

# 2018 CITIZEN'S REPORT

CITY OF EDMONDS  
WASHINGTON



FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018

# MESSAGE FROM THE MAYOR

**I**t is an honor to welcome you to the City of Edmonds' 2018 Citizen's Report. The City has developed this report to communicate the financial operations and financial condition of the City so residents can see summaries of the essential elements of the City's financial results. We strive for excellence in providing sound, reasonable, honest, and transparent reporting on the City's financial activities. Thank you for taking the time to stay informed on the important financial decisions made by your City Council and Administration.

To whet your appetite for financial information, here are three highlights I am particularly proud to report to you:

- The City's economy remains strong with tax revenues increasing \$1.8 million, primarily due to Sales Tax collections increasing by \$1.2 million
- The City's overall assessed property values increased 11.4 percent over 2017
- The City's total net position improved by \$7.3 million in 2018, with Governmental activities increasing \$3.1 million and business-type activities increasing \$4.2 million

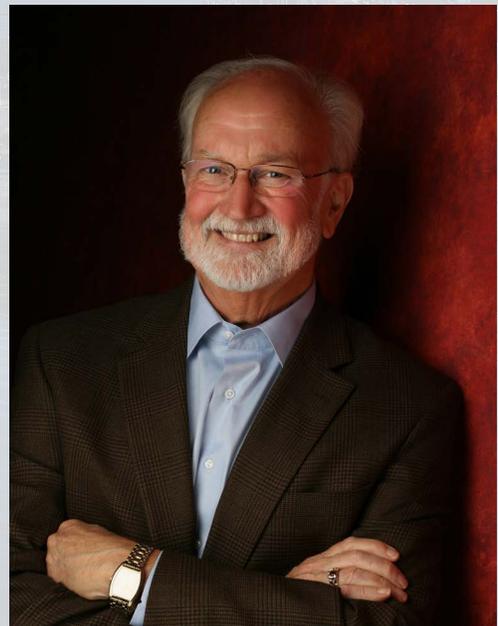
Additional financial highlights can be found in the Management, Discussion and Analysis located in the City's Comprehensive Annual Financial Report (CAFR).

This Citizen's report is a reflection of our effort to keep you informed about how your tax dollars are being spent. The City of Edmonds takes pride in the quality of services that it offers to our community, all provided while maintaining a sound financial position.

In addition to providing financial information, this report demonstrates what makes Edmonds a great place for people to plant their roots. The City is home to 46 parks, 206 acres of green space featuring over five miles of saltwater shoreline with an underwater park nationally known for its underwater beauty, thriving schools and a wide variety of diverse businesses.

A special thank you goes out to the dedicated team in the City's Finance Department whose hard work and diligence made this possible. Their work is recognized nationally as they have achieved the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for the past 5 years.

As you review this Citizen's Report, please feel free to share any questions, concerns or recommendations you may have with us.



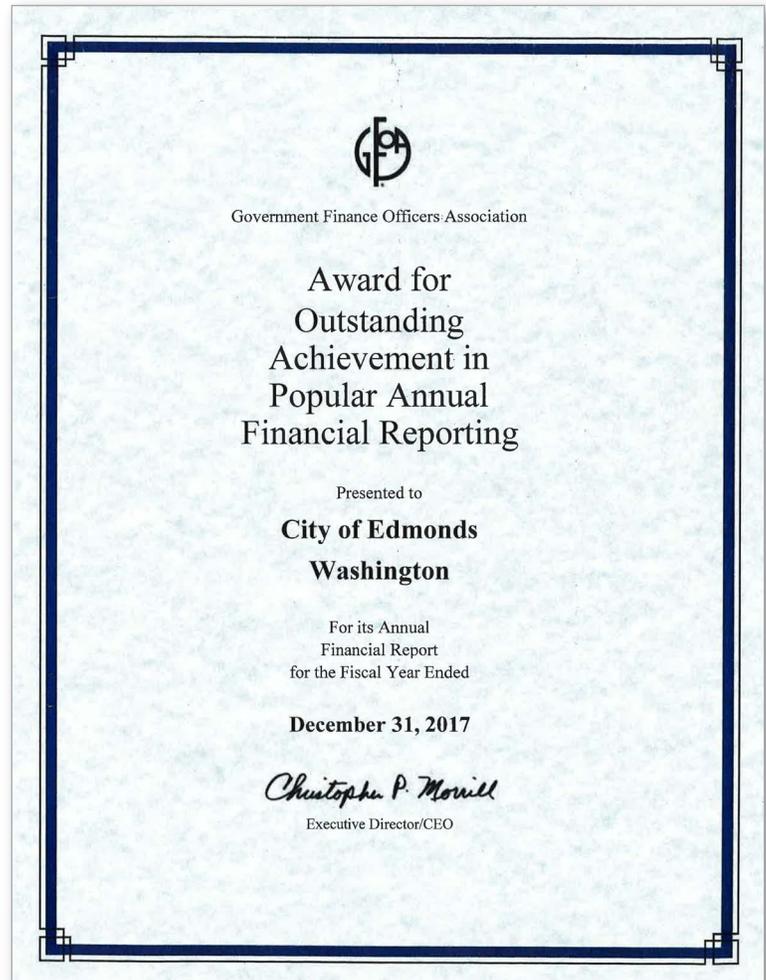
**Mayor Dave Earling**

# WHAT IS A CITIZEN'S REPORT?

**T**HE Edmonds Citizen's Report is designed to be an easy way to understand some of the basics of Edmonds' finances and local government. We have tried to make this document something that would be easy to read and accessible to all.

The City also publishes a Comprehensive Annual Financial Report (CAFR), which provides financial information about the City in much greater detail. Both the reports are presented using generally accepted accounting principles, the standard framework for governmental accounting, but there are differences between the two reports.

We want to emphasize that the Citizen's Report is intended to complement the CAFR, not to be a substitute for it. If you would like a copy of the CAFR, please visit [www.edmondswa.gov/financial-reports.html](http://www.edmondswa.gov/financial-reports.html)



# MEET YOUR CITY OFFICIALS

**A**LL Council positions are at-large positions. The Edmonds City Council meets as a body of the whole on the first, third, and fourth Tuesdays each month starting at 7:00 PM, and meets the second Tuesday of every month in Committee. Council meetings are held in the Public Safety Complex located at 250 5th Avenue North in Edmonds and are open to the public.



Councilmembers (from left) **Mike Nelson** (2015-21), **Diane Buckshnis** (2010-19), **Dave Teitzel** (2016-19), **Kristiana Johnson** (2012-21), Mayor **Dave Earling** (2012-19), **Neil Tibbot** (2016-19), **Adrienne Fraley-Monillas** (2010-21), and **Thomas Mesaros** (2014-19)



**Dave Earling**  
Mayor



**Patrick Doherty**  
Economic Development Director



**Al Compaan**  
Police Chief



**Carrie Hite**  
Parks and Recreation Director



**Phil Williams**  
Public Works Director



**Linda Coburn**  
Municipal Court Judge



**Mary Ann Hardie**  
Human Resources Director



**Scott James**  
Finance Director



**Shane Hope**  
Development Services Director



**Scott Passey**  
City Clerk



# EDMONDS

Edmonds is located in Snohomish County in western Washington State, about 15 miles north of Seattle and 18 miles southwest of Everett, in the southwest corner of the County. Edmonds has incredible scenery, including Puget Sound and the Olympic Mountains to the west, and on a clear day you can see Mt. Rainier, about 75 miles to the southeast.

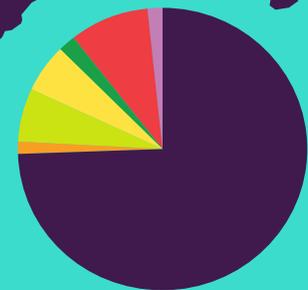
## LARGEST EMPLOYERS

EMPLOYER	2018 EMPLOYMENT	PERCENT OF TOTAL EMP.
Swedish (Stevens) Memorial Hospital	1,400	10.8%
Edmonds School District	767	5.9%
City of Edmonds	312	2.4%
Virginia Mason Family Medicine	164	1.3%
Aldercrest Health & Rehab Center	102	0.8%
Winco Foods	150	1.2%
Anthony's Restaurants	141	1.1%
Edmonds Family Medicine	133	1.0%
PCC Natural Markets	115	0.9%
Magic Toyota Scion	110	0.9%
Other Employers	9,518	73.7%
<b>TOTAL</b>	<b>12,912</b>	<b>100.0%</b>

### DEMOGRAPHICS



**WHITE 79.2%** **ASIAN 8.5%**  
**HISPANIC/LATINO 5.3%**  
**AFRICAN AMERICAN 1.1%**  
**HAWAIIAN OTHER 5.0%**  
**PACIFIC ISLANDER 0.5%**  
**AMERICAN INDIAN**  
**ALASKA NATIVE 0.4%**



## DID YOU KNOW?

Edmonds operates under a Council-Mayor form of government, with all officials elected by voters of the city.

The City grew out of a homestead and logging operation started by George Brackett in 1876 and incorporated in 1890. Up until the 1940's, the primary industry in the city was the production of shingles.

Edmonds also has a Sister City in Japan. Edmonds and the City of Hekinan, Japan established a sister-city relationship in 1988. The goal of having a sister city is to foster exchanges that reflect our intercultural focus between business, education, and nonprofit organizations in the local area.



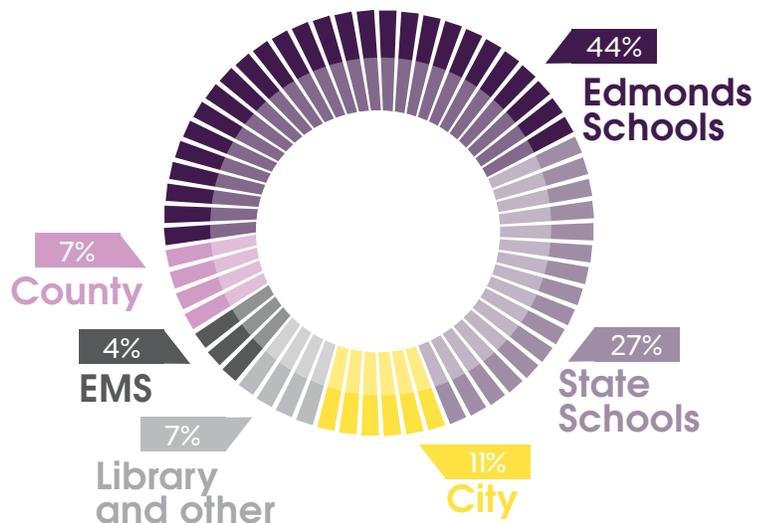
# 41,820

## POPULATION

Edmonds' population estimate for 2018 making it the 25th largest city in Washington and the 3rd largest in Snohomish County.

## WHERE DO YOUR TAXES GO?

Do you know where your property taxes go? Many people are surprised to learn that only about 11% of their property taxes go to the City of Edmonds. About 44% goes to the Edmonds School District, and 27% goes to the State.





# 3.5%

## UNEMPLOYMENT RATE

Below the 4.9% rate for Washington State

# 46

## PARKS

We offer 46 parks, and over 206 acres of green space, featuring over five miles of saltwater shoreline

# \$48,477

## PER CAPITA INCOME

2.4 persons per household  
\$83,697 median household income

# \$38.3m

New home and commercial construction has added \$38.3 million to our assessed property values. Average residence assessed value; \$527,900.

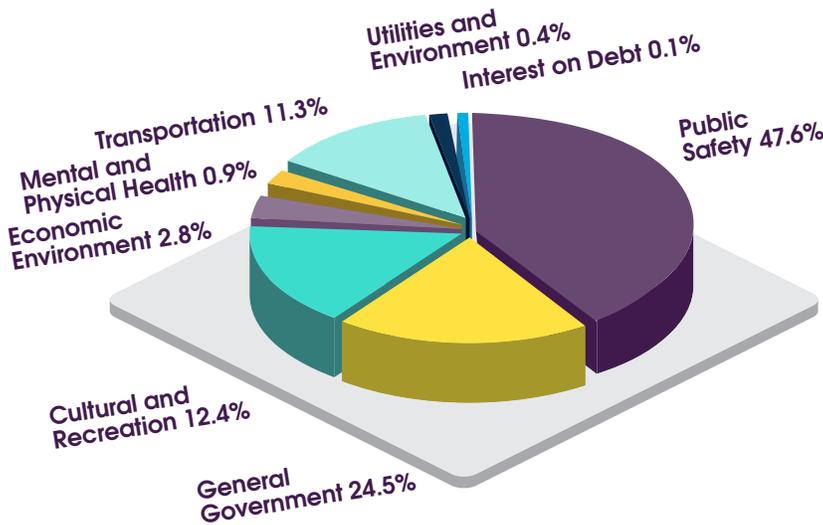
# 6,423

Total student enrollment. The largest portion of property taxes goes to schools.

# 8.9mi<sup>2</sup>

Number of square miles. Also, 145 miles of streets, 138 miles of water mains, and over 10,000 utility customers.

# WHERE DOES THE CITY GET ITS MONEY

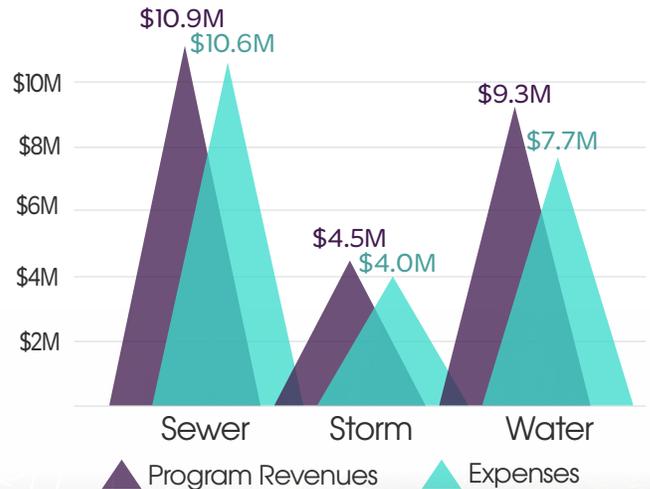


## REVENUE BY SOURCE

This chart summarizes the government activity revenue by source. Total government-wide revenues of the primary government increased \$4.1 million or 5.5%.

## BUSINESS TYPE ACTIVITY

The business type activities are the water, sewer, and storm funds. Governmental activities are things like the general fund, the police department, street maintenance and overlays, and the parks department.



GOVERNMENTAL & BUSINESS TYPE ACTIVITIES  
212TH & 76TH ENHANCEMENTS

# WHERE DOES THE CITY SPEND ITS MONEY

**N**o two cities are alike. For example, some cities have both a Police and a Fire Department. Some, like Edmonds, don't operate a Fire Department. Some cities operate golf courses, airports, or transit systems. You might find it interesting that 1 out of every 3 City employees works for the Police or the Municipal Court. And another 22% of City employees work in a department that provides some sort of business type of service, such as providing water or sewer services. The City of Edmonds has two general categories of spending.

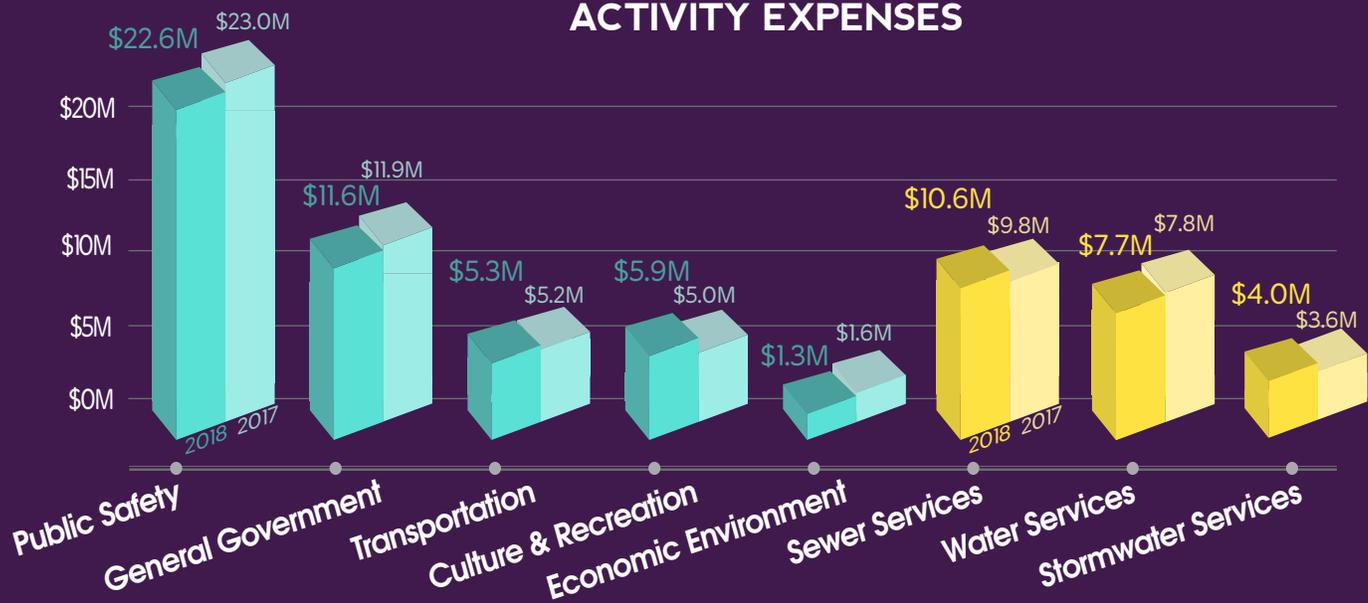
## GOVERNMENT ACTIVITY

About two-thirds of what the City spends goes for general government activities, like providing Police protection, parks and recreation services, building and maintaining streets, and City administrative services supporting those activities which is mostly paid for out of general revenues.

## BUSINESS TYPE ACTIVITY

The remaining one-third of what the City spends goes for business-type activities. In the case of Edmonds, the City provides water and sewer services to customers and maintains a stormwater system which is mostly paid for out of fees charged to customers. The breakdown between governmental and business type activities looks like this:

### GOVERNMENTAL AND BUSINESS ACTIVITY EXPENSES



# REVENUES, EXPENSES AND NET POSITION

REVENUES	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$12,829,258	\$11,852,411	\$24,769,079	\$22,771,153	\$37,598,337	\$34,623,564
Operating grants and contributions	562,250	666,620	33,192	20,602	595,442	687,222
Capital grants and contributions	3,192,494	5,058,911	1,514,823	2,282,014	4,707,317	7,340,925
General revenues:						
Property taxes	14,280,501	14,140,797	-	-	14,280,501	14,140,797
Sales taxes	9,443,775	8,255,039	-	-	9,443,775	8,255,039
Interfund utility taxes	2,397,453	2,301,442	-	-	2,397,453	2,301,442
Utility taxes	4,381,379	4,649,111	-	-	4,381,379	4,649,111
Excise taxes	6,145,718	5,521,504	-	-	6,145,718	5,521,504
Interest and investment earnings	925,298	558,862	231,285	47,270	1,156,583	606,132
Miscellaneous	1,897,105	454,259	2,624	-	1,899,729	454,259
Gains on disposition of assets	56,229	308,580	-	2,500	56,229	311,080
<b>Total revenues</b>	<b>\$56,111,460</b>	<b>\$53,767,536</b>	<b>\$26,551,003</b>	<b>\$25,123,539</b>	<b>\$82,662,463</b>	<b>\$78,891,075</b>
EXPENSES	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Governmental activities:						
General government	\$11,597,750	\$11,861,913	-	-	\$11,597,750	\$11,861,913
Public safety	22,582,126	22,952,541	-	-	22,582,126	22,952,541
Utilities and environment	208,768	174,237	-	-	208,768	174,237
Transportation	5,369,867	5,197,489	-	-	5,369,867	5,197,489
Economic environment	1,312,929	1,594,100	-	-	1,312,929	1,594,100
Mental and physical health	420,136	126,791	-	-	420,136	126,791
Culture and recreation	5,862,529	4,965,274	-	-	5,862,529	4,965,274
Interest on long-term debt	50,277	68,532	-	-	50,277	68,532
Business-Type activities:						
Sewer Fund	-	-	10,640,285	9,770,914	10,640,285	9,770,914
Storm Fund	-	-	4,020,527	3,570,534	4,020,527	3,570,534
Water Fund	-	-	7,687,887	7,782,236	7,687,887	7,782,236
<b>Total expenses</b>	<b>\$47,404,382</b>	<b>\$46,940,877</b>	<b>\$22,348,699</b>	<b>\$21,123,684</b>	<b>\$69,753,081</b>	<b>\$68,064,561</b>
Excess (deficiency) before transfers	8,707,078	6,826,659	4,202,304	3,999,855	12,909,382	10,826,514
Transfers	4,230	-	(4,230)	-	-	-
Increase (decrease) in net position	8,711,308	6,826,659	4,198,074	3,999,855	12,909,382	10,826,514
Net position - beginning	100,297,140	94,265,873	75,655,423	71,655,568	175,952,563	165,921,441
Change in accounting principle	(5,593,294)	-	-	-	(5,593,294)	-
Special item	-	(795,392)	-	-	-	(795,392)
<b>NET POSITION</b>	<b>\$103,415,154</b>	<b>\$100,297,140</b>	<b>\$79,853,497</b>	<b>\$75,655,423</b>	<b>\$183,268,651</b>	<b>\$175,952,563</b>

**T**HE City's General Fund accounts for all the revenues and expenditures of a general nature that are not required to be recorded in another fund. General Fund revenue is derived from property taxes, sales tax, charges for services, franchise fees, grants and transfers from other funds.



# GOVERNMENTAL ACCOUNTING TERMS

**Assets** are resources that the City controls that have some sort of a service capacity for the City.

**Capital Assets** are things other than money that will last longer than a year, and are used to provide products and services to the City and its residents.

**Change in Net Position** is the increase or decrease in the net position from one year to another and can be used as a guide as to whether the City's financial health is improving or declining.

**Current Assets** include cash and things that are like cash, because they are available and can be used to reduce liabilities within a year.

**Deferred Inflows of Resources and Deferred Outflows of Resources** represent flows of resources into and out of the City that are related to a future period. Examples of this are things like prepaid expenses, where we have paid for something that will give us a benefit next year; and money that we received from a grantor this year to do a project, and we will be doing most of the work on the project next year.

**Fund Balance** is the net position of a City governmental fund, such as the General fund, or a group of funds.

**Liabilities** are obligations of the City to other entities, such as amounts the City

owes to employees, suppliers, or bond holders. Liabilities can be short-term like salaries and wages (short-term debt is typically due within a year) or long-term like bond indebtedness that is not owed this year (long-term debt is typically due in a year or more).

**Governmental Funds** are those funds that are normally supported by taxes and intergovernmental revenues, and are reported separately from Business-Type Funds, which rely to a greater extent on fees and charges that are directly related to the service that is being provided. For example, governmental funds are sales taxes and property taxes come in to the City and can be used to pay for things like the Police Department and the Parks and Recreation Department. The City also has Utility Funds, which are Business-Type Funds because they provide a service that they charge for. When a customer pays their water bill to the City, the City can only use that money in the Water Utility Fund. The City can't use that money to fund the Police or Parks Departments.

**Government-wide Reporting** is a presentation of all of the City's funds grouped together as if they all were combined into one single fund which provides a consolidated view of the City's financial activities and uses the accrual basis of accounting.

**Net Position** is assets (and deferred outflows) minus liabilities (and deferred inflows). This is similar to Owner's Equity in a for profit business.

# 2018 POPULAR EVENTS



CITY OF EDMONDS FINANCE DEPARTMENT  
CITIZEN'S REPORT  
For the Fiscal Year Ending December 31, 2018  
121 Fifth Avenue North  
Edmonds, WA 98020  
425-775-2525