
TOTAL	1,369,398	(114,995)

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

Year ended December 31	PERS 1
2017	(33,925)
2018	(33,925)
2019	126,537
2020	79,093
2021	-
Thereafter	-
TOTAL	137,781

Year ended December 31	PERS 2/3
2017	52,698
2018	52,698
2019	592,849
2020	355,362
2021	-
Thereafter	-
TOTAL	1,053,607

Year ended December 31	LEOFF 1
2017	(11,934)
2018	(11,934)
2019	50,013
2020	31,601
2021	-
Thereafter	-
TOTAL	57,748

Year ended December 31	LEOFF 2
2017	(54,275)
2018	(54,275)
2019	297,772
2020	217,856
2021	8,015
Thereafter	-
TOTAL	415,092

Firemen's Pension

Plan Description

The Law Enforcement Officers' and Firefighters' (LEOFF) pension system was established by the State of Washington on March 1, 1970. The City retained the responsibility for all benefits payable to members (or to their survivors) who retired prior to that date. In addition, the City retained the responsibility for a portion of the benefits payable to members who were active on that date.

As a result, the City of Edmonds is the administrator of the Firemen's Pension Plan which is shown as a Trust Fund in the City's financial reports. Separate financial statements are not issued.

This system is a closed, single-employer, defined benefit pension system. City firefighters who served before March 1, 1970 are participants of this pension fund. Benefits are established in accordance with RCW 41.18 and RCW 41.20. During 2016 there were a total of four retirees covered under this system who are receiving pension benefits; of these four retirees, three are also receiving medical benefits from this fund. There were no active employees covered under this plan, and there were no inactive employees entitled to but not yet receiving benefits. The pension plan is closed to new entrants. Additional information related to the required note disclosures for this plan can be found in the Required Supplemental Information immediately following the Notes to the Financial Statements.

Funding Policy and Funding Status

Under State law, the Firemen's Pension Fund is provided an allocation of 25% of all money received by the State from taxes on fire insurance premiums. The General Fund may provide additional funding through transfers to help fund benefits and administrative costs as necessary. Active pension plan members are not required to contribute to the plan.

Summary of Significant Accounting Policies

Basis of accounting – The financial statements are prepared using the accrual basis of accounting. Benefits are recognized when due and payable in accordance with the plan.

Valuation of investments – Interest earnings are recognized in the accounting period in which they become available and measurable. Investments are reported on the financial statements at fair value based on quoted market prices.

Concentration of Investments

At December 31, 2016, the Fire Pension Fund did not hold any investments. The net pension liability has been recorded as a noncurrent liability on the City's government-wide Statement of Net Position.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Total Pension Liability	\$ 651,448	\$ 470,852
Pension plan fiduciary net position	\$ 224,696	\$ 203,101
Employer's net pension liability	\$ 426,752	\$ 267,751
Pension plan fiduciary net position as a percentage of the total pension liability	34.5%	43.1%

Sensitivity of NPL

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.75 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 or 1-percentage point higher than the current rate.

	1% Decrease	Current Discount Rate (3.75%)	1% Increase
Fireman's Pension	\$ 504,492	\$ 426,752	\$ 399,230

Actuarial Information

The City implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions, an amendment to GASB No. 27 and No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The primary objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local government pension plans. On May 5, 2017, Northwest Plan Services, Inc., actuaries and consultants, completed the Firemen's Pension Fund Actuarial valuation. The valuation was updated on December 31, 2016.

The actuarial cost method used in the actuarial valuation report is the Entry Age Normal Cost Method. Under this method, the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Liability. Since all members have already retired, the annual Normal Cost is zero. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Accrued Liability minus the actuarial value of the Fund's assets. The UAAL is amortized as a level dollar amount over a closed 30 years beginning January 1, 2000.

Significant actuarial assumptions used in the valuation include:

- 3.75 percent investment return, compounded annually
- 3.0 percent annual salary increase
- 2.5 percent growth in fire insurance premium
- 2.5 percent increase in consumer price index
- 5.75 percent increase in medical inflation rate, grading down to 5.0 percent in 2020.
- 5.0 percent increase in long term care inflation rate
- Plan assets are valued at market value

Municipal Employees Benefits Trust (MEBT)

Full- and qualifying part-time City employees participate in the City defined contribution plan. By majority vote, City employees approved the City's withdrawal from the Social Security System pursuant to 2 U.S.C.A., Sec. 418 (g) effective July 1, 1977. City employees who customarily work 1,000 or more hours per year and who otherwise would be eligible for Social Security coverage and benefits are required to participate. Both the City and participants are required to contribute an amount equal to the current Federal Insurance Contributions Act (FICA) tax rate. The City's contribution for fiscal year 2016 was \$1,037,018 which represents its full liability.

For the year ending December 31, 2016 the City's covered payroll was \$17,803,202. No significant benefit changes occurred in 2016. The plan is administered by a Plan Committee consisting of two members appointed by the Mayor and five members elected by the employees who contribute to the plan. Members appointed by the Mayor serve at the pleasure of the Mayor; elected members serve a two-year term and may be re-elected for an additional two-year term.

Plan assets are not City property, but are maintained in trust at American Stock Transfer and Trust Company. Plan assets, therefore, are not included in these financial statements.

The City may amend the provisions of the plan, provided that no such amendment shall enlarge the duties or the liabilities of the plan trustee without its consent.

The City has the right at any time to reduce, suspend, or completely discontinue its contributions to the plan. Actuarial determinations are not required because 1) long-term disability insurance and survivor income insurance are provided through Cigna Group Insurance, and 2) each

participant shall, at their normal retirement, instruct the Trustee to (a) acquire a non-forfeitable, non-transferable annuity contract, (b) pay their retirement benefit from their account (no City or participant contributions shall be added to the account after retirement), and (c) pay a single cash sum. When a participant terminates, the Trustee shall be instructed to pay the full amount of the participant's contributions plus the vested portion credited to their account.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to providing pension benefits described under "Fireman's Pension," the City provides other post-employment health care benefits. Firefighters hired between March 1, 1970 and September 30, 1977 are members of the LEOFF 1 pension system and are also eligible for a supplemental retirement benefit plus health benefits under the City plan. This system is a closed, single-employer, defined benefit pension system. Generally, benefits under the LEOFF 1 retirement benefit system are greater than or equal to the retirement benefits under the City plan. However, should the benefits under the old law exceed those under LEOFF 1 the City becomes liable for the excess benefits. As such, the law requires the payment of excess benefits only and do not require a specific contribution rate by the City. At December 31, 2016 there were 26 retirees receiving medical benefits. These benefits were paid from the LEOFF 1 Retiree Medical Reserve Fund. In accordance with RCW 41.26.150, all employees who become eligible after age 50 or become disabled while employed with at least five years of service in the LEOFF I System are eligible. Under authorization of the Disability Board, the City pays the medical insurance premiums and any additional medical expenses not covered by insurance, including long-term care. Post-employment health care benefits are being funded on a pay as you go basis. The actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation. The retiree does not contribute towards the cost of their medical care. The Schedule of Funding Progress and the Schedule of Employer Contributions for the most recent valuation are located in the Required Supplemental Information section of the City's annual report. The actuarial value of plan assets is unchanged relative to the actuarial accrued liability for benefits. Post-employment health care costs of \$156,239 and long-term care costs of \$96,548 were reported in the LEOFF 1 Medical Reserve Fund 009. At December 31, 2016 there was \$544,020 of cash and cash equivalents available to pay benefits.

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

Fiscal Year Ending 12/31	Annual OPEB Cost	Contribution as a Percentage of Annual OPEB Cost	Net OPEB Obligation
2014	610,453	50%	1,016,048
2015	487,085	66%	1,179,920
2016	479,982	57%	1,388,057

The City's annual OPEB and Net OPEB obligation for the current and preceding year were as follows:

	12/31/2014	12/31/2015	12/31/2016
Annual Normal Cost (BOY)	\$ -	\$ -	\$ -
Amortization of UAAL (BOY)	606,821	498,790	498,790
Interest to EOY [(1)+(2)]x(i)*	<u>21,239</u>	<u>19,952</u>	<u>19,952</u>
Annual Required Contribution (ARC) at EOY [(1)+(2)+(3)]	\$ 628,060	\$ 518,742	\$ 518,742
Interest on Net OPEB Obligation	28,490	35,562	41,297
Adjustment to ARC	<u>46,097</u>	<u>64,725</u>	<u>77,563</u>
Annual pension cost (APC) [(4)+(5)-(6)]	\$ 610,453	\$ 489,579	\$ 482,476
Employer Contributions**	306,661	323,213	271,845
Change in Net OPEB Obligation [(7)-(8)]	<u>303,792</u>	<u>163,872</u>	<u>208,137</u>
Net OPEB Obligation at BOY [(11) prior year]	<u>\$ 712,256</u>	<u>\$ 1,016,048</u>	<u>\$ 1,179,920</u>
Net OPEB Obligation at EOY [(9)+(10)]	\$ 1,016,048	\$ 1,179,920	\$ 1,388,057

* 'i' is the assumed interest rate that year: 4.0% in 2013, 3.5% in 2014, and 4.0% in 2015.

**Employer contributions for pensions are total contributions net of medical expenses for the year as provided by RCW.41.26.150 and administrative expenses.

Actuarial Information

GASB Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions require the disclosure of the employer liability for retiree medical subsidies and other post-employment benefits. On May 5, 2017, Northwest Plan Services, Inc., actuaries and consultants, completed an actuarial valuation as of December 31, 2016. The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future and subject to revisions. They reflect a long-term perspective.

In order to comply with reporting requirements, they computed the annual required contribution (ARC) using the Entry Age Cost Normal Actuarial Method. The ARC is equal to an amount required each year to fully fund the liability. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Liability. Since all members have already retired, the annual Normal Cost is Zero. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Accrued Liability minus the actuarial value of the Fund's assets. The UAAL is amortized as a level dollar amount over a closed 30 years beginning January1, 2007.

Significant actuarial assumptions used in the valuation include:

- 3.75 percent investment return, compounded annually
- 2.5 percent increase in consumer price index
- 5.75 percent grading down to 5.0 percent in 2020.
- 5.0 percent increase in long term care inflation rate
- Asset valuation method N/A

NOTE 13 – LONG-TERM DEBT

The City of Edmonds issues general obligation and revenue bonds to finance the acquisition and construction of major capital facilities and capital programs. General obligation bonds have been issued in the past for both general government and business type activities and are being repaid from the applicable resources. Governmental Activities long-term debt is paid from property and sales tax revenues. Revenue bonds are repaid out of the revenues generated by the related utility. The City of Edmonds is liable for seven Public Works Trust Fund Loans; three are general obligation loans and four are businesses-type loans. The Notes are considered obligations of both the general government and the Utility and are being repaid from the applicable resources. The City is in compliance with all Washington State debt limitation statutes and bond indenture agreements.

General obligation bonds currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/16
Governmental Debt:					
<u>General Obligation Bonds:</u>					
2007 LTGO Bonds - Capital Improvements	3/15/2026	3.65-3.95%	1,384,904	893,700	-
2012 LTGO Refunding Bonds	12/1/2031	1.75-3.00%	9,004,043	536,265	6,242,738
Total Governmental GO Bonds			10,388,947	1,429,965	6,242,738
Business-type Debt:					
<u>General Obligation Bonds:</u>					
2007 LTGO Bonds - Capital Improvements	3/15/2026	3.65-3.95%	3,845,096	2,481,300	-
2012 LTGO Refunding Bonds	12/1/2031	1.75-3.00%	320,957	28,735	182,262
Total Business- type GO Bonds			4,166,053	2,510,035	182,262
Total General Obligation Bonds			\$ 14,555,000	\$ 3,940,000	\$ 6,425,000

Revenue bonds currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/16
Business- type Debt:					
<u>Revenue Bonds</u>					
2011 Water/Sew er Bonds	12/1/2031	3.65-3.95%	\$ 13,720,000	\$ 555,000	\$ 11,115,000
2013 Water/Sew er Bonds	12/1/2038	4.00-5.00%	15,010,000	175,000	14,505,000
2015 Water/Sew er Bonds	12/1/2040	1.50-4.00%	18,740,000	480,000	18,055,000
Total Revenue Bonds			\$ 47,470,000	\$ 1,210,000	\$ 43,675,000

Loans currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/16
Governmental Debt:					
<u>Loans:</u>					
P W Trust Fund Loan - Street Construction	6/30/2022	0.50%	\$ 340,000	\$ 18,143	\$ 108,860
P W Trust Fund Loan - Street Construction	6/30/2024	0.50%	400,000	21,176	169,412
P W Trust Fund Loan - Street Construction	5/24/2026	0.50%	624,750	32,882	328,816
Fire District One Loan	12/31/2016	0.00%	-	802,031	-
2014 Cashmere Bank Loan	12/1/2016	1.00-1.75%	2,763,314	933,208	-
Chase Bank Loan	12/1/2026	1.67%	838,526	-	838,526
Total Governmental Debt Loans			4,966,590	1,807,440	1,445,614
Business-type Debt:					
<u>Loans:</u>					
P W Trust Fund Loan - Trt. Plant/Sew er Improv.	6/30/2022	0.50%	1,347,250	71,325	427,950
P W Trust Fund Loan - Water Improvements	6/30/2024	0.50%	408,000	25,839	206,712
P W Trust Fund Loan - Storm Improvements	6/30/2024	0.50%	605,625	32,063	256,500
P W Trust Fund Loan - Sew er Improvements	6/30/2025	0.50%	1,216,902	72,295	650,657
Department of Ecology	10/31/2033	2.30%	638,540	26,982	567,663
Chase Bank Loan	12/1/2026	1.67%	2,328,116	-	2,328,116
Total Business- type Debt Loans			6,544,433	228,504	4,437,598
Total Loans			\$11,511,023	\$2,035,944	\$5,883,212

Capital Contracts currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/16
Governmental Debt:					
<u>Capital Contracts</u>					
2005 Contract - Public Safety Radio Equipment	12/01/2019	3.00-5.00%	1,595,046	114,411	376,182
Total Capital Contracts			\$ 1,595,046	\$ 114,411	\$ 376,182

Nonexchange Financial Guarantees currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/16
Governmental Debt					
<u>Nonexchange Financial Guarantee</u>					
Edmonds Public Facilities District	12/1/2025	0.700%	\$ 1,312,868	\$ 235,751	\$ 943,872
Total Nonexchange Financial Guarantee			\$ 1,312,868	\$ 235,751	\$ 943,872

Debt Limit

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

Segment 1 – General Governmental Purposes

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

Segment 2 – City-Owned Water and Sewer Purposes

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

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

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

Debt Limit Capacity

Item	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	Without Vote (Councilmanic)	With Vote	With Vote	With Vote
	1.5%	2.5%	2.5%	2.5%
Legal Limits	\$ 122,659,248	\$ 81,772,832	\$ 204,432,080	\$ 204,432,080
Net outstanding indebtedness	17,385,242	-	-	-
Margin Available	<u>\$ 140,044,490</u>	<u>\$ 81,772,832</u>	<u>\$ 204,432,080</u>	<u>\$ 204,432,080</u>

Refunded Debt

In October 2016, the City obtained a loan from Chase Bank to refund 2017 and later debt service payments on the 2007 general obligation bonds. These proceeds were used to purchase U.S. government and state and local government series securities that were placed in an irrevocable trust for the purposes of generating resources for all future debt service payments on \$3,120,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments the next 10 years by \$410,833 and resulted in an economic gain of \$337,340.

In prior years, the City has defeased several revenue bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds used to purchase U.S. Government securities that were placed in the trust funds. These investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed from City financial statements.

Debt Service to Maturity

The requirements to amortize the long-term debt as of December 31, 2016 are presented below. Debt service for the LTGO bonds are met by the General Fund and certain special revenue funds, and reimbursements from proprietary funds of the City with the exception of the 2012 LTGO refunding bonds. The Public Facilities District (PFD) is obligated by inter-local agreement to pay the entire amount of the PFD's portion of the 2012 debt service over the life of the bonds. (See Note 1). Debt service for the UTGO bonds are covered by property tax levies that authorized the bond issues. Debt service for the revenue bonds is paid by the Utility Fund. Debt service for the capital contracts is expended from the General Fund. In prior years the City has typically used the General Fund to liquidate long-term liabilities other than debt.

Following is a table which reflects debt service to maturity for Governmental Activities and Business-Type Activities.

Year	GOVERNMENTAL ACTIVITIES			BUSINESS TYPE ACTIVITIES		
	Principal	Interest	Total	Principal	Interest	Total
2017	1,048,379	204,604	1,252,983	1,513,687	1,740,456	3,254,143
2018	1,082,946	182,089	1,265,035	1,560,150	1,693,766	3,253,916
2019	1,114,310	158,742	1,273,052	1,610,807	1,643,494	3,254,301
2020	1,026,500	134,586	1,161,086	1,652,300	1,598,707	3,251,007
2021	1,064,654	116,164	1,180,818	1,708,808	1,538,738	3,247,546
2022-2026	4,699,595	285,575	4,985,170	8,761,434	6,841,997	15,603,431
2027-2031	385,000	26,325	411,325	9,806,974	5,252,413	15,059,387
2032-2036	-	-	-	11,758,849	3,186,133	14,944,982
2037-2040	-	-	-	7,565,000	666,145	8,231,145
	\$ 10,421,384	\$ 1,108,085	\$ 11,529,469	\$ 45,938,009	\$ 24,161,849	\$ 70,099,858

At December 31, 2016 the City had \$2,975,640 in the Enterprise fund available for debt service.

Arbitrage – The Federal Tax Reform Act of 1986 requires tax-exempt debt issuers to pay investment income received at yields that exceed the issuer's borrowing rates to the United States Treasury. The liability is recorded at present value and payable every five years or 60 days after defeasance of the debt. At December 31, 2016, the City of Edmonds had no arbitrage liability.

Revenue Bond Debt Service Coverage – The required debt service coverage for the utility revenue bonds is 1.25. Please refer to Schedule 15 in the Statistical Section.

NOTE 14 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2016		Additions	Reductions	Ending Balance 12/31/2016		Due Within One Year
Governmental activities							
Bonds payable:							
General obligation bonds	\$	7,701,438	\$ -	\$ (1,429,965)	\$	6,271,473	\$ 565,444
Total bonds payable:		7,701,438		(1,429,965)		6,271,473	565,444
Net Pension Obligation		7,338,503	1,575,725			8,914,228	-
OPEB payable		1,179,920	208,137			1,388,057	-
Compensated absences		2,279,704	1,827,946	(1,875,800)		2,231,850	1,913,315
Capital contracts		490,593		(114,411)		376,182	119,694
Governmental Loans		2,414,528	838,526	(1,807,440)		1,445,614	149,270
Nonexchange Financial Guarantee		1,179,623		(235,751)		943,872	120,000
Governmental activity long-term liabilities	\$	22,584,309	\$ 4,450,334	\$ (5,463,367)	\$	21,571,276	\$ 2,867,723
Business-type activities							
Bonds Payable:							
General obligation bonds	\$	2,663,562	\$ -	\$ (2,510,035)	\$	153,527	\$ 29,556
Revenue bonds		44,885,000		(1,210,000)		43,675,000	1,255,000
Less:							
For issuance premiums		695,096		(36,959)		658,137	36,959
For issuance discount		(9,692)		9,692		-	-
On refunding		-		-		-	-
Total bonds payable:		48,233,966		(3,747,302)		44,486,664	1,321,515
Net Pension Obligation		2,598,511	511,584			3,110,095	-
Compensated absences		356,866	364,217	(372,945)		348,138	339,041
Business-type Loans		2,337,986	2,328,116	(228,504)		4,437,598	443,103
Business-type activity long-term liabilities	\$	53,527,329	\$ 3,203,917	\$ (4,348,751)	\$	52,382,495	2,103,659

Internal service funds predominately serve the governmental funds. Accordingly, the December 31, 2016 long-term liabilities for the fund are included as part of the above totals for governmental activities. At year-end internal service fund balances include \$37,430 for compensated absences and \$215,187 for net pension obligation.

The General Fund typically is used to liquidate prior years' liability for compensated absences and other post-employment benefit obligations.

NOTE 15 – CONTINGENCIES AND LITIGATIONS

The City is exposed to the risk of loss from torts, theft of or damage to assets, business interruption, errors or omissions, law enforcement actions, contractual actions, natural disasters, environmental regulations, and other third-party liabilities. The City also bears the risk of loss due to job-related illnesses and injuries to employees. The City has a compact with the Washington Cities Insurance Authority (WCIA), an insurance pool to cover these general liability risks. See Note 16 for more detailed information on risk management.

There are several disputes and pending lawsuits in which the City is named. The City Attorney estimates the potential claims against the City not covered by insurance resulting from such disputes and litigation could range from \$0 to \$150,000 and estimates the likelihood of this range is from reasonably possible to remote.

The City participates in a number of federal- and state-assisted programs. These programs are subject to audit by the governmental unit administering the program or their representative. Such audits could result in requests for reimbursement of disallowed expenditures. Based on audit history, City management believes that any disallowance will be immaterial.

The City Council approved a guaranty of a borrowing by the Edmonds Public Facilities District for up to \$7 million, which represents an outstanding contingent liability of the City.

NOTE 16 – RISK MANAGEMENT

The City of Edmonds is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed the WCIA on January 1, 1981. The WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and jointly contracting for risk management services. WCIA has a total of 168 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

The City is exposed to various risks of loss from torts, theft of damage to or destruction of assets, business interruption, errors and omissions, injuries to employees, and natural disasters. The City has no material liability for unpaid claims at year end.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

NOTE 17 – COMMITMENTS

The City has several capital improvement projects in progress. As of December 31, 2016, the City's outstanding contractual obligations, which include construction and engineering contracts, are summarized below:

Contract Name	Original Amount	Expenditures to Date	Remaining Commitment
Students Saving Salmon	2,224	1,560	664
Edmonds Fishing Pier Rehab	2,002,368	1,799,761	202,607
Cedar Street ROW	8,500	2,802	5,698
76th Ave W & 212th St. SW Intersection	764,219	670,017	94,202
Sunset Walkway Project	90,800	83,906	6,894
Hwy 99 Enhancements (Phase III)	85,194	79,732	5,463
236th St. SW Walkway (Edmonds Way to Madrona School)	33,984	1,502	32,482
Madrona School Walkway Project	743,795	306,869	436,926
220th St. SW Overlay	811,132	698,159	112,973
Bikelink Project	156,435	99,024	57,412
Edmonds Waterfront Access Analysis	614,107	612,991	1,116
SR99 Safety Improvements (224th to 216th)	9,500	8,383	1,118
2016 Overlay Program	38,616	31,910	6,706
ADA Transition Plan	96,121	27,197	68,924
Minor Sidewalk Program & 2016 Curb Ramps	77,568	28,009	49,559
228th St. SW Corridor Improvement Project	6,590,851	6,262,983	327,868
238th St. SW Walkway & Drainage Improvements	1,500,173	1,406,613	93,560
Frances Anderson Band Shell	447,305	186,507	260,798
City Park Spray-Park	795,289	781,793	13,496
Capital Projects CM, Engineering & Inspection Services	591,600	576,066	15,534
2015 Waterline Replacement Project	421,118	350,795	70,323
2016 Water Comp Plan Update	157,576	97,239	60,337
2016-2017 Waterline Replacement Program	650,553	334,327	316,226
Dayton St. Utility Replacement (3rd to 9th)	496,800	135,024	361,776
Five Corners Recoating Project	131,484	131,320	164
Northstream Pipe Abandonment and Culvert Rehab	111,852	83,612	28,240
SW Edmonds - 105th/106th Ave W Storm Improvements	164,079	142,226	21,852
Edmonds Marsh Feasibility Study - Willow Creek Daylighting	559,564	331,220	228,344
Dayton Street Stormwater Pump Station - Phase 2	319,833	123,654	196,179
Update Stormwater Mgmt Code & Associated Docs	221,168	138,436	82,732
Dayton Street Storm Improvements (6th Ave - 8th Ave)	44,789	43,774	1,015
Seaview Park Infiltration Facility	170,396	91,812	78,584
12th Ave N & Sierra PI Stormwater System Improvements	90,434	74,327	16,107
98th Ave Overlay & Drainage Improvements	22,900	13,439	9,461
105th/106th Avenues West LID Stormwater	497,275	444,557	52,718
2015 Drainage Improvements @ 191st St & 216th St	144,290	133,319	10,970
Plan Review Support	20,000	17,811	2,189
2015 Sewerline Replacement Project	321,634	246,921	74,713
Citywide CIPP Sewer Rehab	62,000	57,425	4,575
Lift Station #1 Basin & Flow Study	173,702	137,566	36,136
Lake Ballinger Sewer Trunk Main Study	295,148	63,566	231,582
2015 - 2017 Sanitary Sewer Replacement Projects	3,003,438	2,259,255	744,183
WWTP Outfall Pipe Modifications	90,000	34,002	55,998
Standard Details Update	71,900	60,719	11,182
2016 Utility Rate Update	24,810	15,430	9,380
Control System Upgrade	1,579,262	1,341,487	237,775
Energy Project & Improvements	5,000,027	2,254,561	2,745,466
Clarifier #3	726,195	362,340	363,855
Outfall Design Project	100,000	34,206	65,794
Economic Arts Impact Study	40,000	-	40,000
Yost Park Pool	160,090	10,000	150,090
Brackett's Landing	50,000	-	50,000
Veteran's Plaza	550,000	-	550,000
Civic Master Plan	80,000	60,000	20,000
	\$ 32,012,097	\$ 23,290,152	\$ 8,721,945

NOTE 18 – NONEXCHANGE FINANCIAL GUARANTEE

In 2008, the City of Edmonds guaranteed the 17 year, \$4 million general obligation bond issuance of the Edmonds Public Facilities District (PFD), a legally separate district within the City, in accordance the authority provided by the Washington State Legislature and codified in Revised Code of Washington chapters 35.57 and 39.46. The bonds mature annually through December 1, 2025, with semiannual interest payments. In the event that the PFD is unable to make a payment, City of Edmonds will be required to loan the PFD proceeds so that the PFD can make the required payment. As of December 31, 2016, the City has loaned the PFD a total of \$1,173,381. The City of Edmonds determined that it was more likely than not that the City would be required to continue loaning portions of the PFD's debt service payments based on this guarantee. The amount of the liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. The City expects to recover the entire balance of current and future loans to the PFD.

The liability recognized for nonexchange financial guarantees by the City of Edmonds for 2016 is as follows:

<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
\$ 1,179,623	\$ -	\$ 235,751	\$ 943,872

NOTE 19 – HEALTH AND WELFARE

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

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

As of December 31, 2016, 258 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: Group Health Cooperative/Group Health 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 2106, 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 Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

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

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

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board. 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.

FIREMEN'S PENSION TRUST FUND

City of Edmonds
 Schedule of Employer Contributions
 Firefighters' Pension Fund
 Last 10 Fiscal Years

Page 1 of 2

	2016	2015	2014	2013
Actuarially determined contribution	\$ 25,353	\$ 25,353	\$ 44,223	\$ 44,223
Actual contribution	\$ 47,449	38,775	21,581	(3,576)
Contribution deficiency (excess)	<u>\$ (22,096)</u>	<u>\$ (13,422)</u>	<u>\$ 22,642</u>	<u>\$ 47,799</u>
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a % of covered-employee payroll	N/A	N/A	N/A	N/A

City of Edmonds
 Schedule of Investment Returns
 Firefighters' Pension Fund
 Last 10 Fiscal Years

Page 1 of 2

	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	1.08%	0.83%	0.35%	0.17%

Page 2 of 2

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 38,602	\$ 38,602	\$ 40,903	\$ 40,903	\$ 28,629	\$ 28,629
42,004	(6,229)	31,197	33,583	39,702	16,956
<u>\$ (3,402)</u>	<u>\$ 44,831</u>	<u>\$ 9,706</u>	<u>\$ 7,320</u>	<u>\$ (11,073)</u>	<u>\$ 11,673</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

Page 2 of 2

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
0.14%	0.16%	0.26%	1.30%	2.44%	N/A

Schedule of Changes in Net Pension Liability and Related Ratios
Firefighters' Pension Fund
Last 10 Fiscal Years*

	2016	2015	2014	20XX						
Total pension liability										
Service cost	\$ -	\$ -	\$ -							
Interest	15,991	16,365	30,016							
Changes in benefit provided	188,817	-	-							
Differences between expected and actual experience	17,054	-	(256,011)							
Changes of assumptions	(13,330)	-	(31,502)							
Benefit payments, including refunds of contributions	(27,936)	(26,175)	(24,481)							
Net change in total pension liability	180,596	(9,810)	(281,978)							
Total pension liability - beginning	470,852	480,662	762,640							
Total pension liability - ending (a)	<u>\$ 651,448</u>	<u>\$ 470,852</u>	<u>\$ 480,662</u>							
Plan fiduciary net position										
Contributions - employer	47,449	38,775	21,581							
Contributions - nonemployer contributing entities	-	-	-							
Contributions - employee	-	-	-							
Net investment income	2,296	1,629	662							
Benefit payments, including refunds of contributions	(27,936)	(26,175)	(24,481)							
Administrative expense	(214)	-	-							
Other	-	96	-							
Net change in plan fiduciary net position	21,595	14,325	(2,238)							
Plan fiduciary net position - beginning	203,101	188,776	191,014							
Plan fiduciary net position - ending (b)	<u>224,696</u>	<u>203,101</u>	<u>188,776</u>							
Net pension liability ending (a) - (b)	<u>426,752</u>	<u>267,751</u>	<u>291,886</u>							
Plan fiduciary net position as a % of total pension liability (b)	34.49%	43.13%	39.27%							
Covered-employee payroll	N/A	N/A	N/A							
Net pension liability as a % of covered employee payroll	N/A	N/A	N/A							

*2014 is the first year for which information is available

**RETIREE MEDICAL AND LONG-TERM CARE BENEFITS
FOR LEOFF 1 EMPLOYEES**

SCHEDULE OF FUNDING PROGRESS
(rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2012	-	9,576	9,576	0%	N/A	N/A
December 31, 2014	-	7,628	7,628	0%	N/A	N/A
December 31, 2016		7,261	7,261	0%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending 12/31	Total Employer Contributions** *	Annual Required Contribution	Percentage of ARC Contributed**
2011	539,097	601,084	90%
2012	583,173	601,084	97%
2013	351,474	628,060	56%
2014	306,661	628,060	49%
2015	323,213	516,248	63%
2016	271,845	516,248	53%

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

FIREMEN'S PENSION TRUST FUND

Actuarial Valuations	
Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry age normal
Amortization method	13 years (closed)
Asset valuation method	Fair market value
Assumptions	
Investment rate of return	3.75%
Projected salary increases	3.00%
Price inflation	2.50%
	Based upon salary increase assumptions when appropriate for Trust benefits. *
	Based upon inflation assumption for some Trust benefits and all LEOFF benefits.

* Under the Firemen's Pension Trust Fund, most adjustments are based on the change in salary for the rank of members held at retirement or based on the Consumer Price Index. Adjustments are determined in accordance with RCW 41.18.150, RCW 41.20 and RCW 41.26.

Changes in Assumptions since Prior Valuation:

The interest rate was increased from 3.5% to 3.75% per annum. The amortization period for the Pension UAAL was changed from 15 years (closed) to 13 years (closed).

RETIREE MEDICAL AND LONG-TERM CARE BENEFITS
FOR LEOFF 1 EMPLOYEES

Actuarial Valuations	
Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry age normal
Amortization method	20 years (closed)
Asset valuation method	Fair market value
Assumptions	
Investment rate of return	3.75%
Medical inflation rate	5.75%, downgrading to 5.00% in 2020
Long-term care inflation	5.00%

Changes in Assumptions since Prior Valuation:

The interest rate was increased from 3.5% to 3.75% per annum. The amortization period for the OPEB UAAL was changed from 22 years (closed) to 20 years (closed).

City of Edmonds
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 1
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	% 0.101894%	0.101786%
<u>Employer's proportionate share of the net pension liability</u>	\$ 5,472,188	5,324,354
<u>Employer's covered employee payroll</u>	\$ 160,373	193,611
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	% 3412.17%	2750.03%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	% 57.03%	59.10%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

City of Edmonds
 Schedule of Employer Contributions
 PERS 1
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 17,641	31,297
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (17,641)	(31,297)
<u>Contribution deficiency (excess)</u>	\$ <u>0</u>	<u>0</u>
<u>Covered employer payroll</u>	\$ 160,373	193,611
<u>Contributions as a percentage of covered employee payroll</u>	% 11.00%	16.16%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

City of Edmonds
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 2, 3
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	% 0.121658%	0.121602%
<u>Employer's proportionate share of the net pension liability</u>	\$ 6,125,384	4,344,909
<u>Employer's covered employee payroll</u>	\$ 5,968,509	5,705,025
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	% 102.63%	76.16%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	% 93.29%	89.20%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

City of Edmonds
 Schedule of Employer Contributions
 PERS 2, 3
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 371,839	355,424
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (371,839)	(355,424)
<u>Contribution deficiency (excess)</u>	\$ <u>0</u>	<u>0</u>
<u>Covered employer payroll</u>	\$ 5,968,509	5,705,025
<u>Contributions as a percentage of covered employee payroll</u>	% 6.23%	6.23%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

City of Edmonds
 Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 1
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	% 0.055141%	0.054022%
<u>Employer's proportionate share of the net pension liability</u>	\$ (568,110)	(651,084)
<u>Employer's covered employee payroll</u>	\$ 0	0
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	% 0.00%	0.00%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	% 123.74%	127.36%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

City of Edmonds
 Schedule of Employer Contributions
 LEOFF 1
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 0	0
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ 0	0
<u>Contribution deficiency (excess)</u>	\$ 0	0
<u>Covered employer payroll</u>	\$ 0	0
<u>Contributions as a percentage of covered employee payroll</u>	% 0.00%	0.00%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

City of Edmonds
 Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 2
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension (asset)</u>	% 0.184178%	0.183336%
<u>Employer's proportionate share of the net pension (asset)</u>	\$ (1,071,235)	(1,884,327)
<u>State's proportionate share of the net pension liability (asset) associated with the employer</u>	\$ (229,538)	(409,091)
<u>TOTAL</u>	\$ <u>(1,300,773)</u>	<u>(2,293,418)</u>
<u>Employer's covered employee payroll</u>	\$ 3,059,830	2,861,034
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	% -42.51%	-80.16%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	% 106.04%	111.67%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

City of Edmonds
 Schedule of Employer Contributions
 LEOFF 2
 As of December 31, 2016
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 154,521	144,483
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (154,521)	(144,483)
<u>Contribution deficiency (excess)</u>	\$ <u>0</u>	<u>0</u>
<u>Covered employer payroll</u>	\$ 3,059,830	2,861,034
<u>Contributions as a percentage of covered employee payroll</u>	% 5.05%	5.05%

*Until a full 10-year trend is compiled, information is presented only for those years for which information is available.

MAJOR GOVERNMENTAL FUNDS

The City has two Major Governmental Funds – the General Fund and the Combined Construction / Improvement Fund.

GENERAL FUND

The General Fund is the City's primary operating fund. All public money and revenues coming into the City treasury not specifically authorized by statute to be placed in a special fund constitute the General Fund.

There are several accounts and funds that have been created by ordinance or resolution which are considered part of the General Fund. These are treated as subfunds of the General Fund and are accounted for as individual funds for accounting purposes but they are included in the General Fund for annual financial reporting purposes. The following lists those funds and accounts.

LEOFF Medical Insurance Reserve Subfund (009) – *This subfund was created in 1995 in order to establish reserves for the long-term health care and related obligations of LEOFF I employees. Reserve amounts are transferred from the General Fund and are approved by the City Council.*

Risk Management Reserve Subfund (011) – *This subfund was established in 2012 to mitigate the risk of loss arising from potential claims and lawsuits against the City for general liability purposes as well as claims resulting from natural disasters such as earthquakes.*

Contingency Reserve Subfund (012) - *This subfund was established in 2012 with the intent to maintain a minimum balance of 8% of annual General Fund revenues. At no time shall the balance fall below 8% unless specifically waived by City Council because of an unforeseen emergency.*

Multimodal Transportation Subfund (013) – *This subfund was established in 1994 to simplify and facilitate accounting for the various local, state, and federal grants and for expenditures that will occur during the planning and development of the multimodal transportation center in Edmonds. The current balance in this fund represents the unspent proceeds of a transfer from the General Fund.*

Historic Preservation Gift Subfund (014) - *The purpose of this fund is to support the mission of the Edmonds Historic Preservation Commission to promote historic preservation and encourage the owners of historically significant properties to voluntarily add them to the Edmonds Register of Historic Places in order to raise awareness and appreciation of local history.*

Building Maintenance Subfund (016) - *This subfund was created to account for expenditures incurred for major maintenance of City buildings.*

City of Edmonds
Combining Balance Sheet
Governmental Funds
December 31, 2016

Page 1 of 2

	GENERAL FUND	LEOFF-MEDICAL INS. RESERVE	RISK MANAGEMENT RESERVE FUND
ASSETS			
Cash and cash equivalents	\$ 2,144,889	\$ 144,020	\$ 73,144
Investments	6,130,216	394,805	888,311
Deposits with trustee	18,417	-	-
Property taxes	387,297	-	-
Customer accounts	733,756	-	-
Interest on investments	122,293	1,429	3,216
Due from other governments	1,844,911	-	-
Interfund receivable	245,000	-	-
Due from component unit	5,118,381	-	-
Inventory	384	-	-
Total assets	<u>\$ 16,745,544</u>	<u>\$ 540,254</u>	<u>\$ 964,671</u>
LIABILITIES			
Accounts payable	\$ 375,999	\$ -	\$ 1,645
Wages and benefits payable	887,705	-	-
Interfund payables	-	-	-
Other current liabilities	101,279	-	-
Unearned revenues	5,151,545	-	-
Total liabilities	<u>6,516,528</u>	<u>-</u>	<u>1,645</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - property tax	387,297	-	-
Deferred inflows of resources - special assessments	-	-	-
Total deferred inflow of resources	<u>387,297</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>6,903,825</u>	<u>-</u>	<u>1,645</u>
FUND BALANCES (DEFICITS)			
Nonspendable	361	-	-
Restricted	-	-	-
Committed	-	-	-
Unassigned	9,841,358	540,254	963,026
Total fund balances (deficits)	<u>9,841,719</u>	<u>540,254</u>	<u>963,026</u>
Total liabilities and fund balances (deficits)	<u>\$ 16,745,544</u>	<u>\$ 540,254</u>	<u>\$ 964,671</u>

CONTINGENCY RESERVE FUND	MULTIMODAL TRANSPORTATION FUND	HISTORIC PRESERVATION GIFT FUND	BUILDING MAINTENANCE	TOTAL GENERAL FUND
\$ 83,389	\$ -	\$ 7,647	\$ 5,534	\$ 2,458,623
2,270,128	-	-	-	9,683,460
-	-	-	-	18,417
-	-	-	-	387,297
-	-	-	-	733,756
8,218	-	-	-	135,156
-	-	-	211,428	2,056,339
3,006,106	-	-	-	3,251,106
-	-	-	-	5,118,381
-	-	-	-	384
<u>\$ 5,367,841</u>	<u>\$ -</u>	<u>\$ 7,647</u>	<u>\$ 216,962</u>	<u>\$ 23,842,919</u>
\$ -	\$ -	\$ -	\$ 75,219	452,863
-	-	-	-	887,705
-	-	-	38,501	38,501
-	-	-	4,806	106,085
-	-	-	-	5,151,545
-	-	-	118,526	6,636,699
-	-	-	-	387,297
-	-	-	-	-
-	-	-	-	387,297
-	-	-	118,526	7,023,996
-	-	-	-	361
-	-	-	-	-
-	-	-	-	-
5,367,841	-	7,647	98,436	16,818,562
<u>5,367,841</u>	<u>-</u>	<u>7,647</u>	<u>98,436</u>	<u>16,818,923</u>
<u>\$ 5,367,841</u>	<u>\$ -</u>	<u>\$ 7,647</u>	<u>\$ 216,962</u>	<u>\$ 23,842,919</u>

City of Edmonds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

Page 1 of 2

	GENERAL FUND	LEOFF-MEDICAL INSURANCE RESERVE	RISK MANAGEMENT RESERVE FUND
REVENUES			
Taxes	\$ 29,403,794	\$ -	\$ -
Licenses and permits	2,269,313	-	-
Intergovernmental	1,261,998	-	-
Charges for services	5,403,786	-	-
Fines and forfeitures	522,051	-	-
Investment earnings	(26,714)	1,136	1,514
Miscellaneous	441,432	-	-
Total revenues	<u>39,275,660</u>	<u>1,136</u>	<u>1,514</u>
EXPENDITURES			
Current:			
General government	9,969,187	255,291	-
Public safety	20,128,896	-	-
Transportation	3,600	-	-
Economic environment	1,313,430	-	-
Mental and physical health	70,814	-	-
Culture and recreation	3,773,633	-	-
Debt service:			
Principal	158,628	-	-
Interest	38,035	-	-
Capital outlay:			
General government	29,213	-	-
Economic environment	27,449	-	-
Culture and recreation	-	-	-
Total expenditures	<u>35,512,885</u>	<u>255,291</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,762,775</u>	<u>(254,155)</u>	<u>1,514</u>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding debt	549,095	-	-
Payment to escrow for debt refunding	(556,593)	-	-
Proceeds from sale of capital assets	58,451	-	-
Transfers in	82,695	275,000	-
Transfers out	(3,414,141)	-	-
Total other financing source (uses)	<u>(3,280,493)</u>	<u>275,000</u>	<u>-</u>
Net change in fund balances	482,282	20,845	1,514
Fund balances - beginning	9,359,437	519,409	961,512
Fund balances - ending	<u>\$ 9,841,719</u>	<u>\$ 540,254</u>	<u>\$ 963,026</u>

CONTINGENCY RESERVE FUND	MULTIMODAL TRANSPORTATION FUND	HISTORIC PRESERVATION GIFT FUND	BUILDING MAINTENANCE FUND	TOTAL GENERAL FUND
\$ -	\$ -	\$ -	\$ -	\$ 29,403,794
-	-	-	-	2,269,313
-	-	-	1,773,656	3,035,654
-	-	-	-	5,403,786
-	-	-	-	522,051
(4,224)	373	58	206	(27,651)
-	-	-	5,000	446,432
<u>(4,224)</u>	<u>373</u>	<u>58</u>	<u>1,778,862</u>	<u>41,053,379</u>
-	-	-	609,896	10,834,374
-	-	-	-	20,128,896
-	-	-	-	3,600
-	-	-	-	1,313,430
-	-	-	-	70,814
-	-	-	-	3,773,633
-	-	-	-	158,628
-	-	-	-	38,035
-	-	-	1,603,615	1,632,828
-	-	-	-	27,449
-	-	-	-	-
-	-	-	2,213,511	37,981,687
<u>(4,224)</u>	<u>373</u>	<u>58</u>	<u>(434,649)</u>	<u>3,071,692</u>
-	-	-	-	549,095
-	-	-	-	(556,593)
-	-	-	-	58,451
695,035	-	5,000	415,000	1,472,730
-	(56,860)	-	-	(3,471,001)
<u>695,035</u>	<u>(56,860)</u>	<u>5,000</u>	<u>415,000</u>	<u>(1,947,318)</u>
690,811	(56,487)	5,058	(19,649)	1,124,374
4,677,030	56,487	2,589	118,085	15,694,549
<u>\$ 5,367,841</u>	<u>\$ -</u>	<u>\$ 7,647</u>	<u>\$ 98,436</u>	<u>\$ 16,818,923</u>

City of Edmonds
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$28,579,370	\$28,579,370	\$ 29,403,794	\$ 824,424
Licenses and permits	2,011,120	2,011,120	2,269,313	258,193
Intergovernmental	1,094,820	1,144,820	1,261,998	117,178
Charges for services	5,738,180	5,742,882	5,403,786	(339,096)
Fines and forfeitures	522,130	522,130	522,051	(79)
Investment earnings	49,300	49,300	(26,714)	(76,014)
Miscellaneous	445,910	459,561	441,432	(18,129)
Total revenues	<u>38,440,830</u>	<u>38,509,183</u>	<u>39,275,660</u>	<u>766,477</u>
EXPENDITURES				
Current:				
General government	10,410,830	10,500,912	9,969,187	531,725
Public safety	21,577,260	21,479,893	20,128,896	1,350,997
Transportation	3,600	3,600	3,600	-
Economic environment	1,482,060	1,565,443	1,313,430	252,013
Mental and physical health	69,540	69,540	70,814	(1,274)
Culture and recreation	3,869,550	3,920,468	3,773,633	146,835
Total current	<u>37,412,840</u>	<u>37,539,856</u>	<u>35,259,560</u>	<u>2,280,296</u>
Debt service:				
Principal	168,300	168,300	158,628	9,672
Interest	46,150	37,040	38,035	(995)
Total debt service	<u>214,450</u>	<u>205,340</u>	<u>196,663</u>	<u>8,677</u>
Capital outlay:				
General government	40,000	40,000	29,213	10,787
Culture and recreation	-	27,500	27,449	51
Total capital outlay	<u>40,000</u>	<u>67,500</u>	<u>56,662</u>	<u>10,838</u>
Total expenditures	<u>37,667,290</u>	<u>37,812,696</u>	<u>35,512,885</u>	<u>2,299,811</u>
Excess (deficiency) of revenues over expenditures	<u>773,540</u>	<u>696,487</u>	<u>3,762,775</u>	<u>3,066,288</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	549,095	549,095	-
Payment to escrow for debt refunding	-	(556,595)	(556,593)	2
Proceeds from sale of capital assets	-	10,927	58,451	47,524
Transfers in	825,840	882,700	82,695	(800,005)
Transfers out	(2,066,490)	(3,517,120)	(3,414,141)	102,979
Total other financing source (uses)	<u>(1,240,650)</u>	<u>(2,630,993)</u>	<u>(3,280,493)</u>	<u>(649,500)</u>
Net change in fund balances	(467,110)	(1,934,506)	482,282	2,416,788
Fund balances - beginning	5,478,820	9,359,440	9,359,437	(3)
Fund balances - ending	<u>\$ 5,011,710</u>	<u>\$ 7,424,934</u>	<u>\$ 9,841,719</u>	<u>\$ 2,416,785</u>

City of Edmonds
LEOFF-MEDICAL INSURANCE RESERVE
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 3,770	\$ 3,770	\$ 1,136	\$ (2,634)
Total revenues	<u>3,770</u>	<u>3,770</u>	<u>1,136</u>	<u>(2,634)</u>
EXPENDITURES				
Current:				
General government	279,480	279,480	255,291	24,189
Total expenditures	<u>279,480</u>	<u>279,480</u>	<u>255,291</u>	<u>24,189</u>
Excess (deficiency) of revenues over expenditures	<u>(275,710)</u>	<u>(275,710)</u>	<u>(254,155)</u>	<u>21,555</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	275,000	275,000	275,000	-
Total other financing source (uses)	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Net change in fund balances	(710)	(710)	20,845	21,555
Fund balances - beginning	<u>538,960</u>	<u>519,410</u>	<u>519,409</u>	<u>(1)</u>
Fund balances - ending	<u>\$ 538,250</u>	<u>\$ 518,700</u>	<u>\$ 540,254</u>	<u>\$ 21,554</u>

City of Edmonds
RISK MANAGEMENT RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 6,660	\$ 6,660	\$ 1,514	\$ (5,146)
Total revenues	<u>6,660</u>	<u>6,660</u>	<u>1,514</u>	<u>(5,146)</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>6,660</u>	<u>6,660</u>	<u>1,514</u>	<u>(5,146)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	6,660	6,660	1,514	(5,146)
Fund balances - beginning	<u>951,820</u>	<u>961,510</u>	<u>961,512</u>	<u>2</u>
Fund balances - ending	<u>\$958,480</u>	<u>\$ 968,170</u>	<u>\$ 963,026</u>	<u>\$ (5,144)</u>

City of Edmonds
 CONTINGENCY RESERVE FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 28,110	\$ 28,110	\$ (4,224)	\$ (32,334)
Total revenues	<u>28,110</u>	<u>28,110</u>	<u>(4,224)</u>	<u>(32,334)</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>28,110</u>	<u>28,110</u>	<u>(4,224)</u>	<u>(32,334)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	695,036	695,035	(1)
Transfers out	<u>(800,000)</u>	<u>(800,000)</u>	-	<u>800,000</u>
Total other financing source (uses)	<u>(800,000)</u>	<u>(104,964)</u>	<u>695,035</u>	<u>799,999</u>
Net change in fund balances	(771,890)	(76,854)	690,811	767,665
Fund balances - beginning	<u>4,680,340</u>	<u>4,677,030</u>	<u>4,677,030</u>	-
Fund balances - ending	<u>\$3,908,450</u>	<u>\$4,600,176</u>	<u>\$5,367,841</u>	<u>\$ 767,665</u>

City of Edmonds
 MULTIMODAL TRANSPORTATION FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ 370	\$ 373	\$ 3
Total revenues	<u>-</u>	<u>370</u>	<u>373</u>	<u>3</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>370</u>	<u>373</u>	<u>3</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(56,860)</u>	<u>(56,860)</u>	<u>-</u>
Total other financing source (uses)	<u>-</u>	<u>(56,860)</u>	<u>(56,860)</u>	<u>-</u>
Net change in fund balances	-	(56,490)	(56,487)	3
Fund balances - beginning	56,020	56,490	56,487	(3)
Fund balances - ending	<u>\$ 56,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Edmonds
 HISTORIC PRESERVATION GIFT FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Investment earnings	\$ -	\$ -	\$ 58	\$ 58
Total revenues	<u>-</u>	<u>-</u>	<u>58</u>	<u>58</u>
EXPENDITURES				
Current:				
Economic environment	5,400	5,400	-	5,400
Total current	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>5,400</u>
Debt service:				
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>5,400</u>
Excess (deficiency) of revenues over expenditures	<u>(5,400)</u>	<u>(5,400)</u>	<u>58</u>	<u>5,458</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Total other financing source (uses)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	(400)	(400)	5,058	5,458
Fund balances - beginning	970	2,590	2,589	(1)
Fund balances - ending	<u>\$ 570</u>	<u>\$ 2,190</u>	<u>\$ 7,647</u>	<u>\$ 5,457</u>

City of Edmonds
 BUILDING MAINTENANCE FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Intergovernmental	\$ 1,580,000	\$ 2,090,000	\$ 1,773,656	\$ (316,344)
Investment earnings	-	-	206	206
Miscellaneous	-	-	5,000	5,000
Total revenues	<u>1,580,000</u>	<u>2,090,000</u>	<u>1,778,862</u>	<u>(311,138)</u>
EXPENDITURES				
Current:				
General government	<u>1,721,000</u>	<u>2,224,459</u>	<u>609,896</u>	<u>1,614,563</u>
Total current	<u>1,721,000</u>	<u>2,224,459</u>	<u>609,896</u>	<u>1,614,563</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
General government	<u>33,000</u>	<u>170,541</u>	<u>1,603,615</u>	<u>(1,433,074)</u>
Total capital outlay	<u>33,000</u>	<u>170,541</u>	<u>1,603,615</u>	<u>(1,433,074)</u>
Total expenditures	<u>1,754,000</u>	<u>2,395,000</u>	<u>2,213,511</u>	<u>181,489</u>
Excess (deficiency) of revenues over expenditures	<u>(174,000)</u>	<u>(305,000)</u>	<u>(434,649)</u>	<u>(129,649)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,000</u>	<u>415,000</u>	<u>415,000</u>	<u>-</u>
Total other financing source (uses)	<u>100,000</u>	<u>415,000</u>	<u>415,000</u>	<u>-</u>
Net change in fund balances	(74,000)	110,000	(19,649)	(129,649)
Fund balances - beginning	<u>133,850</u>	<u>118,080</u>	<u>118,085</u>	<u>5</u>
Fund balances - ending	<u>\$ 59,850</u>	<u>\$ 228,080</u>	<u>\$ 98,436</u>	<u>\$ (129,644)</u>

NON-MAJOR GOVERNMENTAL FUNDS

THE CITY HAS TWO TYPES OF NON-MAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources and are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes. Special revenue funds are accounted for on the modified accrual basis. Annual budgets are adopted with appropriations lapsing at year-end.

Debt Service Funds

Debt service funds account for payments of principal and interest on general obligation and special assessment long-term debt.

City of Edmonds
Combining Governmental Balance Sheet
Nonmajor Governmental Funds
Summary by Fund Type
December 31, 2016

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 3,765,025	\$ 22,022	\$ 3,787,047
Investments	4,589,605	-	4,589,605
Customer accounts	86	-	86
Interest on investments	16,078	-	16,078
Due from other governments	369,786	-	369,786
Special assessments	-	34,115	34,115
Total assets	<u>\$ 8,740,580</u>	<u>\$ 56,137</u>	<u>\$ 8,796,717</u>
LIABILITIES			
Accounts payable	\$ 124,701	\$ -	\$ 124,701
Wages and benefits payable	29,483	-	29,483
Other current liabilities	13,918	-	13,918
Unearned revenues	-	1,760	1,760
Total liabilities	<u>168,102</u>	<u>1,760</u>	<u>169,862</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - special assessments	-	34,115	34,115
Total deferred inflow of resources	<u>-</u>	<u>34,115</u>	<u>34,115</u>
Total liabilities and deferred inflows of resources	<u>168,102</u>	<u>35,875</u>	<u>203,977</u>
FUND BALANCES (DEFICITS)			
Restricted	6,972,182	-	6,972,182
Committed	1,600,296	-	1,600,296
Assigned	-	20,262	20,262
Total fund balances (deficits)	<u>8,572,478</u>	<u>20,262</u>	<u>8,592,740</u>
Total liabilities and fund balances (deficits)	<u>\$ 8,740,580</u>	<u>\$ 56,137</u>	<u>\$ 8,796,717</u>

City of Edmonds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Summary by Fund Type
For the Year Ended December 31, 2016

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 3,464,189	\$ -	\$ 3,464,189
Licenses and permits	109,000	-	109,000
Intergovernmental	2,255,527	-	2,255,527
Charges for services	1,205,370	-	1,205,370
Fines and forfeitures	-	52	52
Investment earnings	35,234	1,194	36,428
Contributions	102	-	102
Miscellaneous	397,047	387,954	785,001
Total revenues	<u>7,466,469</u>	<u>389,200</u>	<u>7,855,669</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	61,296	-	61,296
Utilities and environment	168,461	-	168,461
Transportation	3,325,441	-	3,325,441
Economic environment	99,527	-	99,527
Culture and recreation	474,056	-	474,056
Debt service:			
Principal	23,307	1,469,473	1,492,780
Interest	6,994	143,823	150,817
Capital outlay:			
Transportation	82,281	-	82,281
Culture and recreation	2,807,563	-	2,807,563
Total expenditures	<u>7,048,926</u>	<u>1,613,296</u>	<u>8,662,222</u>
Excess (deficiency) of revenues over expenditures	<u>417,543</u>	<u>(1,224,096)</u>	<u>(806,553)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding debt	289,431	-	289,431
Payment to escrow for debt refunding	(293,383)	-	(293,383)
Proceeds from sale of capital assets	735	-	735
Transfers in	625,407	1,242,304	1,867,711
Transfers out	(169,260)	(112,735)	(281,995)
Total other financing source (uses)	<u>452,930</u>	<u>1,129,569</u>	<u>1,582,499</u>
Net change in fund balances	870,473	(94,527)	775,946
Fund balances - beginning	7,702,005	114,789	7,816,794
Fund balances - ending	<u>\$ 8,572,478</u>	<u>\$ 20,262</u>	<u>\$ 8,592,740</u>



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources and are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes. Special revenue funds are accounted for on the modified accrual basis. Annual budgets are adopted with appropriations lapsing at the end of the year.

The City has nineteen non-major special revenue funds.

Drug Enforcement Fund (104) – *This fund is used to record proceeds from the sale of property seized during drug investigations and expenditures of those funds for drug enforcement purposes.*

Street Fund (111) - *This fund accounts for the receipt and expenditure of money used for local transportation improvements and maintenance. Proceeds from the Edmonds Transportation Benefit District are also transferred into the Street Fund and spent on related transportation improvements.*

Municipal Arts Acquisition Fund (117) - *This fund accounts for operations of the Edmonds Arts Commission, funded by private donations and contributions, General Fund support, and transfers in from the Hotel/Motel Tax fund. The fund also accounts for expenditures related to the City's 1% For the Arts program, as well as private donations for arts related scholarships.*

Memorial Tree Fund (118) – *This fund was established for the deposit of voluntary contributions to enhance the appearance of Edmonds' city streets by planting trees in conformance with the Edmonds Street Tree Plan.*

Hotel/Motel Tax Fund (120) - *This fund was created to account for the hotel/motel taxes levied to promote City tourism.*

Employee Parking Permit Fund (121) - *This fund accounts for parking permit fees received from private company employees working in restricted parking areas in the downtown Edmonds area, and for expenditures related to administering the program.*

Youth Scholarship Fund (122) - *This fund was established for the purpose of assisting youth in the City of Edmonds, through private donations and contributions, who cannot participate in recreation and cultural activities and programs due to financial hardship.*

Tourism Promotional Arts Fund (123) – *The City Council has designated that 25% of all Hotel/Motel Tax money will be transferred into this fund and used to promote and advertise artistic events and programs in Edmonds.*

Real Estate Excise Tax (REET) 2 Fund (125) – This fund accounts for the second one-quarter percent (0.25%) of real estate excise taxes received. The money is used for the improvement, renovation, planning and development of capital projects and other City infrastructure projects.

Real Estate Excise Tax (REET) 1 Fund (126) – This fund accounts for the first one-quarter percent (0.25%) of real estate excise taxes received. The money is used for capital improvement or capital acquisition projects, as well as for General Government purposes, such as debt service on the City Hall acquisition.

Gifts Catalog Fund (127) – This fund accounts for private donations for specific items such as benches, tables, or bike racks, for use in City parks.

Special Projects Fund (129) – This fund accounts for capital projects that are funded primarily by state and federal grants.

Cemetery Maintenance/Improvement Fund (130) – This fund accounts for the day-to-day operations of the municipal cemetery under the direction of the Cemetery Board as reviewed and approved by the City Council.

Parks Construction Fund (132) – This fund accounts for Parks improvement projects that are totally or partially funded by grants and contributions.

Parks Trust Fund (136) – This fund accounts for donations received from Edmonds residents with the intent that investment earnings will be used to assist with the cost of operating, maintaining and improving the City flower program, the Beach Ranger program, and Yost Pool.

Cemetery Maintenance Trust Fund (137) – This fund accounts for the long-term care and capital projects of the municipal cemetery.

Sister City Commission Fund (138) – This fund accounts for donations for the Sister City Commission. The Commission promotes international goodwill through the exchange of people and ideas.

Transportation Benefit District Fund (139) – This fund accounts for the proceeds of a \$20 vehicle license fee collected on behalf of the City by the Department of Licensing. Most of the money deposited into this fund is transferred to other funds to support TBD related activities. The TBD fund is a blended component unit of the City, and as such is presented as a special revenue fund in the City's financial statements. The Transportation Benefit District was closed in 2016.

Business Improvement District (140) – This fund accounts for the business improvement assessment levied to support the downtown Business Improvement District.



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City of Edmonds
Combining Balance Sheet
Nonmajor Special revenue funds
December 31, 2016

Page 1 of 4

	DRUG ENFORCEMENT		MUNICIPAL ARTS FUND	MEMORIAL STREET TREE FUND
	FUND	STREET FUND		
ASSETS				
Cash and cash equivalents	\$ 29,576	\$ 632,809	\$ 345,422	\$ 18,101
Investments	-	98,701	148,052	-
Customer accounts	-	86	-	-
Interest on investments	-	357	-	-
Due from other governments	28,552	111,325	-	-
Total assets	<u>\$ 58,128</u>	<u>\$ 843,278</u>	<u>\$ 493,474</u>	<u>\$ 18,101</u>
LIABILITIES				
Accounts payable	\$ 21,698	\$ 24,889	\$ 394	\$ -
Wages and benefits payable	-	24,696	-	-
Other current liabilities	1,798	3,265	-	-
Total liabilities	<u>23,496</u>	<u>52,850</u>	<u>394</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	34,632	790,428	-	18,101
Committed	-	-	493,080	-
Total fund balances (deficits)	<u>34,632</u>	<u>790,428</u>	<u>493,080</u>	<u>18,101</u>
Total liabilities and fund balances (deficits)	<u>\$ 58,128</u>	<u>\$ 843,278</u>	<u>\$ 493,474</u>	<u>\$ 18,101</u>

HOTEL/MOTEL TAX REVENUE FUND	EMPLOYEE PARKING PERMIT FUND	YOUTH SCHOLARSHIP FUND	TOURISM PROMOTIONAL FUND/ARTS	REAL ESTATE EXCISE TAX 2 FUND
\$ 96,784	\$ 63,704	\$ 14,931	\$ 80,636	\$ 461,497
-	-	-	-	1,727,271
-	-	-	-	-
-	-	-	-	6,253
11,206	-	-	3,735	107,484
<u>\$ 107,990</u>	<u>\$ 63,704</u>	<u>\$ 14,931</u>	<u>\$ 84,371</u>	<u>\$ 2,302,505</u>
\$ 13,522	\$ -	\$ -	\$ -	\$ 38,931
-	-	-	-	-
-	-	-	-	3,625
<u>13,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,556</u>
94,468	-	14,931	84,371	2,259,949
-	63,704	-	-	-
<u>94,468</u>	<u>63,704</u>	<u>14,931</u>	<u>84,371</u>	<u>2,259,949</u>
<u>\$ 107,990</u>	<u>\$ 63,704</u>	<u>\$ 14,931</u>	<u>\$ 84,371</u>	<u>\$ 2,302,505</u>

City of Edmonds
Combining Balance Sheet
Nonmajor Special revenue funds
December 31, 2016

Page 3 of 4

	REAL ESTATE EXCISE TAX 1 FUND	GIFTS CATALOG FUND	SPECIAL PROJECTS FUND	CEMETERY MAINTENANCE / IMPROVEMENT FUND	PARKS CONSTRUCTION FUND
ASSETS					
Cash and cash equivalents	\$ 136,477	\$ 164,486	\$ 38,782	\$ 55,820	\$ 1,190,581
Investments	1,727,271	98,701		98,701	
Customer accounts	-	-	-	-	-
Interest on investments	6,253	357	-	357	-
Due from other governments	107,484	-	-	-	-
Total assets	<u>\$ 1,977,485</u>	<u>\$ 263,544</u>	<u>\$ 38,782</u>	<u>\$ 154,878</u>	<u>\$ 1,190,581</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 7,752	\$ 205
Wages and benefits payable	-	-	-	4,787	-
Other current liabilities	-	-	-	-	5,230
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,539</u>	<u>5,435</u>
FUND BALANCES (DEFICITS)					
Restricted	1,977,485	263,544	38,782	-	1,185,146
Committed	-	-	-	142,339	-
Total fund balances (deficits)	<u>1,977,485</u>	<u>263,544</u>	<u>38,782</u>	<u>142,339</u>	<u>1,185,146</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,977,485</u>	<u>\$ 263,544</u>	<u>\$ 38,782</u>	<u>\$ 154,878</u>	<u>\$ 1,190,581</u>

PARKS TRUST FUND	CEMETERY MAINTENANCE TRUST FUND	SISTER CITY COMMISSION	TRANSPORTATION BENEFIT DISTRICT	BUSINESS IMPROVEMENT DISTRICT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 153,793	\$ 207,764 690,908	\$ 6,415	\$ -	\$ 67,447	\$ 3,765,025 4,589,605
-	-	-	-	-	86
-	2,501	-	-	-	16,078
-	-	-	-	-	369,786
<u>\$ 153,793</u>	<u>\$ 901,173</u>	<u>\$ 6,415</u>	<u>\$ -</u>	<u>\$ 67,447</u>	<u>\$ 8,740,580</u>
\$ -	\$ -	\$ -	\$ -	\$ 17,310	\$ 124,701
-	-	-	-	-	29,483
-	-	-	-	-	13,918
-	-	-	-	17,310	168,102
153,793	-	6,415	-	50,137	6,972,182
-	901,173	-	-	-	1,600,296
<u>153,793</u>	<u>901,173</u>	<u>6,415</u>	<u>-</u>	<u>50,137</u>	<u>8,572,478</u>
<u>\$ 153,793</u>	<u>\$ 901,173</u>	<u>\$ 6,415</u>	<u>\$ -</u>	<u>\$ 67,447</u>	<u>\$ 8,740,580</u>

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

Page 1 of 4

	DRUG ENFORCEMENT		MUNICIPAL ARTS	MEMORIAL STREET
	FUND	STREET FUND	FUND	TREE FUND
REVENUES				
Taxes	\$ -	\$ 159,113	\$ -	\$ -
Licenses and permits	-	7,100	-	-
Intergovernmental	-	802,124	-	-
Charges for services	-	615,061	46,435	-
Investment earnings	443	3,392	2,918	182
Contributions	-	-	-	-
Miscellaneous	26,753	4,951	14,093	-
Total revenues	<u>27,196</u>	<u>1,591,741</u>	<u>63,446</u>	<u>182</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	61,296	-	-	-
Utilities and environment	-	-	-	-
Transportation	-	1,710,884	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	69,244	-
Debt service:				
Principal	-	3,417	-	-
Interest	-	1,025	-	-
Capital outlay:				
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>61,296</u>	<u>1,715,326</u>	<u>69,244</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(34,100)</u>	<u>(123,585)</u>	<u>(5,798)</u>	<u>182</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	42,433	-	-
Payment to escrow for debt refunding	-	(43,012)	-	-
Proceeds from sale of capital assets	-	145	-	-
Transfers in	-	400,000	30,407	-
Transfers out	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>399,566</u>	<u>30,407</u>	<u>-</u>
Net change in fund balances	(34,100)	275,981	24,609	182
Fund balances - beginning	68,732	514,447	468,471	17,919
Fund balances - ending	<u>\$ 34,632</u>	<u>\$ 790,428</u>	<u>\$ 493,080</u>	<u>\$ 18,101</u>

HOTEL/MOTEL TAX REVENUE FUND	EMPLOYEE PARKING PERMIT FUND	YOUTH SCHOLARSHIP FUND	TOURISM PROMOTIONAL FUND/ARTS	REAL ESTATE EXCISE TAX 2 FUND
\$ 86,727	\$ -	\$ -	\$ 28,909	\$ 1,294,062
-	25,300	-	-	-
-	-	-	-	-
-	-	-	55	-
1,547	739	150	834	5,083
-	-	-	-	-
-	-	898	-	185
<u>88,274</u>	<u>26,039</u>	<u>1,048</u>	<u>29,798</u>	<u>1,299,330</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	26,816	-	2,022	93,041
-	-	-	-	-
83,691	-	1,585	27,973	279,445
-	-	-	-	-
-	-	-	-	-
-	-	-	-	9,127
60,000	-	-	-	287,302
<u>143,691</u>	<u>26,816</u>	<u>1,585</u>	<u>29,995</u>	<u>668,915</u>
<u>(55,417)</u>	<u>(777)</u>	<u>(537)</u>	<u>(197)</u>	<u>630,415</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(4,000)	-	-	-	-
<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(59,417)	(777)	(537)	(197)	630,415
153,885	64,481	15,468	84,568	1,629,534
<u>\$ 94,468</u>	<u>\$ 63,704</u>	<u>\$ 14,931</u>	<u>\$ 84,371</u>	<u>\$ 2,259,949</u>

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

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	REAL ESTATE EXCISE TAX 1 FUND	GIFTS CATALOG FUND	SPECIAL PROJECTS FUND	CEMETERY MAINTENANCE / IMPROVEMENT FUND	PARKS CONSTRUCTION FUND
REVENUES					
Taxes	\$ 1,294,062	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	1,453,403
Charges for services	-	-	-	132,879	396,176
Investment earnings	8,233	1,493	389	551	4,945
Contributions	-	-	-	102	-
Miscellaneous	-	34,560	-	12	312,345
Total revenues	<u>1,302,295</u>	<u>36,053</u>	<u>389</u>	<u>133,544</u>	<u>2,166,869</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Utilities and environment	-	-	-	168,461	-
Transportation	885,062	6,300	-	-	-
Economic environment	-	-	-	-	-
Culture and recreation	436,943	6,299	-	-	(431,124)
Debt service:					
Principal	19,890	-	-	-	-
Interest	5,969	-	-	-	-
Capital outlay:					
Transportation	73,154	-	-	-	-
Culture and recreation	-	-	-	-	2,460,261
Total expenditures	<u>1,421,018</u>	<u>12,599</u>	<u>-</u>	<u>168,461</u>	<u>2,029,137</u>
Excess (deficiency) of revenues over expenditures	<u>(118,723)</u>	<u>23,454</u>	<u>389</u>	<u>(34,917)</u>	<u>137,732</u>
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	246,998	-	-	-	-
Payment to escrow for debt refunding	(250,371)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	40,000	150,000
Transfers out	(139,425)	(25,835)	-	-	-
Total other financing source (uses)	<u>(142,798)</u>	<u>(25,835)</u>	<u>-</u>	<u>40,000</u>	<u>150,000</u>
Net change in fund balances	(261,521)	(2,381)	389	5,083	287,732
Fund balances - beginning	2,239,006	265,925	38,393	137,256	897,414
Fund balances - ending	<u>\$ 1,977,485</u>	<u>\$ 263,544</u>	<u>\$ 38,782</u>	<u>\$ 142,339</u>	<u>\$ 1,185,146</u>

PARKS TRUST FUND	CEMETERY MAINTENANCE TRUST FUND	SISTER CITY COMMISSION	TRANSPORTATION BENEFIT DISTRICT	BUSINESS IMPROVEMENT DISTRICT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 601,316	\$ -	\$ 3,464,189
-	-	-	-	76,600	109,000
-	-	-	-	-	2,255,527
-	14,764	-	-	-	1,205,370
1,544	2,680	49	-	62	35,234
-	-	-	-	-	102
-	-	3,250	-	-	397,047
<u>1,544</u>	<u>17,444</u>	<u>3,299</u>	<u>601,316</u>	<u>76,662</u>	<u>7,466,469</u>
-	-	-	-	-	-
-	-	-	-	-	61,296
-	-	-	-	-	168,461
-	-	-	601,316	-	3,325,441
-	-	5,669	-	93,858	99,527
-	-	-	-	-	474,056
-	-	-	-	-	23,307
-	-	-	-	-	6,994
-	-	-	-	-	82,281
-	-	-	-	-	2,807,563
-	-	5,669	601,316	93,858	7,048,926
<u>1,544</u>	<u>17,444</u>	<u>(2,370)</u>	<u>-</u>	<u>(17,196)</u>	<u>417,543</u>
-	-	-	-	-	289,431
-	-	-	-	-	(293,383)
-	-	-	-	590	735
-	-	5,000	-	-	625,407
-	-	-	-	-	(169,260)
-	-	5,000	-	590	452,930
1,544	17,444	2,630	-	(16,606)	870,473
152,249	883,729	3,785	-	66,743	7,702,005
<u>\$ 153,793</u>	<u>\$ 901,173</u>	<u>\$ 6,415</u>	<u>\$ -</u>	<u>\$ 50,137</u>	<u>\$ 8,572,478</u>

City of Edmonds
DRUG ENFORCEMENT FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Investment earnings	\$ -	\$ -	\$ 443	\$ 443
Miscellaneous	153,000	153,000	26,753	(126,247)
Total revenues	<u>153,000</u>	<u>153,000</u>	<u>27,196</u>	<u>(125,804)</u>
EXPENDITURES				
Current:				
Public safety	76,030	76,030	61,296	14,734
Total expenditures	<u>76,030</u>	<u>76,030</u>	<u>61,296</u>	<u>14,734</u>
Excess (deficiency) of revenues over expenditures	<u>76,970</u>	<u>76,970</u>	<u>(34,100)</u>	<u>(111,070)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	76,970	76,970	(34,100)	(111,070)
Fund balances - beginning	27,530	68,730	68,732	2
Fund balances - ending	<u>\$ 104,500</u>	<u>\$ 145,700</u>	<u>\$ 34,632</u>	<u>\$ (111,068)</u>

City of Edmonds
STREET FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 159,113	\$ 159,113
Licenses and permits	4,000	4,000	7,100	3,100
Intergovernmental	676,000	676,000	802,124	126,124
Charges for services	680,000	680,000	615,061	(64,939)
Investment earnings	500	500	3,392	2,892
Miscellaneous	-	-	4,951	4,951
Total revenues	<u>1,360,500</u>	<u>1,360,500</u>	<u>1,591,741</u>	<u>231,241</u>
EXPENDITURES				
Current:				
Transportation	1,707,220	1,710,970	1,710,884	86
Total current	<u>1,707,220</u>	<u>1,710,970</u>	<u>1,710,884</u>	<u>86</u>
Debt service:				
Principal	3,420	3,420	3,417	3
Interest	1,730	1,030	1,025	5
Total debt service	<u>5,150</u>	<u>4,450</u>	<u>4,442</u>	<u>8</u>
Capital outlay:				
Transportation	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,712,370</u>	<u>1,715,420</u>	<u>1,715,326</u>	<u>94</u>
Excess (deficiency) of revenues over expenditures	<u>(351,870)</u>	<u>(354,920)</u>	<u>(123,585)</u>	<u>231,335</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	42,433	42,433	-
Payment to escrow for debt refunding	-	(43,013)	(43,012)	1
Proceeds from sale of capital assets	-	-	145	145
Transfers in	400,000	400,000	400,000	-
Total other financing source (uses)	<u>400,000</u>	<u>399,420</u>	<u>399,566</u>	<u>146</u>
Net change in fund balances	48,130	44,500	275,981	231,481
Fund balances - beginning	516,350	514,450	514,447	(3)
Fund balances - ending	<u>\$ 564,480</u>	<u>\$ 558,950</u>	<u>\$ 790,428</u>	<u>\$ 231,478</u>

City of Edmonds
MUNICIPAL ARTS FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 42,800	\$ 42,800	\$ 46,435	\$ 3,635
Investment earnings	1,930	1,930	2,918	988
Contributions	25,500	25,500	14,093	(11,407)
Total revenues	<u>70,230</u>	<u>70,230</u>	<u>63,446</u>	<u>(6,784)</u>
EXPENDITURES				
Current:				
Culture and recreation	181,380	181,380	69,244	112,136
Total expenditures	<u>181,380</u>	<u>181,380</u>	<u>69,244</u>	<u>112,136</u>
Excess (deficiency) of revenues over expenditures	<u>(111,150)</u>	<u>(111,150)</u>	<u>(5,798)</u>	<u>105,352</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	32,180	36,278	30,407	(5,871)
Total other financing source (uses)	<u>32,180</u>	<u>36,278</u>	<u>30,407</u>	<u>(5,871)</u>
Net change in fund balances	(78,970)	(74,872)	24,609	99,481
Fund balances - beginning	438,050	468,470	468,471	1
Fund balances - ending	<u>\$ 359,080</u>	<u>\$ 393,598</u>	<u>\$ 493,080</u>	<u>\$ 99,482</u>

City of Edmonds
MEMORIAL STREET TREE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Investment earnings	\$ 110	\$ 110	\$ 182	\$ 72
Total revenues	<u>110</u>	<u>110</u>	<u>182</u>	<u>72</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>110</u>	<u>110</u>	<u>182</u>	<u>72</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	110	110	182	72
Fund balances - beginning	17,900	17,920	17,919	(1)
Fund balances - ending	<u>\$ 18,010</u>	<u>\$ 18,030</u>	<u>\$ 18,101</u>	<u>\$ 71</u>

City of Edmonds
HOTEL/MOTEL TAX REVENUE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 81,750	\$ 81,750	\$ 86,727	\$ 4,977
Investment earnings	400	400	1,547	1,147
Total revenues	<u>82,150</u>	<u>82,150</u>	<u>88,274</u>	<u>6,124</u>
EXPENDITURES				
Current:				
Culture and recreation	85,650	85,650	83,691	1,959
Total current	<u>85,650</u>	<u>85,650</u>	<u>83,691</u>	<u>1,959</u>
Debt service:				
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
Culture and recreation	60,000	60,000	60,000	-
Total capital outlay	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total expenditures	<u>145,650</u>	<u>145,650</u>	<u>143,691</u>	<u>1,959</u>
Excess (deficiency) of revenues over expenditures	<u>(63,500)</u>	<u>(63,500)</u>	<u>(55,417)</u>	<u>8,083</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,000)	(4,000)	(4,000)	-
Total other financing source (uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Net change in fund balances	(67,500)	(67,500)	(59,417)	8,083
Fund balances - beginning	131,670	153,880	153,885	5
Fund balances - ending	<u>\$ 64,170</u>	<u>\$ 86,380</u>	<u>\$ 94,468</u>	<u>\$ 8,088</u>

City of Edmonds
 EMPLOYEE PARKING PERMIT FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 21,000	\$ 21,000	\$ 25,300	\$ 4,300
Investment earnings	390	390	739	349
Total revenues	<u>21,390</u>	<u>21,390</u>	<u>26,039</u>	<u>4,649</u>
EXPENDITURES				
Current:				
Transportation	26,880	26,880	26,816	64
Total expenditures	<u>26,880</u>	<u>26,880</u>	<u>26,816</u>	<u>64</u>
Excess (deficiency) of revenues over expenditures	<u>(5,490)</u>	<u>(5,490)</u>	<u>(777)</u>	<u>4,713</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,490)	(5,490)	(777)	4,713
Fund balances - beginning	59,430	64,480	64,481	1
Fund balances - ending	<u>\$ 53,940</u>	<u>\$ 58,990</u>	<u>\$ 63,704</u>	<u>\$ 4,714</u>

City of Edmonds
 YOUTH SCHOLARSHIP FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 90	\$ 90	\$ 150	\$ 60
Miscellaneous	5,460	5,460	898	(4,562)
Total revenues	<u>5,550</u>	<u>5,550</u>	<u>1,048</u>	<u>(4,502)</u>
EXPENDITURES				
Current:				
Culture and recreation	3,000	3,000	1,585	1,415
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>1,585</u>	<u>1,415</u>
Excess (deficiency) of revenues over expenditures	<u>2,550</u>	<u>2,550</u>	<u>(537)</u>	<u>(3,087)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,550	2,550	(537)	(3,087)
Fund balances - beginning	16,000	15,470	15,468	(2)
Fund balances - ending	<u>\$ 18,550</u>	<u>\$ 18,020</u>	<u>\$ 14,931</u>	<u>\$ (3,089)</u>

City of Edmonds
 TOURISM PROMOTIONAL FUND/ARTS
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 27,250	\$ 27,250	\$ 28,909	\$ 1,659
Charges for services	30	30	55	25
Investment earnings	250	250	834	584
Total revenues	<u>27,530</u>	<u>27,530</u>	<u>29,798</u>	<u>2,268</u>
EXPENDITURES				
Current:				
Transportation	-	-	2,022	(2,022)
Culture and recreation	31,500	51,500	27,973	23,527
Total expenditures	<u>31,500</u>	<u>51,500</u>	<u>29,995</u>	<u>21,505</u>
Excess (deficiency) of revenues over expenditures	<u>(3,970)</u>	<u>(23,970)</u>	<u>(197)</u>	<u>23,773</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,970)	(23,970)	(197)	23,773
Fund balances - beginning	82,780	84,570	84,568	(2)
Fund balances - ending	<u>\$ 78,810</u>	<u>\$ 60,600</u>	<u>\$ 84,371</u>	<u>\$ 23,771</u>

City of Edmonds
REAL ESTATE EXCISE TAX 2 FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,294,062	\$ 194,062
Investment earnings	8,000	8,000	5,083	(2,917)
Miscellaneous	-	-	185	185
Total revenues	<u>1,108,000</u>	<u>1,108,000</u>	<u>1,299,330</u>	<u>191,330</u>
EXPENDITURES				
Current:				
Transportation	-	4,638	93,041	(88,403)
Culture and recreation	651,000	895,955	279,445	616,510
Total current	<u>651,000</u>	<u>900,593</u>	<u>372,486</u>	<u>528,107</u>
Capital outlay:				
Transportation	257,650	283,012	9,127	273,885
Culture and recreation	615,000	979,235	287,302	691,933
Total capital outlay	<u>872,650</u>	<u>1,262,247</u>	<u>296,429</u>	<u>965,818</u>
Total expenditures	<u>1,523,650</u>	<u>2,162,840</u>	<u>668,915</u>	<u>1,493,925</u>
Excess (deficiency) of revenues over expenditures	<u>(415,650)</u>	<u>(1,054,840)</u>	<u>630,415</u>	<u>1,685,255</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(415,650)	(1,054,840)	630,415	1,685,255
Fund balances - beginning	769,720	1,629,530	1,629,534	4
Fund balances - ending	<u>\$ 354,070</u>	<u>\$ 574,690</u>	<u>\$ 2,259,949</u>	<u>\$ 1,685,259</u>

City of Edmonds
REAL ESTATE EXCISE TAX 1 FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,294,062	\$ 194,062
Investment earnings	2,000	2,000	8,233	6,233
Total revenues	<u>1,102,000</u>	<u>1,102,000</u>	<u>1,302,295</u>	<u>200,295</u>
EXPENDITURES				
Current:				
General government				-
Transportation	198,300	314,560	885,062	(570,502)
Culture and recreation	290,000	782,180	436,943	345,237
Total current	<u>488,300</u>	<u>1,096,740</u>	<u>1,322,005</u>	<u>(225,265)</u>
Debt service:				
Principal	19,890	19,890	19,890	-
Interest	10,070	5,969	5,969	-
Total debt service	<u>29,960</u>	<u>25,859</u>	<u>25,859</u>	<u>-</u>
Capital outlay:				
Transportation	1,276,700	1,517,507	73,154	1,444,353
Total capital outlay	<u>1,276,700</u>	<u>1,517,507</u>	<u>73,154</u>	<u>1,444,353</u>
Total expenditures	<u>1,794,960</u>	<u>2,640,106</u>	<u>1,421,018</u>	<u>1,219,088</u>
Excess (deficiency) of revenues over expenditures	<u>(692,960)</u>	<u>(1,538,106)</u>	<u>(118,723)</u>	<u>1,419,383</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	246,998	246,998	-
Payment to escrow for debt refunding	-	(250,372)	(250,371)	1
Transfers out	(139,430)	(139,430)	(139,425)	5
Total other financing source (uses)	<u>(139,430)</u>	<u>(142,804)</u>	<u>(142,798)</u>	<u>6</u>
Net change in fund balances	(832,390)	(1,680,910)	(261,521)	1,419,389
Fund balances - beginning	1,433,040	2,239,010	2,239,006	(4)
Fund balances - ending	<u>\$ 600,650</u>	<u>\$ 558,100</u>	<u>\$ 1,977,485</u>	<u>\$ 1,419,385</u>

City of Edmonds
GIFTS CATALOG FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,493	\$ 493
Contributions	45,900	45,900	34,560	(11,340)
Total revenues	<u>46,900</u>	<u>46,900</u>	<u>36,053</u>	<u>(10,847)</u>
EXPENDITURES				
Current:				
Transportation	-	-	6,300	(6,300)
Culture and recreation	19,110	19,110	6,299	12,811
Total expenditures	<u>19,110</u>	<u>19,110</u>	<u>12,599</u>	<u>6,511</u>
Excess (deficiency) of revenues over expenditures	<u>27,790</u>	<u>27,790</u>	<u>23,454</u>	<u>(4,336)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,840)	(25,840)	(25,835)	5
Total other financing source (uses)	<u>(25,840)</u>	<u>(25,840)</u>	<u>(25,835)</u>	<u>5</u>
Net change in fund balances	1,950	1,950	(2,381)	(4,331)
Fund balances - beginning	255,550	265,920	265,925	5
Fund balances - ending	<u>\$ 257,500</u>	<u>\$ 267,870</u>	<u>\$ 263,544</u>	<u>\$ (4,326)</u>

City of Edmonds
SPECIAL PROJECTS FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Investment earnings	\$ 280	\$ 280	\$ 389	\$ 109
Total revenues	<u>280</u>	<u>280</u>	<u>389</u>	<u>109</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>280</u>	<u>280</u>	<u>389</u>	<u>109</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	280	280	389	109
Fund balances - beginning	38,360	38,390	38,393	3
Fund balances - ending	<u>\$ 38,640</u>	<u>\$ 38,670</u>	<u>\$ 38,782</u>	<u>\$ 112</u>

City of Edmonds
 CEMETERY MAINTENANCE / IMPROVEMENT FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 136,620	\$ 136,620	\$ 132,879	\$ (3,741)
Investment earnings	640	640	551	(89)
Contributions	-	-	102	102
Miscellaneous	-	-	12	12
Total revenues	<u>137,260</u>	<u>137,260</u>	<u>133,544</u>	<u>(3,830)</u>
EXPENDITURES				
Current:				
Utilities and environment	<u>210,370</u>	<u>210,370</u>	<u>168,461</u>	<u>41,909</u>
Total expenditures	<u>210,370</u>	<u>210,370</u>	<u>168,461</u>	<u>41,909</u>
Excess (deficiency) of revenues over expenditures	<u>(73,110)</u>	<u>(73,110)</u>	<u>(34,917)</u>	<u>38,079</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total other financing source (uses)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	(33,110)	(33,110)	5,083	38,079
Fund balances - beginning	<u>121,770</u>	<u>137,260</u>	<u>137,256</u>	<u>(4)</u>
Fund balances - ending	<u>\$ 88,660</u>	<u>\$ 104,150</u>	<u>\$ 142,339</u>	<u>\$ 38,075</u>

City of Edmonds
PARKS CONSTRUCTION FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,315,000	\$ 575,000	\$ 1,453,403	\$ 878,403
Charges for services	136,410	136,410	396,176	259,766
Investment earnings	830	830	4,945	4,115
Contributions	475,000	495,000	312,345	(182,655)
Miscellaneous	-	-	-	-
Total revenues	<u>1,927,240</u>	<u>1,207,240</u>	<u>2,166,869</u>	<u>959,629</u>
EXPENDITURES				
Current:				
Culture and recreation	-	(492,180)	(431,124)	(61,056)
Total current	<u>-</u>	<u>(492,180)</u>	<u>(431,124)</u>	<u>(61,056)</u>
Capital outlay:				
Culture and recreation	2,100,000	2,072,950	2,460,261	(387,311)
Total capital outlay	<u>2,100,000</u>	<u>2,072,950</u>	<u>2,460,261</u>	<u>(387,311)</u>
Total expenditures	<u>2,100,000</u>	<u>1,580,770</u>	<u>2,029,137</u>	<u>(448,367)</u>
Excess (deficiency) of revenues over expenditures	<u>(172,760)</u>	<u>(373,530)</u>	<u>137,732</u>	<u>511,262</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	150,000	150,000	-
Transfers out	-	-	-	-
Total other financing source (uses)	<u>110,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balances	(62,760)	(223,530)	287,732	511,262
Fund balances - beginning	1,125,280	897,420	897,414	(6)
Fund balances - ending	<u>\$ 1,062,520</u>	<u>\$ 673,890</u>	<u>\$ 1,185,146</u>	<u>\$ 511,256</u>

City of Edmonds
PARKS TRUST FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 630	\$ 630	\$ 1,544	\$ 914
Total revenues	630	630	1,544	914
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	630	630	1,544	914
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	630	630	1,544	914
Fund balances - beginning	151,640	152,250	152,249	(1)
Fund balances - ending	\$ 152,270	\$ 152,880	\$ 153,793	\$ 913

City of Edmonds
CEMETERY MAINTENANCE TRUST FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 15,180	\$ 15,180	\$ 14,764	\$ (416)
Investment earnings	4,700	4,700	2,680	(2,020)
Total revenues	<u>19,880</u>	<u>19,880</u>	<u>17,444</u>	<u>(2,436)</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>19,880</u>	<u>19,880</u>	<u>17,444</u>	<u>(2,436)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	19,880	19,880	17,444	(2,436)
Fund balances - beginning	<u>882,510</u>	<u>883,730</u>	<u>883,729</u>	<u>(1)</u>
Fund balances - ending	<u>\$ 902,390</u>	<u>\$ 903,610</u>	<u>\$ 901,173</u>	<u>\$ (2,437)</u>

City of Edmonds
SISTER CITY COMMISSION
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 10	\$ 10	\$ 49	\$ 39
Miscellaneous	7,000	7,000	3,250	(3,750)
Total revenues	<u>7,010</u>	<u>7,010</u>	<u>3,299</u>	<u>(3,711)</u>
EXPENDITURES				
Current:				
Economic environment	12,500	12,500	5,669	6,831
Total expenditures	<u>12,500</u>	<u>12,500</u>	<u>5,669</u>	<u>6,831</u>
Excess (deficiency) of revenues over expenditures	<u>(5,490)</u>	<u>(5,490)</u>	<u>(2,370)</u>	<u>3,120</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Total other financing source (uses)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	(490)	(490)	2,630	3,120
Fund balances - beginning	1,510	3,780	3,785	5
Fund balances - ending	<u>\$ 1,020</u>	<u>\$ 3,290</u>	<u>\$ 6,415</u>	<u>\$ 3,125</u>

City of Edmonds
 TRANSPORTATION BENEFIT DISTRICT
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 682,500	\$ 682,500	\$ 601,316	\$ (81,184)
Total revenues	<u>682,500</u>	<u>682,500</u>	<u>601,316</u>	<u>(81,184)</u>
EXPENDITURES				
Current:				
Transportation	682,500	682,500	601,316	81,184
Total expenditures	<u>682,500</u>	<u>682,500</u>	<u>601,316</u>	<u>81,184</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Debt service funds account for payments of principal and interest on general obligation and special assessment long-term debt. The City has one outstanding general obligation bond issue accounted for through a debt service fund, and two special assessment related funds.

The LID Control Fund (211) – *This fund accounts for special assessments levied against benefitted properties for the payment of principal and interest on special assessment bond issues.*

The LID Guaranty Fund (213) - *This fund was established for the protection of LID bondholders. If the City is unable to pay debt service on LID bonds because of insufficient special assessment collections, the bond payments would be made from this fund.*

2012 LTGO Debt Service Fund (231) – *This fund was established to collect funds for the payment of principal and interest on the 2012 LTGO bond issue. Transfers to pay the City's portion of principal and interest are from the General Fund (001), the Street Fund (111) and REET 1 Fund (126). The Edmonds Public Facilities District payments for their portion of the debt service are receipted into the fund.*

2014 Debt Service Fund (232) – *This fund was established to collect funds for the payment of principal and interest on the 2014 Cashmere Valley Bank loan. The loan refinanced the City's 2003 Unlimited Tax General Obligation Bond. The entire amount of the loan payment is transferred from the General Fund.*

City of Edmonds
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016

	L.I.D. FUND CONTROL	L.I.D. GUARANTY FUND	2012 LTGO DEBT SERVICE FUND	2014 DEBT SERVICE FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS					
Cash and cash equivalents	\$ 22,022	\$ -	\$ -	\$ -	\$ 22,022
Special assessments	34,115	-	-	-	34,115
Total assets	<u>\$ 56,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,137</u>
LIABILITIES					
Unearned revenues	\$ 1,760	\$ -	\$ -	\$ -	\$ 1,760
Total liabilities	<u>1,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - special assessments	34,115	-	-	-	34,115
Total deferred inflow of resources	<u>34,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,115</u>
Total liabilities and deferred inflows of resources	<u>35,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,875</u>
FUND BALANCES (DEFICITS)					
Assigned	20,262	-	-	-	20,262
Total fund balances (deficits)	<u>20,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,262</u>
Total liabilities and fund balances (deficits)	<u>\$ 56,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,137</u>

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

	L.I.D. FUND CONTROL	L.I.D. GUARANTY FUND	2012 LTGO DEBT SERVICE FUND	2014 DEBT SERVICE FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES					
Fines and forfeitures	\$ 52	\$ -	\$ -	\$ -	\$ 52
Investment earnings	1,194	-	-	-	1,194
Miscellaneous	16,962	-	370,992	-	387,954
Total revenues	<u>18,208</u>	<u>-</u>	<u>370,992</u>	<u>-</u>	<u>389,200</u>
EXPENDITURES					
Debt service:					
Principal	-	-	536,265	933,208	1,469,473
Interest	-	-	140,602	3,221	143,823
Total expenditures	<u>-</u>	<u>-</u>	<u>676,867</u>	<u>936,429</u>	<u>1,613,296</u>
Excess (deficiency) of revenues over	<u>18,208</u>	<u>-</u>	<u>(305,875)</u>	<u>(936,429)</u>	<u>(1,224,096)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	305,875	936,429	1,242,304
Transfers out	<u>(7,600)</u>	<u>(105,135)</u>	<u>-</u>	<u>-</u>	<u>(112,735)</u>
Total other financing source (uses)	<u>(7,600)</u>	<u>(105,135)</u>	<u>305,875</u>	<u>936,429</u>	<u>1,129,569</u>
Net change in fund balances	10,608	(105,135)	-	-	(94,527)
Fund balances - beginning	9,654	105,135	-	-	114,789
Fund balances - ending	<u>\$ 20,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,262</u>

City of Edmonds
L.I.D. FUND CONTROL
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 400	\$ 400	\$ 52	\$ (348)
Investment earnings	2,000	2,000	1,194	(806)
Miscellaneous	12,000	12,000	16,962	4,962
Total revenues	<u>14,400</u>	<u>14,400</u>	<u>18,208</u>	<u>3,808</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>14,400</u>	<u>14,400</u>	<u>18,208</u>	<u>3,808</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,400)	(22,000)	(7,600)	14,400
Total other financing source (uses)	<u>(14,400)</u>	<u>(22,000)</u>	<u>(7,600)</u>	<u>14,400</u>
Net change in fund balances	-	(7,600)	10,608	18,208
Fund balances - beginning	-	9,650	9,654	4
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,050</u>	<u>\$ 20,262</u>	<u>\$ 18,212</u>

City of Edmonds
L.I.D. GUARANTY FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	14,400	14,400	-	(14,400)
Transfers out	-	(105,136)	(105,135)	1
Total other financing source (uses)	14,400	(90,736)	(105,135)	(14,399)
Net change in fund balances	14,400	(90,736)	(105,135)	(14,399)
Fund balances - beginning	101,810	105,140	105,135	(5)
Fund balances - ending	\$ 116,210	\$ 14,404	\$ -	\$ (14,404)

City of Edmonds
2012 LTGO DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 371,000	\$ 371,000	\$ 370,992	\$ (8)
Total revenues	<u>371,000</u>	<u>371,000</u>	<u>370,992</u>	<u>(8)</u>
EXPENDITURES				
Current:				
Total current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:				
Principal	536,270	536,270	536,265	5
Interest	<u>141,110</u>	<u>141,110</u>	<u>140,602</u>	<u>508</u>
Total expenditures	<u>677,380</u>	<u>677,380</u>	<u>676,867</u>	<u>513</u>
Excess (deficiency) of revenues over expenditures	<u>(306,380)</u>	<u>(306,380)</u>	<u>(305,875)</u>	<u>505</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>306,380</u>	<u>306,380</u>	<u>305,875</u>	<u>(505)</u>
Total other financing source (uses)	<u>306,380</u>	<u>306,380</u>	<u>305,875</u>	<u>(505)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Edmonds
2014 DEBT SERVICE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal	\$ 933,210	\$ 933,210	\$ 933,208	\$ 2
Interest	16,330	16,330	3,221	13,109
Total expenditures	949,540	949,540	936,429	13,111
Excess (deficiency) of revenues over expenditures	(949,540)	(949,540)	(936,429)	13,111
OTHER FINANCING SOURCES (USES)				
Transfers in	949,540	949,540	936,429	(13,111)
Total other financing source (uses)	949,540	949,540	936,429	(13,111)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -



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City of Edmonds
STATISTICAL SECTION
 December 31, 2016

Financial Trends Information

Financial trends schedules are intended to provide users with information to assist them in understanding and assessing how the City's financial position has changed over time.

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Revenue Capacity Information

The objective of providing revenue capacity information is to help users understand and assess the factors affecting the City's ability to generate its most significant local source revenues.

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Debt Capacity Information

Debt capacity information is intended to assist users to understand and assess the City's current levels of outstanding debt and ability to issue additional debt in the future.

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Demographic and Economic Information

These Schedules offer demographic and economic information to assist users in understanding certain aspects of the environment within which the City operates and to provide information that facilitates comparisons of financial statement information over time and across governmental units.

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Operating Information

These Schedules contain service and infrastructure data to help users understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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CITY OF EDMONDS, WASHINGTON
SCHEDULE 1
GOVERNMENT-WIDE NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

	2007	2008	2009	2010	2011
Governmental Activities					
Net investment in capital assets	\$ 54,021,806	\$ 57,252,149	\$ 51,991,258	\$ 59,961,071	\$ 61,004,928
Restricted	7,490,300	5,546,803	2,658,658	1,368,707	3,288,857
Unrestricted	11,895,851	9,838,608	19,805,844	13,703,352	12,396,957
Total governmental activities net position	<u>\$ 73,407,957</u>	<u>\$ 72,637,560</u>	<u>\$ 74,455,760</u>	<u>\$ 75,033,130</u>	<u>\$ 76,690,742</u>
Business-type Activities					
Net investment in capital assets	\$ 49,910,564	\$ 49,753,793	\$ 51,208,429	\$ 53,273,296	\$ 45,783,325
Restricted	2,786,695	1,269,595	699,670	687,447	9,096,615
Unrestricted	7,712,290	9,768,990	10,183,230	9,906,089	10,678,887
Total business-type activities net position	<u>\$ 60,409,549</u>	<u>\$ 60,792,378</u>	<u>\$ 62,091,329</u>	<u>\$ 63,866,832</u>	<u>\$ 65,558,827</u>
Primary Government					
Net investment in capital assets	\$103,932,370	\$107,005,942	\$103,199,687	\$113,234,367	\$106,788,253
Restricted	10,276,995	6,816,398	3,358,328	2,056,154	12,385,472
Unrestricted	19,608,141	19,607,598	29,989,074	23,609,441	23,075,844
Total primary government net position	<u>\$133,817,506</u>	<u>\$133,429,938</u>	<u>\$136,547,089</u>	<u>\$138,899,962</u>	<u>\$142,249,569</u>

Notes:

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

Source:

Applicable years' Comprehensive Annual Financial Report.

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2012	2013	2014	2015	2016
\$ 61,259,051	\$ 61,978,358	\$ 57,181,069	\$ 63,194,059	\$ 69,470,320
3,793,023	4,923,480	5,989,155	6,157,408	7,064,140
14,644,992	18,846,105	20,004,889	17,357,161	17,731,412
\$ 79,697,066	\$ 85,747,943	\$ 83,175,113	\$ 86,708,628	\$ 94,265,872
\$ 55,063,391	\$ 51,071,627	\$ 49,313,852	\$ 48,262,943	\$ 45,570,663
7,409,482	11,138,901	3,574,774	2,984,388	2,986,888
3,959,046	6,363,897	18,258,585	18,333,825	23,098,017
\$ 66,431,919	\$ 68,574,425	\$ 71,147,211	\$ 69,581,156	\$ 71,655,568
\$116,322,442	\$113,049,985	\$106,494,921	\$111,457,002	\$115,040,983
11,202,505	16,062,381	9,563,929	9,141,796	10,051,028
18,604,038	25,210,002	38,263,474	35,690,986	40,829,429
\$146,128,985	\$154,322,368	\$154,322,324	\$156,289,784	\$165,921,440

CITY OF EDMONDS, WASHINGTON
SCHEDULE 2
CHANGE IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

	For The Fiscal Year Ended December 31,				
	2007	2008	2009	2010	2011
Expenses:					
Governmental activities					
General government	\$ 6,748,067	\$ 7,695,483	\$ 6,867,604	\$ 7,327,722	\$ 8,092,028
Judicial	756,649	846,130	880,919	882,404	-
Public safety	16,765,814	18,049,555	17,823,468	17,630,352	18,037,057
Utilities and environment	1,697,734	1,870,405	1,150,200	1,266,933	1,405,398
Economic environment	1,088,773	1,120,777	1,830,100	1,643,520	1,063,894
Mental and physical health	7,237	9,291	12,147	10,217	9,731
Culture and recreation	3,393,130	3,976,440	4,246,268	3,984,078	4,298,852
Transportation	3,019,710	1,812,089	3,751,956	4,325,832	3,412,126
Interest and fiscal charges	512,154	492,082	470,398	446,236	781,881
Total governmental activities expenses	<u>33,989,268</u>	<u>35,872,252</u>	<u>37,033,060</u>	<u>37,517,294</u>	<u>37,100,967</u>
Business-type activities					
Utility Operations	12,423,508	13,210,002	13,890,882	13,836,220	14,140,249
Total business-type activities expenses	<u>12,423,508</u>	<u>13,210,002</u>	<u>13,890,882</u>	<u>13,836,220</u>	<u>14,140,249</u>
Program Revenues:					
Governmental activities					
Charges for services:					
General government	2,600,612	2,668,773	2,990,744	3,097,629	4,078,403
Public safety	1,034,060	1,121,939	650,257	1,132,605	1,212,082
Other	3,631,674	3,066,634	4,450,276	3,908,424	3,088,212
Operating grants and contributions	297,549	163,438	416,086	272,554	145,406
Capital grants and contributions	1,126,513	1,138,795	1,940,900	534,066	1,771,199
Total governmental activities program	<u>8,690,408</u>	<u>8,159,579</u>	<u>10,448,263</u>	<u>8,945,278</u>	<u>10,295,302</u>
Business-type activities					
Charges for services	12,754,577	13,030,325	14,275,275	14,347,539	15,620,997
Operating grants and contributions	54,116	47,654	88,983	47,249	179,479
Capital grants and contributions	490,709	610,910	688,796	1,246,156	498,486
Total business-type activities program	<u>13,299,402</u>	<u>13,688,889</u>	<u>15,053,054</u>	<u>15,640,944</u>	<u>16,298,962</u>
Net (Expense) Revenue					
Governmental activities	(25,298,860)	(27,712,673)	(26,584,797)	(28,572,016)	(26,805,665)
Business-type activities	875,894	478,887	1,162,172	1,804,724	2,158,713
Total primary government net expense	<u>(24,422,966)</u>	<u>(27,233,786)</u>	<u>(25,422,625)</u>	<u>(26,767,292)</u>	<u>(24,646,952)</u>
General Revenues:					
Governmental activities					
Taxes:					
Property	11,988,296	12,256,542	13,908,042	13,683,426	13,539,536
Sales	6,216,836	5,448,281	4,952,898	5,002,282	5,286,262
Utility	4,501,056	4,843,225	6,081,071	5,997,151	6,232,489
Other	4,598,407	3,120,595	3,184,300	3,043,813	2,388,579
Interest and investment earnings	851,162	380,181	151,198	32,845	16,070
Gains	62,225	101,999	167,538	983,191	36,762
Miscellaneous	392,152	534,866	(42,050)	344,303	481,263
Transfers	487,611	404,562	-	62,375	482,316
Total governmental activities general	<u>29,097,745</u>	<u>27,090,251</u>	<u>28,402,997</u>	<u>29,149,386</u>	<u>28,463,277</u>
Business-type activities					
Investment earnings	645,980	280,710	136,348	25,697	15,287
Miscellaneous	-	-	-	100	311
Gains	-	-	431	7,357	-
Transfers	(487,611)	(404,562)	-	(62,375)	(482,316)
Total business-type activities general	<u>158,369</u>	<u>(123,852)</u>	<u>136,779</u>	<u>(29,221)</u>	<u>(466,718)</u>
Total primary government	<u>29,256,114</u>	<u>26,966,399</u>	<u>28,539,776</u>	<u>29,120,165</u>	<u>27,996,559</u>
Change in Net Position					
Governmental activities	3,798,885	(622,422) 0	1,818,200	577,370	1,657,612
Business-type activities	1,034,263	355,035 0	1,298,951	1,775,503	1,691,995
Total primary government	<u>\$ 4,833,148</u>	<u>\$ (267,387)</u>	<u>\$ 3,117,151</u>	<u>\$ 2,352,873</u>	<u>\$ 3,349,607</u>

Source:

Applicable years' Comprehensive Annual Financial Report.

For The Fiscal Year Ended December 31,				
2012	2013	2014	2015	2016
\$ 7,860,158	\$ 7,586,841	\$ 7,773,797	\$ 9,836,339	\$ 10,617,051
-	-	-	-	-
17,490,480	17,298,217	19,044,595	19,454,123	20,590,459
1,546,080	1,502,516	1,800,507	158,773	161,755
1,011,062	1,072,629	1,347,590	1,424,538	1,421,122
12,168	8,558	52,641	69,762	70,814
4,237,656	3,941,859	4,217,206	4,800,710	4,527,224
3,922,273	4,445,078	4,997,331	6,314,909	6,115,715
760,142	191,155	292,068	190,898	146,942
36,840,019	36,046,853	39,525,735	42,250,052	43,651,082
15,258,298	15,845,552	17,558,607	20,053,587	21,475,272
15,258,298	15,845,552	17,558,607	20,053,587	21,475,272
4,624,432	4,835,459	4,251,943	4,336,689	4,539,295
1,066,201	1,134,073	1,678,154	1,685,160	1,598,316
3,022,741	3,180,343	3,819,147	3,420,619	3,725,341
1,324,353	973,007	227,233	267,915	382,596
1,942,259	2,566,575	3,238,733	6,824,847	5,937,285
11,979,986	12,689,457	13,215,210	16,535,230	16,182,833
15,970,380	16,630,405	17,821,867	19,094,173	20,863,573
53,743	161,294	88,835	58,129	79,189
1,052,305	1,445,164	2,164,571	1,862,860	2,485,875
17,076,428	18,236,863	20,075,273	21,015,162	23,428,637
(24,860,033)	(23,357,396)	(26,310,525)	(25,714,822)	(27,468,249)
1,818,130	2,391,311	2,516,666	961,575	1,953,365
(23,041,903)	(20,966,085)	(23,793,859)	(24,753,247)	(25,514,884)
13,382,296	13,474,665	13,767,675	14,289,877	14,657,369
5,637,393	6,104,618	6,694,501	7,567,383	7,814,209
6,340,634	6,431,457	6,583,507	6,649,164	6,764,399
2,223,771	2,446,023	4,226,106	5,250,216	5,163,781
22,565	3,926	125,922	174,738	(582)
(148,542)	46,987	26,513	96,487	135,591
64,315	125,781	371,093	536,434	479,823
565,628	1,067	6,702	7,901	10,907
28,088,060	28,634,524	31,802,019	34,572,200	35,025,497
22,786	31,492	62,822	135,586	131,933
-	38,039	-	-	20
-	-	-	6,994	-
(565,628)	1,067	(6,702)	(7,901)	(10,907)
(542,842)	70,598	56,120	134,679	121,046
27,545,218	28,705,122	31,858,139	34,706,879	35,146,543
3,228,027	5,277,128	5,491,494	8,857,378	7,557,248
1,275,288	2,461,909	2,572,786	1,096,254	2,074,411
\$ 4,503,315	\$ 7,739,037	\$ 8,064,280	\$ 9,953,632	\$ 9,631,659

CITY OF EDMONDS, WASHINGTON
SCHEDULE 3
FUND BALANCES-GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Page 1 of 2

	2007	2008	2009	2010	2011 ¹
General Fund					
Unreserved	\$ 7,737,979	\$ 5,188,520	\$ 6,068,906	\$ 6,855,108	\$ -
Non-Spendable	-	-	-	-	460
Committed	-	-	-	-	1,927,600
Unassigned	-	-	-	-	7,634,578
Subtotal General Fund	<u>7,737,979</u>	<u>5,188,520</u>	<u>6,068,906</u>	<u>6,855,108</u>	<u>9,562,638</u>
All Other Governmental Funds					
Reserved	165,337	72,706	56,570	138,126	-
Unreserved					
Special Revenue Funds	10,474,212	8,339,862	5,300,325	5,678,570	-
Restricted	-	-	-	-	3,288,397
Committed	-	-	-	-	564,989
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Subtotal All Other Governmental Funds	<u>10,639,549</u>	<u>8,412,568</u>	<u>5,356,895</u>	<u>5,816,696</u>	<u>3,853,386</u>
Total Governmental Funds					
Reserved	165,337	72,706	56,570	138,126	-
Unreserved	18,212,191	13,528,382	11,369,231	12,533,678	-
Non-Spendable	-	-	-	-	460
Restricted	-	-	-	-	3,288,397
Committed	-	-	-	-	2,492,589
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	7,634,578
Total Governmental Funds	<u>\$ 18,377,528</u>	<u>\$ 13,601,088</u>	<u>\$ 11,425,801</u>	<u>\$ 12,671,804</u>	<u>\$ 13,416,024</u>
General Fund Percentage Change	<u>-4.3%</u>	<u>-32.9%</u>	<u>17.0%</u>	<u>13.0%</u>	<u>39.5%</u>
All Governmental Funds Percentage Change	<u>7.7%</u>	<u>-26.0%</u>	<u>-16.0%</u>	<u>10.9%</u>	<u>5.9%</u>

Source:

Applicable years' Comprehensive Annual Financial Report.

Note:

¹ With the implementation of GASB No. 54 in 2011, some funds previously reported as Special Revenue Funds no longer met the new definition for that fund type. Previous year fund balances have not been restated.

2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -
70	686	361	361	361
-	-	-	-	-
10,686,840	13,160,112	13,653,457	15,694,188	16,818,561
10,686,910	13,160,798	13,653,818	15,694,549	16,818,922
-	-	-	-	-
-	-	-	-	-
3,793,023	4,922,794	5,989,158	6,157,408	7,064,140
557,351	563,854	613,192	1,553,937	1,600,295
-	-	-	-	20,265
-	-	-	114,789	-
4,350,374	5,486,648	6,602,350	7,826,134	8,684,700
-	-	-	-	-
-	-	-	-	-
70	686	361	361	361
3,793,023	4,922,794	5,989,158	6,157,408	7,064,140
557,351	563,854	613,192	1,553,937	1,600,295
-	-	-	-	20,265
10,686,840	13,160,112	13,653,457	15,808,977	16,818,561
\$ 15,037,284	\$ 18,647,446	\$ 20,256,168	\$ 23,520,683	\$ 25,503,622
11.8%	23.1%	3.7%	14.9%	7.2%
12.1%	24.0%	8.6%	16.1%	8.4%

CITY OF EDMONDS, WASHINGTON
SCHEDULE 4
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

	2007	2008	2009	2010	2011
Revenues:					
Taxes	\$ 25,865,645	\$ 24,317,982	\$ 26,285,121	\$ 26,301,857	\$ 26,323,468
Licenses and permits	1,689,760	1,570,531	1,509,008	1,662,340	1,689,146
Intergovernmental	3,883,879	3,826,622	5,169,688	2,609,033	4,021,474
Charges for services	3,551,559	3,146,918	3,934,741	5,028,730	5,015,834
Fines and forfeitures	512,529	593,121	674,634	624,447	756,382
Other revenue	1,895,889	1,528,316	1,198,053	996,719	549,101
Total revenues	37,399,261	34,983,490	38,771,245	37,223,126	38,355,405
Expenditures:					
General government ¹	6,706,190	7,852,719	7,184,093	7,692,552	7,314,502
Security of persons and property	16,440,157	18,215,380	18,523,068	17,971,060	17,805,678
Physical environment ¹	1,914,409	1,206,164	1,158,170	1,280,041	1,374,856
Transportation	1,349,378	1,852,790	1,800,535	1,979,650	1,423,361
Economic environment	1,122,502	1,127,417	1,081,381	949,685	1,035,769
Mental and physical health	7,237	9,291	12,147	10,217	9,731
Culture and recreation	3,121,293	3,413,231	3,462,188	3,841,888	3,750,123
Capital outlay	4,061,649	3,559,891	5,016,619	1,861,161	2,700,549
Intergovernmental and other payments	-	-	-	-	-
Debt service:					
Principal retirement	2,206,947	1,698,860	1,813,613	1,789,385	1,870,414
Interest and fiscal charges	1,047,651	973,894	902,965	837,992	783,108
Total Expenditures	37,977,413	39,909,637	40,954,779	38,213,631	38,068,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	(578,152)	(4,926,147)	(2,183,534)	(990,505)	287,314
Other Financing Sources (Uses)					
Proceeds of refunding bonds	-	-	-	-	-
Proceeds from long-term debt	1,873,467	43,745	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-
Bond issuance discount	-	-	-	-	-
Sale/Disposition of fixed assets	6,049	-	54,870	981,444	25,528
Insurance recoveries	-	-	-	-	-
Transfers in	2,390,592	2,624,254	1,495,523	3,497,271	2,169,172
Transfers out	(2,377,180)	(2,463,023)	(1,542,146)	(2,242,207)	(1,737,798)
Total Other Financing Sources (Uses)	1,892,928	204,976	8,247	2,236,508	456,902
Prior period corrections	-	(55,269)	-	-	-
Net Change in Fund Balances	\$ 1,314,776	\$ (4,776,440)	\$ (2,175,287)	\$ 1,246,003	\$ 744,216
Debt Service as a percentage of Noncapital Expenditures	9.6%	7.4%	7.6%	7.2%	7.5%

Source:

Published Financial Statements

Note:

¹ Beginning with fiscal year 2015, Engineering departmental expenses are recorded as General Government expenses and were recorded as Physical Environment expenses prior to 2015.

Page 2 of 2

2012	2013	2014	2015	2016
\$ 27,261,948	\$ 28,221,352	\$ 29,781,497	\$ 32,252,221	\$ 32,867,982
1,711,084	1,939,998	2,293,337	2,235,919	2,378,313
4,450,230	3,383,661	4,695,463	8,419,426	4,534,371
4,814,082	6,255,426	6,569,421	6,290,962	6,748,186
598,398	640,358	558,968	535,534	522,103
633,588	1,036,167	1,140,802	1,304,132	4,141,552
39,469,330	41,476,962	45,039,488	51,038,194	51,192,507
7,184,210	7,307,136	7,331,915	9,410,642	10,834,374
17,323,625	17,706,052	18,842,351	19,430,341	20,190,192
1,511,515	1,491,972	1,800,507	158,773	168,461
1,568,930	2,009,988	2,200,638	4,191,280	4,606,718
1,004,150	877,813	1,388,413	1,424,112	1,412,958
12,168	8,558	8,469	69,762	70,814
3,487,581	3,790,410	4,023,846	4,232,666	4,247,688
3,038,660	2,082,011	4,729,489	6,888,062	5,855,836
250,000	180,000	-	-	-
1,965,760	1,928,747	2,090,265	1,736,194	1,690,728
758,224	389,246	311,528	241,925	190,441
38,104,823	37,771,933	42,727,421	47,783,757	49,268,210
1,364,507	3,705,029	2,312,067	3,254,437	1,924,297
-	-	2,763,314	-	838,526
9,004,043	-	-	-	-
(9,227,996)	-	(2,720,000)	-	(849,976)
343,536	-	-	-	-
(49,522)	-	-	-	-
2,490	-	3,117	2,177	59,186
-	13,973	-	-	-
2,176,710	1,431,423	2,636,170	3,342,683	3,763,903
(1,770,806)	(1,430,356)	(2,629,647)	(3,334,782)	(3,752,996)
478,455	15,040	52,954	10,078	58,643
-	-	-	-	-
\$ 1,842,962	\$ 3,720,069	\$ 2,365,021	\$ 3,264,515	\$ 1,982,940
7.8%	6.5%	6.3%	4.8%	4.3%

CITY OF EDMONDS, WASHINGTON
SCHEDULE 5
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Year	Property	Sales & Use	Utility	Lodging	Excise	Other ¹	Total
2007	\$ 12,008,487	\$ 6,232,946	\$ 4,484,946	\$ 82,907	\$ 2,772,278	\$ 284,081	\$ 25,865,645
2008	12,256,542	5,448,281	4,843,225	86,119	1,764,121	349,094	24,747,382
2009	13,908,042	4,952,898	6,081,071	70,698	1,515,433	340,909	26,869,051
2010	13,672,874	5,015,245	5,984,188	68,186	1,258,249	303,114	26,301,857
2011	13,436,557	5,210,771	6,232,489	75,492	1,087,997	280,162	26,323,467
2012	13,464,310	5,557,905	6,340,635	79,488	1,519,301	300,309	27,261,948
2013	13,564,947	6,018,989	6,485,822	85,629	1,838,330	227,635	28,221,352
2014	13,717,961	6,597,329	6,640,962	97,172	1,866,320	861,755	29,781,498
2015	14,299,299	7,460,502	6,699,231	106,881	2,743,379	942,928	32,252,220
2016	14,621,747	7,698,573	6,817,251	115,636	1,026,652	2,588,123	32,867,981
Percentage Change							
In Dollars Over							
10 Years	21.8%	23.5%	52.0%	39.5%	-63.0%	811.1%	27.1%

Note:

Detailed information on tax revenues by source not available for years prior to 1999.

¹ Includes leasehold excise tax as well as pulltabs, bingo, and amusement games tax

Source:

Published Financial Statements

CITY OF EDMONDS, WASHINGTON
SCHEDULE 6
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS

For the Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of The Levy		Collections in Subsequent Years	Total Collections to Date		Total Uncollected Taxes ¹	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2007	\$ 11,994,777	\$ 11,782,550	98.23%	\$ 212,213	\$ 11,994,763	100.00%	\$ 14	0.00%
2008	12,302,173	12,116,105	98.49%	185,930	12,302,035	100.00%	138	0.00%
2009	13,924,284	13,665,994	98.15%	258,165	13,924,160	100.00%	124	0.00%
2010	13,724,015	13,477,013	98.20%	245,290	13,722,303	99.99%	1,712	0.01%
2011	13,571,059	13,252,170	97.65%	316,623	13,568,793	99.98%	2,266	0.02%
2012	13,406,740	13,151,105	98.09%	252,686	13,403,792	99.98%	2,948	0.02%
2013	13,472,029	13,295,779	98.69%	172,011	13,467,790	99.97%	4,239	0.03%
2014	13,804,780	13,551,506	98.17%	224,947	13,776,452	99.79%	28,328	0.21%
2015	14,288,364	14,060,995	98.41%	159,878	14,220,873	99.53%	67,491	0.47%
2016	14,676,068	14,431,435	98.33%	-	14,431,435	98.33%	244,632	1.67%

Note:

¹ The amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.

Source:

Snohomish County Assessor's Office

CITY OF EDMONDS, WASHINGTON
SCHEDULE 7
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Page 1 of 2

For the Year Ended December 31	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Multi- Family Property
2007	\$5,749,197,973	\$ 981,659,850	\$ 6,436,300	\$ 5,958,000	\$ 341,540,684
2008	6,616,573,050	1,172,029,590	8,938,492	7,089,500	374,056,400
2009	6,602,668,250	1,254,652,032	17,139,108	7,417,700	422,899,771
2010	5,856,463,400	1,262,498,380	22,561,148	5,631,800	415,229,423
2011	5,466,782,800	1,103,632,971	19,985,828	4,282,600	350,082,538
2012	4,927,955,900	1,009,384,910	17,203,099	3,760,500	326,680,040
2013	4,635,161,665	929,683,500	15,162,100	3,539,500	348,495,200
2014	5,134,160,900	982,622,123	18,240,400	4,060,500	373,984,700
2015	5,776,305,800	1,028,804,100	9,285,700	4,684,400	395,932,240
2016	6,291,544,900	1,123,451,300	9,802,700	4,674,300	436,748,700

Source:

Snohomish County Assessor's Office

Notes:

¹ *Washington State law requires all property be assessed at 100% of its true and fair market value.*

² *Tax rates expressed in rate per \$1,000*

Page 2 of 2

Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ²	Estimated Actual Value	Annual Percentage Change
\$ 149,903,700	\$ (622,322,592)	\$6,612,373,915	\$ 1.83	\$7,234,696,507	22.7%
171,004,832	(734,142,661)	7,615,549,203	1.62	8,349,691,864	15.4%
169,628,655	(765,196,026)	7,709,209,490	1.82	8,474,405,516	1.5%
136,686,237	(743,587,671)	6,955,482,717	1.98	7,699,070,388	-9.1%
104,160,002	(615,667,886)	6,433,258,853	2.12	7,048,926,739	-8.4%
80,202,175	(570,542,159)	5,794,644,465	2.33	6,365,186,624	-9.7%
82,874,800	(469,676,918)	5,545,239,847	2.44	6,103,970,917	-4.1%
91,054,886	(501,711,809)	6,102,411,700	2.27	6,604,123,509	8.2%
102,672,600	(542,199,194)	6,775,485,646	2.12	7,317,684,840	10.8%
109,205,500	(606,400,010)	7,369,027,390	2.00	7,975,427,400	9.0%

CITY OF EDMONDS, WASHINGTON
SCHEDULE 8
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN FISCAL YEARS

Year	City Direct Rates				Overlapping							Total Levy Rate
	Regular	Emergency Medical	G.O. Bond Public Safety	Total	County	State School	Local School	Library	Port	Hospital	Total	
2007	\$ 1.34	\$ 0.36	\$ 0.13	\$ 1.83	\$ 0.84	\$ 2.16	\$ 3.51	\$ 0.35	\$ 0.09	\$ 0.18	\$ 7.14	\$ 8.96
2008	1.19	0.32	0.11	1.62	0.72	1.91	3.19	0.31	0.09	0.16	6.38	8.00
2009	1.20	0.50	0.12	1.82	0.72	1.91	3.19	0.31	0.09	0.16	6.38	8.19
2010	1.35	0.50	0.13	1.98	0.78	1.99	3.42	0.40	0.10	0.18	6.87	8.85
2011	1.48	0.50	0.15	2.12	0.87	2.21	4.15	0.45	0.11	0.15	7.93	10.05
2012	1.66	0.50	0.17	2.33	0.98	2.38	4.70	0.50	0.12	0.11	8.79	11.12
2013	1.76	0.50	0.18	2.44	1.08	2.43	4.97	0.50	0.12	0.11	9.22	11.66
2014	1.61	0.50	0.17	2.27	1.08	2.38	4.65	0.50	0.11	0.11	8.83	11.11
2015	1.47	0.50	0.15	2.12	1.00	2.28	4.93	0.47	0.10	0.10	8.88	10.99
2016	1.36	0.50	0.14	2.00	0.93	2.12	4.67	0.44	0.09	0.09	8.34	10.34

Source:

Snohomish County Assessor's Annual Reports

CITY OF EDMONDS, WASHINGTON
SCHEDULE 9
PRINCIPAL PROPERTY TAX PAYERS
 FOR FISCAL YEARS ENDED DECEMBER 31, 2016 AND 2007

Taxpayer	2016 Assessed Valuation	Rank	Percent of 2016 Total Assessed Value	2007 Assessed Valuation	Rank	Percent of 2007 Total Assessed Value
US REIF FIRDALE VILLAGE WASHINGTON LLC	\$ 40,447,000	1	0.55%	\$ 28,806,000	1	0.44%
PARK 212 APT LLC	30,825,000	2	0.42%			
FW WA-AURORA MARKETPLACE LLC	18,630,000	3	0.25%			
NORTHPOINT COMPASS PROPERTY LLC	17,422,430	4	0.24%			
FRANKLIN-EDMONDS LLC	16,445,000	5	0.22%	10,955,200	2	0.17%
STEPHANUS PAUL & BARBARA LLC	15,857,000	6	0.22%	10,825,000	3	0.16%
ARCH ELEDMWA01 LLC	15,270,000	7	0.21%			
PARK EDMONDS APT LLC	14,729,000	8	0.20%			
PUGET SOUND ENERGY/GAS	14,699,313	9	0.20%	6,414,084	6	0.10%
EDMONDS PROFESSIONAL CENTER LLC	13,846,600	10	0.19%	6,963,600	5	0.11%
SOUTHEAST 888 INVESTMENT LLC				7,636,500	4	0.12%
FRONTIER COMMUNICATIONS NORTHWEST INC				5,126,730	7	0.08%
HR ACQUISITION I CORPORATION				4,899,900	8	0.07%
POINT EDWARDS LLC				4,775,500	9	0.07%
EDMONDS PARK ASSOCIATES LLC				4,760,500	10	0.07%
Total	198,171,343		2.69%	91,163,014		1.38%
All Others	7,170,856,047		97.31%	6,521,210,901		98.62%
Total	<u>\$7,369,027,390</u>		<u>100.00%</u>	<u>\$6,612,373,915</u>		<u>100.00%</u>

Source:

Snohomish County Assessor's Office

CITY OF EDMONDS, WASHINGTON
SCHEDULE 10
SALES TAX RATE - DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

	2007 ^(a)	2008 ^(b)	2009 ^(c)	2010	2011	2012	2013	2014	2015	2016 ^(d)
City of Edmonds	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Snohomish County	0.15%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	1.20%
Metro	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Department of Revenue Administration Fee	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Basic Combined Sales Tax Rate	8.90%	9.00%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.80%

Notes:

^(a) Effective April 1, 2007, Snohomish County increased the local sales & use tax rate one-tenth of one percent (.001).

The tax will be used for transportation purposes.

^(b) Effective April 1, 2008, Snohomish County increased the local sales & use tax rate one-tenth of one percent (.001).

The tax will be used for chemical dependency or mental health treatment services.

^(c) Effective April 1, 2009, the Regional Transit Authority Tax increased five-tenths of one percent (.005).

The tax will be used to expand and coordinate light-rail, commuter-rail, and express bus service, and improve access to transit facilities in King, Pierce, and Snohomish Counties.

^(d) Effective April 1, 2016, the Regional Transit Authority Tax increased three-tenths of one percent (.003).

The tax will be used for transportation purposes.

Source:

Washington State Department of Revenue Local Sales and Use Tax Rates.



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CITY OF EDMONDS, WASHINGTON
SCHEDULE 11
RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Page 1 of 2

Fiscal Year	Governmental Activities				Business-type Activities			
	General		Governmental Loans	Total	General		Business-type Loans	Total
	Obligation Bonds	Capital Contracts			Revenue Bonds	Obligation Bonds		
2007	\$ 21,589,831	\$ 1,853,702	\$ 1,225,662	\$ 24,669,195	\$ 4,425,000	\$ 4,404,404	\$ 1,888,238	\$ 10,717,642
2008	20,204,446	1,702,428	1,184,699	23,091,573	3,620,000	4,199,863	2,102,253	9,922,116
2009	18,719,223	1,546,238	1,112,498	21,377,959	3,255,000	3,988,916	2,944,046	10,187,962
2010	17,157,406	1,390,871	1,040,296	19,588,573	2,870,000	3,767,595	2,748,774	9,386,369
2011	15,520,201	1,229,863	968,095	17,718,159	13,720,000	3,554,800	2,563,901	19,838,701
2012	13,604,427	1,063,924	895,893	15,564,244	13,250,000	3,320,573	2,407,905	18,978,478
2013	11,919,474	892,330	823,692	13,635,496	27,745,000	3,100,526	2,186,384	33,031,910
2014	8,282,579	714,359	4,195,667	13,192,605	27,060,000	2,872,421	2,585,877	32,518,298
2015	7,701,438	490,593	2,414,528	10,606,559	44,885,000	2,663,235	2,337,986	49,886,221
2016	6,242,738	376,182	1,445,614	8,064,534	43,675,000	182,262	4,437,598	48,294,860

Note:

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

Source:

Notes to the Financial Statements
 City-Data.com

Total Primary Government	Percentage of Personal Income	Per Capita	Population	Per Capita Income
\$ 35,386,837	2.57%	\$ 872	40,560	\$ 33,999
33,013,689	2.04%	810	40,760	39,792
31,565,921	1.74%	772	40,900	44,309
28,974,942	1.70%	730	39,709	42,807
37,556,860	2.20%	944	39,800	42,807
34,542,722	2.24%	868	39,800	38,671
46,667,406	2.72%	1,155	40,400	42,508
45,710,903	2.62%	1,144	39,950	43,598
60,492,780	3.43%	1,494	40,490	43,598
56,359,394	3.25%	1,378	40,900	42,433

CITY OF EDMONDS, WASHINGTON
SCHEDULE 12
RATIO OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

Year	Population	Assessed Value (in Thousands)	Gross Bonded Debt	Debt Service Money Available	Net Bonded Debt	Ratio Net Bonded Debt to AV	Net Bonded Debt per Capita
2007	40,560	\$ 7,615,549	\$ 25,994,235	-	\$ 25,994,235	0.34%	\$ 641
2008	40,760	7,709,209	24,404,309	-	24,404,309	0.32%	599
2009	40,900	6,955,483	22,708,139	-	22,708,139	0.33%	555
2010	39,709	6,433,259	20,925,001	-	20,925,001	0.33%	527
2011	39,800	5,794,644	19,075,001	-	19,075,001	0.33%	479
2012	39,800	5,545,240	16,925,000	-	16,925,000	0.31%	425
2013	40,400	6,102,412	15,020,000	-	15,020,000	0.25%	372
2014	39,950	6,775,486	11,155,000	-	11,155,000	0.16%	279
2015	40,490	6,331,405	10,365,000	-	10,365,000	0.16%	256
2016	40,900	6,923,652	6,425,000	-	6,425,000	0.09%	157

Source:

Snohomish County Assessor's Office, and Notes to the Financial Statements.

CITY OF EDMONDS, WASHINGTON
SCHEDULE 13
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2016

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Edmonds	Amount Applicable to Edmonds
Direct Debt			
City of Edmonds	\$ 8,246,795	100.00%	\$ 8,246,795
Overlapping Debt			
Local School	325,395,000	32.54%	105,881,016
County	404,101,657	7.67%	30,993,269
Hospital	3,585,000	30.30%	1,086,078
Port	765,000	87.21%	667,181
Total Overlapping Debt	733,846,657	18.89%	138,627,544
Total Direct and Overlapping Debt	\$ 742,093,452	19.79%	\$ 146,874,339

Applicable percentage determined by the ratio of assessed value of taxable property in overlapping unit to valuation of property subject to taxation in the City of Edmonds.

Source:

Notes to the Financial Statements, Snohomish County, Verdant Health, and the Port of Edmonds.

SCHEDULE 14
COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS

Page 1 of 2

	2007	2008	2009	2010	2011
Total Taxable Property Value	\$7,615,549,203	\$7,709,209,490	\$6,955,482,717	\$6,433,258,853	\$5,794,644,465
(1) 2.5% Limit for General Purposes is allocated between (2) councilmanic and (8) voted	190,388,730	192,730,237	173,887,068	160,831,471	144,866,112
(2) Up to 1.5% debt without a vote (councilmanic)	114,233,238	115,638,142	104,332,241	96,498,883	86,919,667
(3) Less: outstanding debt	(13,999,235)	(18,104,309)	(17,048,139)	(15,935,001)	(14,800,001)
(4) Less: contracts payable	(7,373,461)	(7,224,306)	(6,199,329)	(5,564,861)	(5,969,425)
(5) Less: excess of debt with a vote	-	-	-	-	-
(6) Add: available assets	1,107,376	267,469	370,148	380,699	483,678
(7) Equals: remaining debt capacity without a vote	93,967,918	90,576,996	81,454,921	75,379,720	66,633,919
(8) 1% general purposes debt with a vote	76,155,492	77,092,095	69,554,827	64,332,589	57,946,445
(9) Less: outstanding debt	(6,895,000)	(6,300,000)	(5,660,000)	(4,990,000)	(4,275,000)
(10) Less: contracts payable	-	-	-	-	-
(11) Add: available assets	-	-	-	-	-
(12) Equals: remaining debt capacity with a vote	69,260,492	70,792,095	63,894,827	59,342,589	53,671,445
(13) 2.5% Utility purpose limit, voted	190,388,730	192,730,237	173,887,068	160,831,471	144,866,112
(14) Less: outstanding debt	-	-	-	-	-
(15) Less: contracts payable	-	-	-	-	-
(16) Add: available assets	-	-	-	-	-
(17) Equals: remaining debt capacity - utility purposes, voted	190,388,730	192,730,237	173,887,068	160,831,471	144,866,112
(18) 2.5% Open space, park and capital facilities, voted	190,388,730	192,730,237	173,887,068	160,831,471	144,866,112
(19) Less: outstanding debt	-	-	-	-	-
(20) Less: contracts payable	-	-	-	-	-
(21) Add: available assets	-	-	-	-	-
(22) facilities, voted	190,388,730	192,730,237	173,887,068	160,831,471	144,866,112

Source:

Schedule 10 to the Financial Statements.

2012	2013	2014	2015	2016
\$5,545,239,847	\$6,102,411,700	\$6,775,485,646	\$7,369,027,390	\$8,177,283,180
138,630,996	152,560,293	169,387,141	184,225,685	204,432,080
83,178,598	91,536,176	101,632,285	110,535,411	122,659,248
(13,405,000)	(12,300,000)	(11,155,000)	(10,365,000)	(9,591,642)
(5,730,994)	(4,814,933)	(6,103,524)	(6,149,994)	(7,406,303)
-	-	-	-	-
401,663	311,379	361,097	351,675	387,297
64,444,267	74,732,622	84,734,858	94,372,092	106,048,600
55,452,398	61,024,117	67,754,856	73,690,274	81,772,832
(3,520,000)	(2,720,000)	(1,840,116)	(933,208)	-
-	-	-	-	-
-	-	-	-	-
51,932,398	58,304,117	65,914,740	72,757,066	81,772,832
138,630,996	152,560,293	169,387,141	184,225,685	204,432,080
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
138,630,996	152,560,293	169,387,141	184,225,685	204,432,080
138,630,996	152,560,293	169,387,141	184,225,685	204,432,080
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
138,630,996	152,560,293	169,387,141	184,225,685	204,432,080

CITY OF EDMONDS, WASHINGTON
SCHEDULE 15
REVENUE BOND COVERAGE
 WATER AND SEWER BONDS
 LAST TEN FISCAL YEARS

Year	Gross Revenue ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2007	\$13,550,154	\$ 9,766,470	\$ 3,783,684	\$ 1,190,000	\$ 218,168	\$ 1,408,168	2.69 X
2008	13,735,817	10,346,521	3,389,296	805,000	183,196	988,196	3.43 X
2009	14,666,492	11,038,947	3,627,545	365,000	156,076	521,076	6.96 X
2010	14,470,485	11,033,523	3,436,962	385,000	141,276	526,276	6.53 X
2011	15,815,763	11,387,667	4,428,096	400,000	125,051	525,051	8.43 X
2012	16,072,001	12,294,504	3,777,497	470,000	440,312	910,312	4.15 X
2013	17,059,859	12,682,889	4,376,970	515,000	655,728	1,170,728	3.74 X
2014	19,434,666	14,154,885	5,279,781	685,000	1,137,128	1,822,128	2.90 X
2015	21,099,615	14,872,633	6,226,982	915,000	1,408,663	2,323,663	2.68 X
2016	23,560,591	15,923,828	7,636,763	1,210,000	1,759,246	2,969,246	2.57 X

Notes:

Bond covenants require the annual coverage ratio is at least 1.25 times the annual debt service for Water and Sewer revenue bonds.

¹ Includes operating and non-operating revenue.

² Excludes depreciation.

Source:

Published Financial Statements.

CITY OF EDMONDS, WASHINGTON
SCHEDULE 16
DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

Year	Population ¹	Personal Income (<i>thousands of dollars</i>)	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2007	40,560	\$ 1,378,999	\$ 33,999	42.0	5,683	3.9%
2008	40,760	1,621,922	39,792	44.2	5,537	7.1%
2009	40,900	1,812,238	44,309	45.8	5,537	9.5%
2010	39,709	1,699,823	42,807	46.3	5,053	8.7%
2011	39,800	1,703,719	42,807	46.3	4,973	8.3%
2012	39,800	1,539,106	38,671	46.3	4,920	5.9%
2013	40,400	1,717,323	42,508	46.3	4,536	5.3%
2014	39,950	1,741,740	43,598	46.3	4,773	4.4%
2015	40,490	1,765,283	43,598	46.9	5,758	4.5%
2016	40,900	1,735,510	42,433	47.7	5,801	3.5%

Source:

¹ Information provided by Washington State Office of Financial Management

² Information provided by factfinder2.census.gov

³ Information provided by Edmonds School District

⁴ Information provided by U.S. Department of Labor

CITY OF EDMONDS, WASHINGTON
SCHEDULE 17
PRINCIPAL EMPLOYERS
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2007

Employer	2016 Full & Part-Time Employment	Percentage of Total City Employees	2007 Full & Part-Time Employment	Percentage of Total City Employees
Swedish (Stevens) Memorial Hospital	1,370	10.80%	1,030	8.56%
Edmonds School District	688	5.43%	165	1.37%
City of Edmonds	235	1.85%	330	2.74%
Aldercrest Health & Rehab Center	102	0.80%	160	1.33%
Winco Foods	150	1.18%	-	-
Anthony's Restaurants	141	1.11%	141	1.17%
Edmonds Family Medicine	133	1.05%	-	-
PCC Natural Markets	115	0.91%	-	-
Magic Toyota Scion	110	0.87%	-	-
Fred Meyer/QFC	103	0.81%	92	0.77%
Lynnwood Honda	100	0.79%	100	0.83%
The Everett Clinic	98	0.77%	-	-
Safeway	90	0.71%	102	0.85%
Puget Sound Surgical Center	80	0.63%	-	-
Sunrise of Edmonds	78	0.62%	-	-
Burlington Coat Factory	73	0.58%	-	-
Total Principal Employers	3,666	28.91%	2,120	17.63%
Other Employers	9,016	71.09%	9,906	82.37%
Total Employment	12,682	100.00%	12,026	100.00%

Source:

Eden Business Licensing, Puget Sound Regional Council, Swedish Hospital, Edmonds School District

CITY OF EDMONDS, WASHINGTON
SCHEDULE 18
CITY EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN CALENDAR YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General Government										
City Council	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0
Mayor/City Clerk	6.0	6.0	6.0	6.0	6.0	6.5	6.5	6.5	7.0	7.0
Economic Development	1.0	1.0	-	-	-	-	-	-	-	-
Human Resources	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.5	2.5	2.5
Administrative Services	11.0	11.0	9.0	9.0	9.0	10.0	10.5	11.0	11.0	12.0
Facilities	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0
Equipment Rental	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	35.5	35.5	32.5	31.5	31.5	32.0	32.5	33.5	34.0	35.5
Judicial										
Municipal Court	8.5	8.5	8.5	8.5	7.0	7.0	7.5	7.0	7.2	7.0
Public Safety										
Police	69.0	69.0	69.0	69.0	64.0	65.0	61.0	63.0	63.0	63.0
Fire	54.0	54.0	54.0	-	-	-	-	-	-	-
	123.0	123.0	123.0	69.0	64.0	65.0	61.0	63.0	63.0	63.0
Physical Environment										
Development Services	27.1	27.1	16.1	16.0	15.0	14.0	14.0	15.0	18.0	17.0
Economic Environment										
Community Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Culture and Recreation										
Parks	22.9	22.9	22.9	22.0	22.0	22.0	26.5	21.0	25.0	24.1
Transportation										
Streets	7.5	7.5	7.5	7.5	7.5	7.5	6.0	6.0	7.0	7.0
Total Governmental Activities	226.5	226.5	212.5	156.5	149.0	149.5	149.5	147.5	156.2	155.6
Business-type Activities										
Combined Utility										
Public Works Administration	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6
Storm	7.5	7.5	7.5	7.5	8.5	8.5	7.5	8.0	7.0	9.0
Water/Sewer/Treatment Plant	34.5	34.5	34.5	34.5	33.5	33.5	31.5	32.4	33.0	36.0
Engineering	-	-	11.0	11.0	11.0	11.0	12.0	15.0	14.0	15.0
Total Business-type Activities	44.5	44.5	55.5	55.5	55.5	55.5	53.5	58.0	56.6	62.6
Grand Total	271.0	271.0	268.0	212.0	204.5	205.0	203.0	205.5	212.8	218.2

Source:

City Budget Books

CITY OF EDMONDS, WASHINGTON
SCHEDULE 19
OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS (OMITTING 2010)

Function/Program	2007	2008	2009	2011	2012	2013	2014	2015	2016
General government services									
Finance									
General Business Licenses	1,920	2,002	1,767	1,796	1,843	1,656	1,695	2,040	1,954
Non-resident Business Licenses	982	1,127	1,031	2,896	3,192	1,099	1,381	1,775	1,229
Judicial									
Municipal Court									
Total filings (infraction, parking, criminal)	6,010	7,782	7,853	7,919	6,325	7,809	5,826	6,294	6,097
Public Safety									
Police									
Dispatched calls	23,104	22,320	21,352	21,027	22,011	21,789	22,758	23,874	23,705
Traffic citations and infractions	4,058	5,803	5,379	5,288	4,815	6,061	4,152	4,533	4,742
Adult arrests	1,389	1,565	1,455	1,543	1,344	1,414	1,380	1,204	1,375
Juvenile arrests	245	219	178	172	135	125	117	99	86
Animal control incidents	1,388	1,108	1,483	1,370	1,126	1,213	1,183	1,113	787
Crimes per 1,000 residents	26	25	25	26	27	27	30	32	31
Fire/EMS ¹									
EMS	3,669	3,555	3,470	3,979	3,789	3,870	3,877	4,286	4,511
False Alarm	229	238	236	342	154	227	208	265	-
Fire	135	104	87	92	88	76	90	106	-
Good Intent Call	747	396	523	427	338	294	272	317	-
Hazardous Condition	150	105	91	72	89	86	73	106	-
Rupture / Explosion	13	8	6	8	6	4	3	-	-
Service Call	216	264	341	251	282	241	190	212	194
Special Type	8	3	9	8	2	3	3	-	-
Other	11	-	-	-	8	3	2	-	14
Fire / Hazardous Condition / Rupture / Explosion	-	-	-	-	-	-	-	-	497
Physical Environment									
Engineering and construction services									
Permits issued	1,253	1,028	920	1,072	1,136	2,156	1,296	2,201	1,637
Inspections	5,853	4,267	3,908	3,262	1,566	6,475	4,472	8,987	6,784
Economic Environment									
Community services									
Code enforcement actions	733	577	385	371	393	411	362	402	387
Animal Services									
Adoptions	70	77	43	34	26	39	43	12	63
Returned to Owner	201	159	146	164	160	141	97	87	60
Culture and recreation									
Aquatics participants	21,584	22,047	26,759	16,474	17,687	19,374	17,770	-	-
Athletics (adult) participants	2,184	2,294	2,188	2,337	2,307	2,055	2,106	2,167	2,396
Gymnastics participants	1,651	1,520	1,793	1,529	1,403	5,167	1,916	2,010	1,435
Fitness participants	1,853	2,548	3,013	3,242	2,367	2,377	2,216	2,362	2,058
Special events participants	9,129	9,354	7,883	9,592	7,754	7,833	7,249	6,172	8,137
Transportation									
Number of paving projects	53	63	95	135	317	160	193	134	330
Street patching/paving (square ft)	3,422	8,232	4,267	3,353	12,622	3,394	4,723	3,756	9,238
Curbs and gutters replaced (linear ft)	35	27	38	193	4	26	2	1,497	6
Sidewalks replaced (square ft)	2,257	2,900	3,580	6,661	266	895	24	504	300
Water/Sewer									
Water									
New connections	8	20	n/a	8	24	19	36	32	50
Water main breaks	8	5	n/a	10	8	6	7	10	8
Average daily consumption (mgd) - finished water	3	3	3	4	3	3	3	3	3
Peak daily consumption (mgd) - finished water	n/a	n/a	n/a	n/a	5	5	6	6	5
Treated water delivered (mg)	1,138	1,122	n/a	1,085	1,054	973	1,064	1,117	1,084
Water customers served by system	10,031	10,058	10,086	10,139	10,123	10,151	10,177	10,199	10,229
Sewer									
Average daily sewage treated (mg)	5.3	5.5	5.6	5.8	6.0	4.6	4.7	4.5	5.2
Sewage treated (mg)	1,938	2,022	2,043	2,112	2,208	1,675	1,712	1,635	1,909
Storm System									
New Storm Pipe in feet					320	606	3,528	5,079	3,383
Catch Basin Rehab/Replace					31	36	76	120	68
Surface Structure Rehab (Grates)					32	32	18	10	4
Overflow (Beehive) Installs					2	2	2	3	2

Note:

Information for 2010 is not available.

¹ Statistics for Fire/EMS reflect services provided under contract with Snohomish County Fire District No. 1 Due to changes in their tracking software, although all calls are accounted for in 2016, FD1 was not able to provide statistics in the same categories as in previous years.

Sources:

CITY OF EDMONDS, WASHINGTON
SCHEDULE 20
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS (OMITTING 2010)

Function/Program	2007	2008	2009	2011	2012	2013	2014	2015	2016
Public Safety									
Police stations	1	1	1	1	1	1	1	1	1
Police vehicles	33	33	33	43	42	33	33	33	35
Fire stations	3	3	3	3	3	3	3	3	3
Fire engines (pumpers)	3	3	3	3	3	-	-	-	-
Aerial ladder trucks	1	1	1	1	1	-	-	-	-
Emergency Medical Units	5	5	5	5	5	-	-	-	-
Public safety boat	1	1	1	1	-	-	-	-	-
Transportation									
Paved streets (in miles)	128	128	128	128	133	133	133	133	133
Other Improved streets (in miles)	6	6	6	6	6	6	6	6	6
Unimproved streets (in miles)	1	1	1	1	1	1	1	1	1
Signalized intersections	20	20	20	20	22	20	20	20	24
Community services									
Animal shelter	1	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1
Culture and recreation									
Number of parks	47	47	47	47	47	44	44	44	45
Number of playgrounds	13	13	13	14	14	15	15	15	15
Acreage owned/managed	244	244	244	244	262	189	189	189	197
Public swimming pool	1	1	1	1	1	1	1	1	1
Water/Sewer									
Water									
Water mains (miles)	179	179	179	179	179	179	179	179	179
Fire hydrants	1,086	1,086	1,086	1,167	1,167	1,167	1,167	1,167	1,167
Water storage capacity (within city)(in mg)	8	8	8	8	8	8	8	8	8
Sewer									
Sanitary sewers (miles)	186	186	186	186	186	186	186	186	186
Storm sewers (miles)	120	120	120	120	120	120	120	120	120
Treatment capacity per day (mgd)	12	12	12	12	12	12	12	12	12

Note:

Information for 2010 is not available.

Sources:

Various city departments and the City Budget.



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