

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF EDMONDS
WASHINGTON



FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018



The City of Edmonds, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2018

DAVE EARLING, MAYOR

EDMONDS CITY COUNCIL

Mike Nelson, Council President

Kristiana Johnson	Adrienne Fraley-Monillas
Diane Buckshnis	Dave Teitzel
Thomas Mesaros	Neil Tibbot

Prepared By

The City of Edmonds, Finance Department

Finance Director
Scott James, CPA

Assistant Finance Director
Dave Turley, CPA

Accountant
Debra Sharp, CPA

Accountant
Sarah Mager

Accountant
Marissa Cain, CPA

Accounting Specialist
Lori Palmer

Accounting Specialist
Nori Jacobson

For comments or questions, contact
City of Edmonds, Finance Department
425-771-0240

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Table of Contents	i
Letter of Transmittal, Principal Officials, and Organizational Structure	v
Certificate of Achievement for Excellence in Financial Reporting	x
II. FINANCIAL SECTION	
Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds .	23
Statement of Revenues, Expenditures, and Changes in	
Fund Balance – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in	
Fund Balance – Budget and Actual - General Fund	26
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in	
Fund Net Position – Proprietary Funds.....	29
Statement of Cash Flows – Proprietary Funds	30
Statement of Fiduciary Net Position – Fiduciary Fund.....	34
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	35
Notes to the Financial Statements	37
Required Supplementary Information:	
Firemen's Pension Trust Fund	82
Schedule of Changes in Net Pension Liability and Related Ratios.....	84
Notes to the Required Supplementary Information	85
Public Employees' Retirement System Plan 1	86
Schedule of Proportionate Share of the Net Pension Liability	
Schedule of Employer Contributions	
Public Employees' Retirement System Plans 2 and 3	87
Schedule of Proportionate Share of the Net Pension Liability	
Schedule of Employer Contributions	
Law Enforcement Officers' & Fire Fighters' System Plan 1	88
Schedule of Proportionate Share of the Net Pension Liability	
Schedule of Employer Contributions	
Law Enforcement Officers' & Fire Fighters' System Plan 2	89
Schedule of Proportionate Share of the Net Pension Liability	
Schedule of Employer Contributions	
Schedule of Changes in Total OPEB Liability and Related Ratios	90

Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Governmental Funds	94
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	96
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
LEOFF-Medical Insurance Reserve Fund	98
Risk Management Reserve Fund	99
Contingency Reserve Fund	100
Historic Preservation Gift Fund	101
Building Maintenance	102
Marsh Restoration and Preservation Fund	103
Edmonds Homelessness Response Fund	104
Edmonds Opioid Response Fund	105
Combining Balance Sheet – Non-Major Governmental Funds	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	109
Combining Balance Sheet – Non-Major Special Revenue Funds	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	116
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Drug Enforcement Fund	120
Street Fund	121
Combined Street Construction / Improvement Fund	122
Municipal Arts Acquisition Fund	123
Memorial Tree Fund	124
Hotel/Motel Tax Fund	125
Employee Parking Permit Fund	126
Youth Scholarship Fund	127
Tourism Promotional Arts Fund	128
Real Estate Excise Tax (REET) 2 Fund	129
Real Estate Excise Tax (REET) 1 Fund	130
Gifts Catalog Fund	131
Cemetery Maintenance/Improvement Fund	132
Parks Trust Fund	133
Cemetery Maintenance Trust Fund	134
Sister City Commission Fund	135
Combining Balance Sheet – Non-Major Debt Service Funds	138
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Debt Service Funds	139
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
L.I.D. Fund Control	140
2012 LTGO Debt Service Fund	141
Combining Balance Sheet – Non-Major Capital Projects Funds	144
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Capital Projects Funds	145
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Parks Construction Fund	146
Combining Statement of Net Position – Non-Major Internal Service Funds	148
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Internal Service Funds	149

III. STATISTICAL SECTION

	Schedule	
Government-wide Net Position by Component.....	1	152
Changes in Net Position.....	2	154
Fund Balances, Governmental Funds	3	156
Changes in Fund Balances, Governmental Funds	4	158
General Government Tax Revenues by Source	5	160
Property Tax Levies and Collections	6	161
Assessed and Estimated Actual Value of Taxable Property.....	7	162
Property Tax Rates – Direct and Overlapping Governments	8	164
Principal Property Taxpayers.....	9	165
Sales Tax Rate Direct and Overlapping Governments.....	10	166
Ratios of Outstanding Debt by Type	11	168
Ratios of General Bonded Debt Outstanding.....	12	170
Computation of Direct and Overlapping Debt	13	171
Computation of Legal Debt Margin	14	172
Revenue Bond Coverage.....	15	174
Demographic and Economic Statistics	16	176
Principal Employers	17	178
City Employees by Function/Program.....	18	179
Operating Indicators by Function/Program	19	180
Capital Asset Statistics by Function/Program	20	181



This page is intentionally left blank.



CITY OF EDMONDS

CITY HALL

121 5th AVENUE NORTH • EDMONDS, WA 98020

425.771.0240 • FAX 425.771.0265

August 28, 2019

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 year ended December 31, 2018. 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 State Auditor's Office (SAO). State law provides for an annual independent audit to be conducted by the SAO. 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 most populous city in the State, occupies a land area of 8.9 square miles, and serves a population of approximately 41,820. 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 allocating 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 collection and treatment services; construction and maintenance of streets and other infrastructure; a municipal court; 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), Snohomish County 911, and The Alliance for Housing Affordability. 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. The Mayor may make transfers of appropriations between departments within any one fund. Increases or decreases to appropriations at the Fund level or the addition of new personnel 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.

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' financial 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 2018 over the 2017 valuation, Sales and Use Tax revenues have seen continued growth, and Property Tax revenues continue to increase. More good news is that the regional economy shows signs of a positive growth. Unemployment in both Snohomish County and Washington State remain low.

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 economically strong and viable. 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. The 2018 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 unmodified opinion for 2018; 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 2018.

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, 2017. 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 2018 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, Sarah Mager, and Marissa Cain. 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

CITY OFFICIALS

2018 CITY COUNCIL

Council President (Position #2)
Councilmember (Position #1)
Councilmember (Position #3)
Councilmember (Position #4)
Councilmember (Position #5)
Councilmember (Position #6)
Councilmember (Position #7)

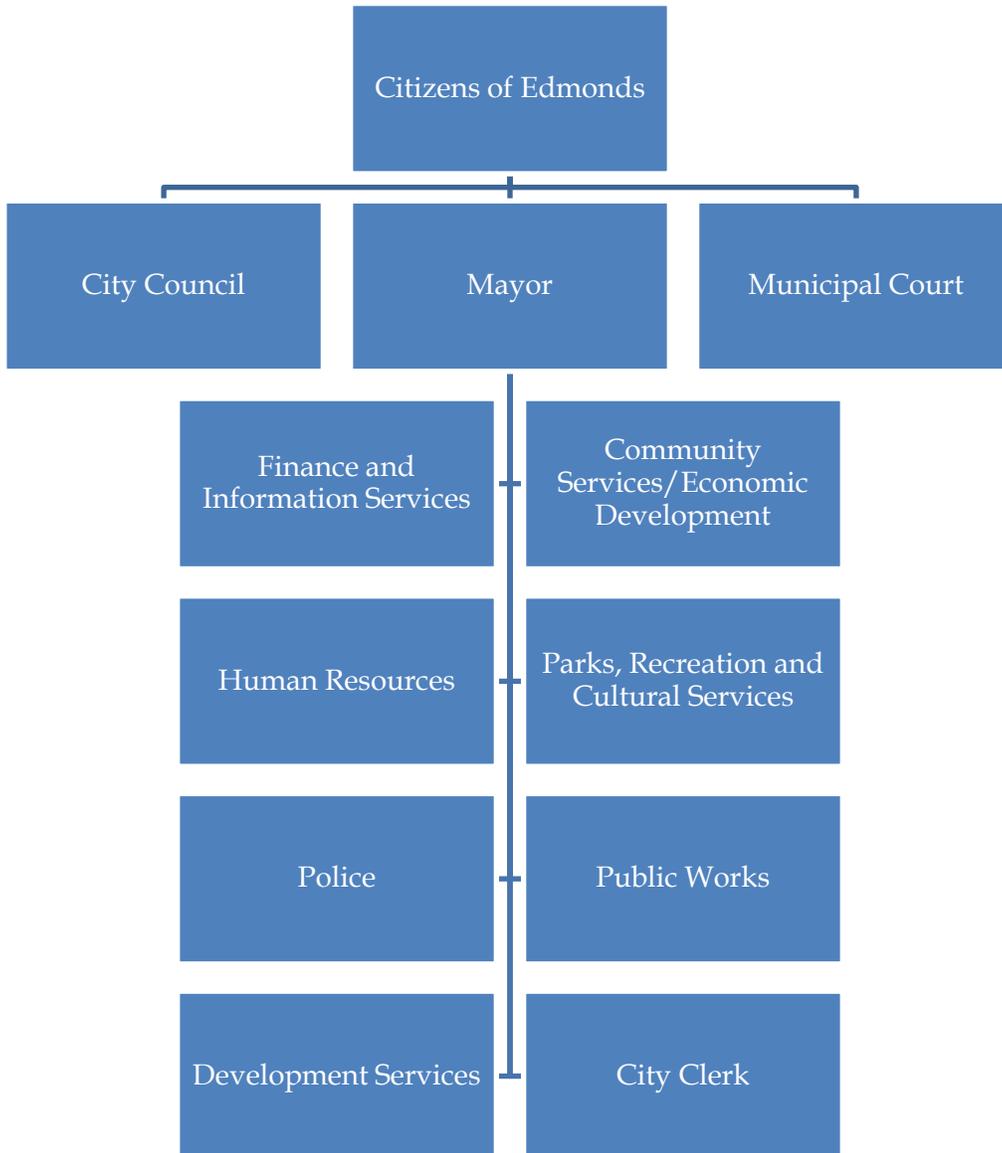
Mike Nelson
Kristiana Johnson
Adrienne Fraley-Monillas
Diane Buckshnis
Dave Teitzel
Thomas Mesaros
Neil Tibbott

CITY ADMINISTRATION

Mayor
Finance Director
Community Services/Economic Development Director
Parks, Recreation and Cultural Services Director
Public Works Director
Police Chief
Human Resources
Municipal Court Judge
Development Services Director
City Clerk

Dave Earling
Scott James
Patrick Doherty
Carrie Hite
Phil Williams
Al Compaan
Mary Ann Hardie
Linda Coburn
Shane Hope
Scott Passey

**City of Edmonds, Washington
2018 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, 2017

Christopher P. Morill

Executive Director/CEO



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 28, 2019

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, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Edmonds, as of December 31, 2018, 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.

Matters of Emphasis

As discussed in Note 2 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated August 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy

State Auditor

Olympia, WA



This page is intentionally left blank.

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, 2018. 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)

Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts. The intent of this discussion is to review the City's financial performance as a whole. Therefore, it should be read in conjunction with the Transmittal Letter and the City's financial statements.

Financial Highlights

- The City's economy is strong with tax revenues increasing \$1.8 million and the assessed property values increasing 11.4 percent from 2017.
- The assets and deferred outflows of resources of the City of Edmonds exceeded its liabilities and deferred inflows at fiscal year-end by \$183.3 million (net position), an increase of \$7.3 million over 2017. Of this amount, a majority (\$125.2 million) is a net investment in capital assets. The unrestricted net position totals \$45.2 million and may be used to meet the city's ongoing obligations to citizens and creditors. In addition, the restricted net position totals \$12.9 million and is earmarked for debt service, capital projects and special revenue funds.
- The City's total net position improved by \$7.3 million in 2018. Governmental activities increased by \$3.1 million and business-type activities increased by \$4.2 million.
- Governmental funds reported a combined ending fund balance of \$30.8 million; a \$3.7 million improvement over the prior year. Of this amount, \$16.3 million is unassigned and available to fund ongoing activities. The committed fund balance category totals \$2.6 million and the assigned fund balance category totals \$2 million. The 2018 unassigned fund balance equals 41.2% of 2018 general fund expenditures.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The initial implementation of this accounting standard resulted in a net reduction of Governmental Activities net position of \$5.6 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 non-major 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. This report contains other supplementary information in addition to the basic financial statements and required information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the city's financial position in a manner like that of the private-sector business. These statements are reported on the full accrual basis of accounting. Under the full accrual basis, certain revenues and expenses are reported that will not affect the cash flows until future periods.

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, and 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 which 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 non-major funds is presented in the aggregate.

The City's main operating fund is the General Fund. However, the City maintains many accounts and eight

sub-funds within the General Fund. The remaining governmental funds are combined into a single column labeled non-major governmental funds. Individual fund data for each of the non-major 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 as part of the 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 funds to account for its fleet of vehicles and technology equipment. 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 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 2018 government-wide statement of net position with a comparison to 2017:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	51,724,867	\$ 46,732,584	32,363,153	\$34,050,104	\$ 84,088,020	\$ 80,782,688
Capital assets, net	76,262,839	76,449,138	97,607,283	93,713,610	173,870,122	170,162,748
Total assets	127,987,706	123,181,722	129,970,436	127,763,714	257,958,142	250,945,436
Deferred outflows of resources	2,388,882	1,628,339	407,468	681,067	2,796,350	2,309,406
Deferred outflows of resources	2,388,882	1,628,339	407,468	681,067	2,796,350	2,309,406
Total assets and deferred outflows of resources	130,376,588	124,810,061	130,377,904	128,444,781	260,754,492	253,254,842
Current liabilities	2,150,058	2,975,528	2,603,630	2,094,904	4,753,688	5,070,432
Noncurrent liabilities	20,813,340	19,353,931	47,275,658	50,257,412	68,088,998	69,611,343
Total liabilities	22,963,398	22,329,459	49,879,288	52,352,316	72,842,686	74,681,775
Deferred outflows of resources	3,998,036	2,183,462	645,119	437,043	4,643,155	2,620,505
Deferred outflows of resources	3,998,036	2,183,462	645,119	437,043	4,643,155	2,620,505
Total liabilities and deferred inflows of resources	26,961,434	24,512,921	50,524,407	52,789,359	77,485,841	77,302,280
NET POSITION						
Net investment in capital assets	73,066,773	72,709,684	52,126,227	47,484,205	125,193,000	120,193,889
Restricted	9,887,918	8,088,456	2,982,738	2,987,788	12,870,656	11,076,244
Unrestricted	20,460,463	19,499,000	24,744,532	25,183,430	45,204,995	44,682,430
Total net position	\$103,415,154	\$100,297,140	\$79,853,497	\$75,655,423	\$183,268,651	\$175,952,563

Analysis of Net Position

Total net position (assets and deferred outflows, minus liabilities and deferred inflows) of the primary government was \$183.3 million at December 31, 2018 an improvement of \$7.3 million or 4% compared to December 31, 2017. Governmental activities increased net position by \$3.1 million and business-type activities increased net position by \$4.2 million.

The largest component of the City's net position, \$125.2 million, or 68.3%, 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 \$12.9 million of the primary government's total net position are restricted for debt service payments, transportation improvements, and other purposes, an increase of \$1.8 million over 2017.

The primary government's December 31, 2018 unrestricted net position totals \$45.2 million, an increase of \$522,565 over 2017.

The December 31, 2018 governmental activities unrestricted net position of \$20.5 million may be spent 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.

Restricted governmental fund net position is \$9.9 million and is restricted for purposes such as debt service, public safety, transportation, culture and recreation, and other purposes.

Unrestricted net position of the City's business-type activities totals \$24.7 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.

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	
	2018	2017	2018	2017	2018	2017
REVENUES						
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
Total revenues	56,111,460	53,767,536	26,551,003	25,123,539	82,662,463	78,891,075
EXPENSES						
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
Total expenses	47,404,382	46,940,877	22,348,699	21,123,684	69,753,081	68,064,561
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)
Net position - ending	\$103,415,154	\$100,297,140	\$79,853,497	\$75,655,423	\$183,268,651	\$175,952,563

Analysis of the Changes in Net Position

Total government-wide revenues of the primary government increased \$3.8 million or 4.8% and total expenses increased \$1.7 million or 2.5% for the prior year. These changes are discussed in more detail below.

Governmental Activities:

The table above presents the increase in net position prior to accounting for the *change in accounting principle* and shows Governmental activities increased by \$8.7 million, while the total change in net position of the primary government increased by \$12.9 million. These increases are due to the strong local economy and management's continued diligence to manage expenses.

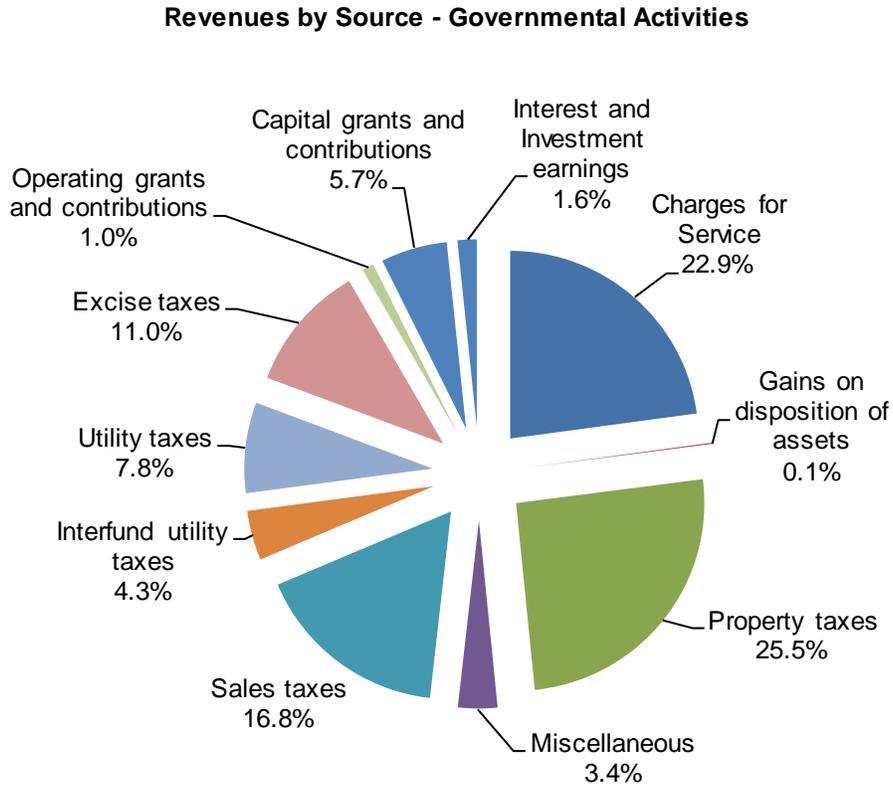
Total expenses for governmental activities increased \$463,505 or 1%. The increase is mainly due to increased spending on public safety initiatives in the City. The increased spending was offset by increases in tax revenues and development related revenues. Governmental activity revenues increased by \$2.3 million, or 4.4% over 2017:

- Charges for services increased \$976,847, or 8.2%. This change is due mainly to an increase in development related revenues
- Property tax revenue increased \$139,704, or 1% over 2017,
- Sales tax collections increased by \$1,188,736, or 14.4%,

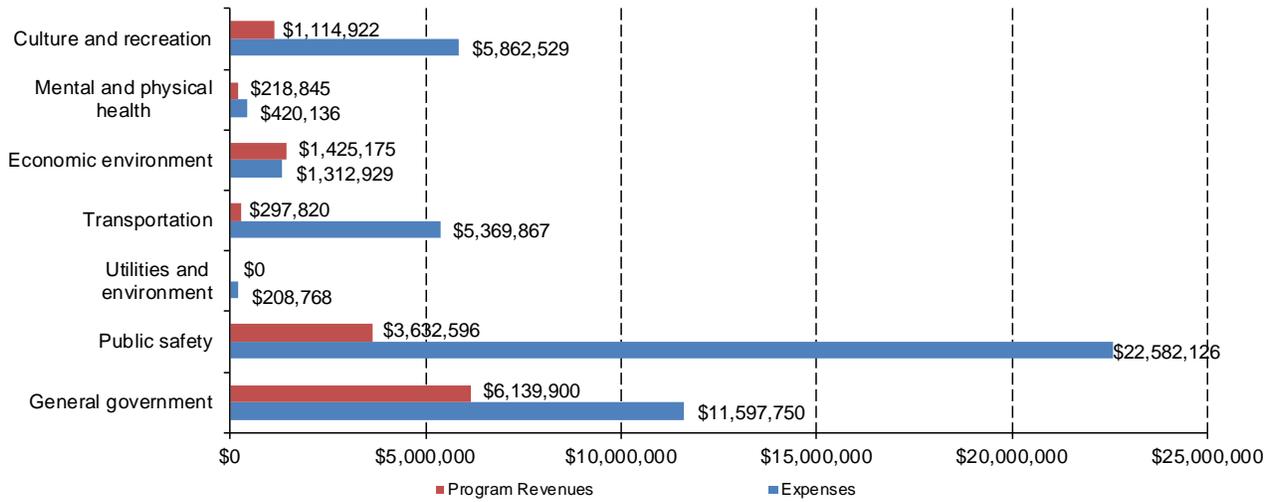
- Excise taxes increased by \$624,214 or 11.3%.

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



Expenses and Program Revenues - Governmental Activities



Business-type Activities:

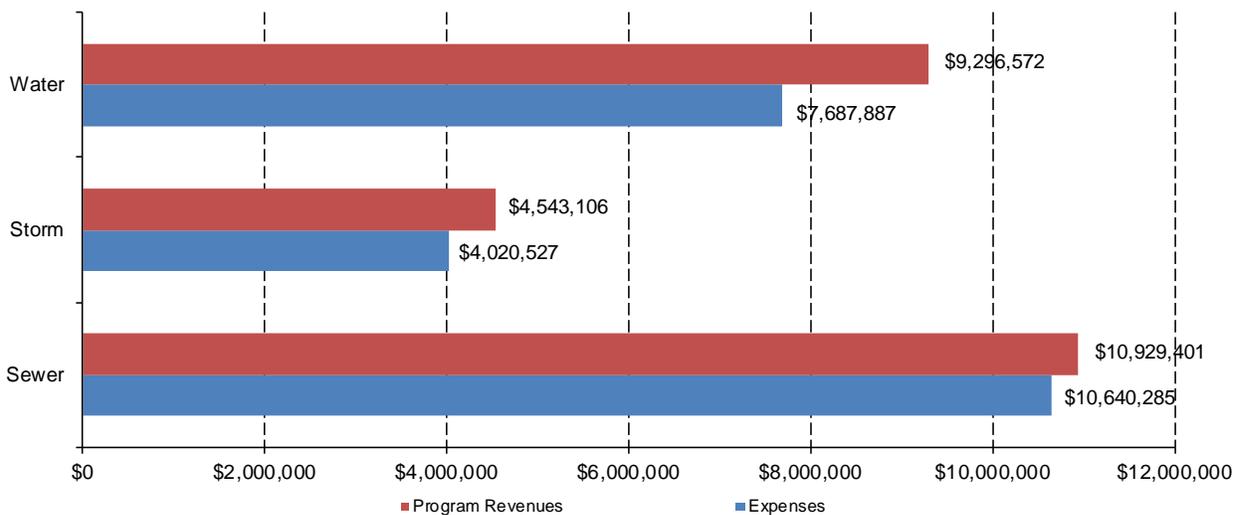
Business-type activities net position increased by \$4.2 million. A key component of this increase include:

- Charges for services revenues increased by \$2 million, or 8.8%, over 2017.

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:

Expenses and Program Revenues - 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

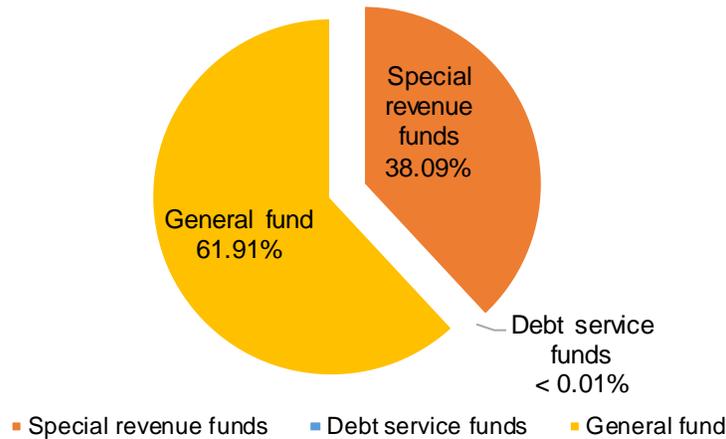
The purpose of the City's governmental funds is to report on near-term revenues/financial resources and expenditures. This information helps determine the City's financial requirements in the near future. Specifically, fund balance is a good indicator of the City's financial resources.

As of December 31, 2018, the City's governmental funds had combined fund balances of \$30.8 million an increase of \$3.7 million or 13.7% from 2017. Approximately 41.2% or \$16.3 million of this amount constitutes unassigned General Fund balance, which is available for spending at the City Council's discretion, and \$2 million is assigned for future development of Civic Field Park. 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 \$1.8 million or 10.5% over 2017. The increase in fund balance is mainly due to an increase in development related revenues and sales tax receipts.

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

Governmental Funds - Fund Balance



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 \$24.7 million, a \$438,898 decrease from 2017. The total change in net position for the three funds was a \$4.2 million increase.

General Fund Budgetary Highlights

The City of Edmonds produces an annual budget document to fulfill the Community's vision for where City resources should be directed. The budget reflects the City Council's goals of maintaining long-term financial health and stability of the City's General Fund and reserves, and continues the delivery of high-quality services to Edmonds.

The 2018 expenditure budget was amended to include an additional \$1.6 million in appropriations. The largest portion of this increase was for a Bridge Loan to the Edmonds Center for the Arts.

A comparison of the actual performance of the general fund on a budgetary basis to the final budget indicates that total revenue collections exceeded budgeted revenues by \$2.5 million. This was primarily due to increases in sales tax revenues and charges for development related services.

Total actual expenditures were \$3.8 million or 8.4% under budget, excluding fund balances, in the General Fund. The under expenditures are mainly due to:

- Approximately \$1.27 million of the under expenditure coming from salary savings.
- \$480,000 budgeted for facility projects remains unspent.
- \$845,000 budgeted for professional services remains unspent.
- \$315,000 budgeted for maintenance and miscellaneous services remain unspent.
- \$515,000 budgeted for intergovernmental services remain unspent.
- \$315,000 budgeted for capital projects remain unspent.

Capital Asset and Debt Administration

Capital Assets

The City of Edmonds' investment in capital assets for governmental and business-type activities as of December 31, 2018 amounts to \$173.9 million (net of accumulated depreciation), an increase of \$3.7 million from 2017. This investment in capital assets includes land and construction in progress, which are not subject to depreciation. The other capital assets, buildings, improvements other than buildings, infrastructure, machinery and equipment, and intangible assets are subject to depreciation.

Governmental type capital assets (net of depreciation) totaled \$76.3 million in 2018, a decrease of \$186,000 from 2017. Business-type capital assets (net of depreciation) totaled \$97.6 million, an increase of \$3.9 million from 2017. In addition to the effects depreciation, these changes are the result of capitalizing construction in progress, and acquisition of machinery and equipment. More information on the City's Capital Assets can be found in Note 9 – Capital Assets and Depreciation.

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

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/18	As of 12/31/17	As of 12/31/18	As of 12/31/17	As of 12/31/18	As of 12/31/17
	(in thousands)					
Land	\$ 17,688	\$ 18,222	\$ 1,257	\$ 1,257	\$ 18,945	\$ 19,479
Building	7,860	8,589	16,821	17,523	24,681	26,112
Improvements other than buildings	15,669	16,268	72,523	62,507	88,192	78,775
Infrastructure	28,773	23,251			28,773	23,251
Machinery and Equipment	4,015	3,867	858	573	4,873	4,439
Intangible Assets	0	0	33	80	33	80
Construction in Progress	2,257	6,252	6,116	11,773	8,374	18,025
Total	\$ 76,263	\$ 76,449	\$ 97,607	\$ 93,714	\$ 173,870	\$ 170,163

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$48,909,453. Of this amount, \$5,799,444 is general obligation bonds for governmental activities, \$1,990,009 is general obligation bonds for business-type activities and \$41,120,000 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.

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

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/18	As of 12/31/17	As of 12/31/18	As of 12/31/17	As of 12/31/18	As of 12/31/17
General Obligation Debt	\$ 5,799,444	\$ 6,467,488	\$ 1,990,009	\$ 2,238,115	\$ 7,789,453	\$ 8,705,603
Revenue Bonds	-	-	41,120,000	42,420,000	41,120,000	42,420,000
Capital Contracts	131,516	256,488	-	-	131,516	256,488
Loans	462,685	534,886	1,786,828	1,880,351	2,249,513	2,415,237
Total	\$ 6,393,645	\$ 7,258,862	\$ 44,896,837	\$ 46,538,466	\$ 51,290,482	\$ 53,797,328

Economic Factors and Next Year's Budgets

Principal factors influencing the City's 2019 budget include the continued improvement in sales tax and excise tax revenues stemming from the robust retail sales, real estate sales and construction activity in the City, and growth in the overall economy.

The 2019 budget was adopted in December 2018 by the City Council. Our budget reflects the City Council's goals, maintains long-term financial health and stability of our General Fund and reserves, and continues the delivery of high-quality services for our community. The FY 2019 budget projects modest growth in the operating budget including these priorities:

- \$323,000 for two new Street department FTE's dedicated to building new sidewalks
- \$75,000 to Enhance our Arts & Culture through the Edmonds Center for the Arts
- \$250,000 for Transitional Housing
- \$933,868 contribution towards development of the new Waterfront Center
- Dedicated \$1.3 million for Marsh restoration
- \$200,000 for accessible playgrounds
- \$2 million for the City's street overlay program
- \$2.5 million for City-wide pedestrian safety improvements
- \$4.3 million for beach rehabilitation and parking lot improvement associated with the Waterfront Center
- A new School Resource Officer for Scriber Lake High School

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.

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.



This page is intentionally left blank.

City of Edmonds
Statement of Net Position
December 31, 2018

	Primary Government			Component Unit
	Governmental	Business-type	Total	Edmonds Public Facilities
	Activities	Activities		District
ASSETS				
Current assets:				
Cash & equity in pooled investments	\$ 8,909,992	\$ 4,155,192	\$ 13,065,184	\$ 29,062
Deposits with trustees	16,752	-	16,752	-
Investments	24,019,850	20,025,073	44,044,923	-
Taxes receivable	295,911	-	295,911	-
Customer accounts	659,083	3,421,681	4,080,764	39,637
Court receivable	454,324	-	454,324	-
Other receivable	-	-	-	58,753
Interest on investments	220,043	140,616	360,659	-
Due from other governments	3,040,941	1,503,838	4,544,779	98,012
Due from component unit	350,000	-	350,000	-
Inventory of materials & supplies	50,941	141,113	192,054	5,826
Prepayments	-	-	-	42,334
Total current assets	38,017,837	29,387,513	67,405,350	273,624
Noncurrent assets:				
Restricted cash and cash equivalents	2,803,516	2,975,640	5,779,156	302,629
Special assessments receivable - non-current	34,115	-	34,115	-
Due from component unit - long-term	4,186,952	-	4,186,952	-
Restricted net pension asset	4,633,643	-	4,633,643	-
Investment in joint venture	2,048,804	-	2,048,804	-
Depreciable capital assets (net)	56,317,143	90,233,740	146,550,883	7,915,200
Non Depreciable capital assets	19,945,696	7,373,543	27,319,239	3,458,560
Total noncurrent assets	89,969,869	100,582,923	190,552,792	11,676,389
Total assets	127,987,706	129,970,436	257,958,142	11,950,013
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - Debt refunding	9,880	113,451	123,331	-
Deferred outflows of resources - Pension	1,872,878	294,017	2,166,895	-
Deferred outflows of resources - OPEB	506,124	-	506,124	-
Deferred outflows of resources - PFD	-	-	-	130,932
Total deferred outflows of resources	2,388,882	407,468	2,796,350	130,932
Total assets and deferred outflows of resources	130,376,588	130,377,904	260,754,492	12,080,945
LIABILITIES				
Current liabilities:				
Accounts payable	1,422,074	953,638	2,375,712	171,210
Accrued wages	1,046,404	206,975	1,253,379	61,401
Internal balances	(462,311)	462,311	-	-
Due to other governmental units	-	397,181	397,181	-
Other current liabilities	133,302	438,276	571,578	-
Accrued bond interest payable	10,589	138,151	148,740	7,969
Deposits payable	-	7,098	7,098	35,150
Unearned Revenue	-	-	-	412,998
Total current liabilities	2,150,058	2,603,630	4,753,688	688,728
Noncurrent liabilities:				
Net pension liability	5,047,360	1,391,984	6,439,344	437,954
Net other post employment liability	6,981,351	-	6,981,351	-
Due within one year	2,927,434	2,259,202	5,186,636	725,413
Due in more than one year	5,857,195	43,624,472	49,481,667	6,710,290
Total noncurrent liabilities	20,813,340	47,275,658	68,088,998	7,873,657
Total liabilities	22,963,398	49,879,288	72,842,686	8,562,385
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - Debt refunding	122,300	36,488	158,788	-
Deferred inflows of resources - Pension	3,867,795	608,631	4,476,426	-
Deferred inflows of resources - OPEB	7,941	-	7,941	-
Deferred inflows of resources - PFD	-	-	-	166,102
Total deferred inflows of resources	3,998,036	645,119	4,643,155	166,102
Total liabilities and deferred inflows of resources	26,961,434	50,524,407	77,485,841	8,728,487
NET POSITION				
Net investment in capital assets	73,066,773	52,126,227	125,193,000	3,959,959
Restricted for:				
Culture and Recreation	7,563,232	-	7,563,232	-
Customer Deposits	-	7,098	7,098	-
Debt Service	-	2,975,640	2,975,640	589,598
Economic Environment	114,037	-	114,037	-
Other	8,102	-	8,102	-
Pensions	4,633,643	-	4,633,643	-
Transportation	2,202,547	-	2,202,547	-
Unrestricted	15,826,820	24,744,532	40,571,352	(1,197,099)
Total net position	\$ 103,415,154	\$ 79,853,497	\$ 183,268,651	\$ 3,352,458

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

City of Edmonds
Statement of Activities
For the Year Ended December 31, 2018

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	\$ 11,597,750	\$ 6,139,900	\$ 5,492	\$ -
Public safety	22,582,126	3,632,596	288,590	3,623
Utilities and environment	208,768	-	9,178	2,558
Transportation	5,369,867	297,820	144,051	2,467,098
Economic environment	1,312,929	1,425,175	9,136	-
Mental and physical health	420,136	218,845	-	-
Culture and recreation	5,862,529	1,114,922	105,803	719,215
Interest on long-term debt	50,277	-	-	-
Total governmental activities	<u>47,404,382</u>	<u>12,829,258</u>	<u>562,250</u>	<u>3,192,494</u>
Business-type activities:				
Sewer Utility	10,640,285	10,929,401	-	814,618
Storm Utility	4,020,527	4,543,106	-	363,478
Water Utility	<u>7,687,887</u>	<u>9,296,572</u>	<u>33,192</u>	<u>336,727</u>
Total business-type activities	<u>22,348,699</u>	<u>24,769,079</u>	<u>33,192</u>	<u>1,514,823</u>
Total primary government	<u>\$ 69,753,081</u>	<u>\$ 37,598,337</u>	<u>\$ 595,442</u>	<u>\$ 4,707,317</u>
Component Unit				
Edmonds Public Facilities District	<u>3,544,139</u>	<u>1,514,928</u>	<u>1,124,503</u>	<u>1,281,254</u>
Total component unit	<u>\$ 3,544,139</u>	<u>\$ 1,514,928</u>	<u>\$ 1,124,503</u>	<u>\$ 1,281,254</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
Change in net position
Net position - beginning
Adjustment for Adoption of GASB 75 (Note 2)
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
\$ (5,452,358)	\$ -	\$ (5,452,358)	\$ -	-
(18,657,317)	-	(18,657,317)	-	-
(197,032)	-	(197,032)	-	-
(2,460,898)	-	(2,460,898)	-	-
121,382	-	121,382	-	-
(201,291)	-	(201,291)	-	-
(3,922,589)	-	(3,922,589)	-	-
(50,277)	-	(50,277)	-	-
<u>(30,820,380)</u>	<u>-</u>	<u>(30,820,380)</u>	<u>-</u>	<u>-</u>
-	1,103,734	1,103,734	-	-
-	886,057	886,057	-	-
-	<u>1,978,604</u>	<u>1,978,604</u>	-	-
-	<u>3,968,395</u>	<u>3,968,395</u>	-	-
<u>(30,820,380)</u>	<u>3,968,395</u>	<u>(26,851,985)</u>	-	-
				<u>376,546</u>
				<u>376,546</u>
14,280,501	-	14,280,501	-	-
9,443,775	-	9,443,775	-	-
2,397,453	-	2,397,453	-	-
4,381,379	-	4,381,379	-	-
6,145,718	-	6,145,718	-	-
925,298	231,285	1,156,583	-	-
1,897,105	2,624	1,899,729	6,782	-
56,229	-	56,229	-	-
4,230	(4,230)	-	-	-
<u>39,531,688</u>	<u>229,679</u>	<u>39,761,367</u>	<u>6,782</u>	-
8,711,308	4,198,074	12,909,382	383,328	-
100,297,140	75,655,423	175,952,563	2,969,130	-
(5,593,294)	-	(5,593,294)	0	-
<u>\$ 103,415,154</u>	<u>\$ 79,853,497</u>	<u>\$ 183,268,651</u>	<u>\$ 3,352,458</u>	-



This page is intentionally left blank.

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 charges for goods and services, licenses and permits, 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.

City of Edmonds
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,372,067	\$ 2,849,074	\$ 7,221,141
Investments	10,218,390	8,478,533	18,696,923
Deposits with trustee	16,752	-	16,752
Property taxes receivable	295,911	-	295,911
Customer accounts	659,083	-	659,083
Interest on investments	112,001	66,832	178,833
Court Receivable	454,324	-	454,324
Interfund receivable	226,865	235,446	462,311
Due from other governments	2,030,556	1,010,386	3,040,942
Due from component unit	4,536,952	-	4,536,952
Restricted cash and investments	2,803,516	-	2,803,516
Special assessments receivable	-	34,115	34,115
Total assets	<u>\$ 25,726,417</u>	<u>\$ 12,674,386</u>	<u>\$ 38,400,803</u>
LIABILITIES			
Accounts payable	\$ 368,077	\$ 841,604	\$ 1,209,681
Wages and benefits payable	977,898	33,864	1,011,762
Other current liabilities	104,300	29,002	133,302
Unearned revenues	4,567,411	1,759	4,569,170
Total liabilities	<u>6,017,686</u>	<u>906,229</u>	<u>6,923,915</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - property taxes	295,911	-	295,911
Deferred inflows of resources - court receivable	344,477	-	344,477
Deferred inflows of resources - special assessments	-	34,115	34,115
Total deferred inflow of resources	<u>640,388</u>	<u>34,115</u>	<u>674,503</u>
Total liabilities and deferred inflows of resources	<u>6,658,074</u>	<u>940,344</u>	<u>7,598,418</u>
FUND BALANCES (DEFICITS)			
Restricted	-	9,887,918	9,887,918
Committed	784,622	1,846,112	2,630,734
Assigned	2,000,000	12	2,000,012
Unassigned	16,283,721	-	16,283,721
Total fund balances (deficits)	<u>19,068,343</u>	<u>11,734,042</u>	<u>30,802,385</u>
Total liabilities and fund balances (deficits)	<u>\$ 25,726,417</u>	<u>\$ 12,674,386</u>	<u>\$ 38,400,803</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, 2018

Total governmental fund balances as reported on this statement \$ 30,802,385

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	\$ 17,688,372	
Construction in progress	2,254,686	
Equipment Work in progress	<u>2,638</u>	
Subtotal: Non-depreciable capital assets	19,945,696	
Investment in joint venture	2,048,804	
Buildings	25,672,053	
Improvements other than buildings	25,641,923	
Infrastructure	74,008,412	
Machinery and equipment - general government	9,453,000	
Less: Accumulated depreciation	<u>(78,458,245)</u>	
Subtotal: Depreciable capital assets	56,317,143	78,311,642

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

Net Pension Asset	4,633,643	
Deferred outflow of resources - bond refunding	9,880	
Deferred outflow of resources - pension	1,872,878	
Deferred outflow of resources - OPEB	506,124	
Deferred inflow of resources - property tax	295,911	
Deferred inflow of resources - court receivable	344,477	
Deferred inflow of resources - special assessments	<u>34,115</u>	7,697,028

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 \$3,477,170 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.

6,856,893

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

General obligation bonds	(5,799,444)	
Compensated absences (\$40,929 attributable to internal service funds)	(2,005,858)	
Capital contracts	(131,516)	
Public works trust fund loans	(462,685)	
Nonexchange Financial Guarantee	<u>(385,126)</u>	
Subtotal: Long-term debt payable	(8,784,629)	
Accrued interest payable	(10,589)	
Net pension obligation (\$182,123 attributable to internal service funds)	(5,047,360)	
Net other post employment benefit obligation	(6,981,351)	
Deferred inflow of resources - bond refunding	(122,300)	
Deferred inflow of resources - pension	(3,867,795)	
Deferred inflow of resources - OPEB	(7,941)	
Unearned revenues reported in the Balance Sheet - Governmental Funds are not reported in the government-wide Statement of Net Position (Note 1)	<u>4,569,170</u>	(20,252,795)

Net position of government activities as reported on the statement of net position

\$ 103,415,154

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, 2018

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 30,755,578	\$ 4,365,261	\$ 35,120,839
Licenses and permits	2,401,855	121,192	2,523,047
Intergovernmental	1,014,434	3,615,733	4,630,167
Charges for services	5,810,961	627,186	6,438,147
Fines and forfeitures	616,783	-	616,783
Investment earnings	471,678	286,291	757,969
Contributions	9,179	-	9,179
Miscellaneous	931,495	1,019,162	1,950,657
Total revenues	<u>42,011,963</u>	<u>10,034,825</u>	<u>52,046,788</u>
EXPENDITURES			
Current:			
General government	10,655,493	-	10,655,493
Public safety	22,585,212	26,921	22,612,133
Utilities and environment	-	195,091	195,091
Transportation	4,779	4,113,810	4,118,589
Economic environment	1,460,763	117,003	1,577,766
Mental and physical health	203,416	216,720	420,136
Culture and recreation	4,331,806	304,363	4,636,169
Debt service:			
Principal	176,324	688,892	865,216
Interest	21,370	128,853	150,223
Capital outlay:			
General government	15,232	-	15,232
Public safety	52,114	-	52,114
Transportation	-	2,329,913	2,329,913
Culture and recreation	25,759	966,899	992,658
Total expenditures	<u>39,532,268</u>	<u>9,088,465</u>	<u>48,620,733</u>
Excess (deficiency) of revenues over expenditures	<u>2,479,695</u>	<u>946,360</u>	<u>3,426,055</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	20,843	28,800	49,643
Insurance Recoveries	-	7,333	7,333
Transfers in	230,100	1,063,567	1,293,667
Transfers out	(920,212)	(369,225)	(1,289,437)
Total other financing sources (uses)	<u>(669,269)</u>	<u>730,475</u>	<u>61,206</u>
Net change in fund balances	1,810,426	1,676,835	3,487,261
Fund balances - beginning	17,257,917	9,821,761	27,079,678
Prior Period Adjustment	-	235,446	235,446
Fund balances - ending	<u>\$ 19,068,343</u>	<u>\$ 11,734,042</u>	<u>\$ 30,802,385</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, 2018

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance \$ 3,487,261

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	\$ 3,627,723	
Internal service fund - capital outlays		
Current year depreciation	(3,071,503)	
Adjustment in investment in joint venture	<u>895,651</u>	
		1,451,870

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	(37,240)	
PFD Debt Service	(423,370)	
PFD Nonexchange Financial Guarantee	495,577	
Other unearned revenue	(15,113)	
LEOFF 2 Pensions	202,913	
Court receivable	<u>(80,455)</u>	
		142,312

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	9,815	
Long-term debt repayments	<u>865,216</u>	
		875,032

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.

871,380

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.

Loss on Sale of Assets	(683,805)	
Payments for the PFD Contingent Loan	74,193	
Net pension obligation	2,272,931	
Accrued compensating absence expense	<u>220,134</u>	
		1,883,453

Change in net position on the Statement of Activities \$ 8,711,308

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 29,621,180	\$ 29,621,180	\$ 30,755,578	\$ 1,134,398
Licenses and permits	2,255,850	2,270,850	2,401,855	131,005
Intergovernmental	872,536	909,185	1,014,434	105,249
Charges for services	4,975,600	4,994,835	5,810,961	816,126
Fines and forfeitures	431,735	431,735	616,783	185,048
Investment earnings	248,770	248,770	471,678	222,908
Miscellaneous	380,300	1,044,100	940,674	(103,426)
Total revenues	<u>38,785,971</u>	<u>39,520,655</u>	<u>42,011,963</u>	<u>2,491,308</u>
EXPENDITURES				
Current:				
General government	11,757,694	12,175,139	10,655,493	1,519,646
Public safety	23,190,437	23,473,669	22,585,212	888,457
Transportation	3,600	3,600	4,779	(1,179)
Economic environment	1,670,579	1,729,779	1,460,763	269,016
Mental and physical health	219,300	251,414	203,416	47,998
Culture and recreation	4,333,100	5,046,972	4,331,806	715,166
Total current	<u>41,174,710</u>	<u>42,680,573</u>	<u>39,241,469</u>	<u>3,439,104</u>
Debt service:				
Principal	176,340	176,340	176,324	16
Interest	21,660	21,660	21,370	290
Total debt service	<u>198,000</u>	<u>198,000</u>	<u>197,694</u>	<u>306</u>
Capital outlay:				
General government	-	46,000	15,232	30,768
Public safety	128,721	128,721	52,114	76,607
Culture and recreation	60,000	260,000	25,759	234,241
Total capital outlay	<u>188,721</u>	<u>434,721</u>	<u>93,105</u>	<u>341,616</u>
Total expenditures	<u>41,561,431</u>	<u>43,313,294</u>	<u>39,532,268</u>	<u>3,781,026</u>
Excess (deficiency) of revenues over expenditures	<u>(2,775,460)</u>	<u>(3,792,639)</u>	<u>2,479,695</u>	<u>6,272,334</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	20,843	20,843
Transfers in	372,334	1,172,334	230,100	(942,234)
Transfers out	(1,873,954)	(1,912,954)	(920,212)	992,742
Total other financing sources (uses)	<u>(1,501,620)</u>	<u>(740,620)</u>	<u>(669,269)</u>	<u>71,351</u>
Net change in fund balances	<u>(4,277,080)</u>	<u>(4,533,259)</u>	<u>1,810,426</u>	<u>6,343,685</u>
Fund balances - beginning	<u>15,651,220</u>	<u>17,257,910</u>	<u>17,257,917</u>	<u>7</u>
Fund balances - ending	<u>\$ 11,374,140</u>	<u>\$ 12,724,651</u>	<u>\$ 19,068,343</u>	<u>\$ 6,343,692</u>

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, 2018

	Governmental Activities	
	421/422/423 Combined Utility Funds	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,155,192	\$ 1,688,852
Investments	20,025,073	5,322,927
Customer accounts	3,421,681	-
Interest on investments	140,616	41,212
Due from other governments	1,503,838	-
Inventory	141,113	50,941
Total current assets	<u>29,387,513</u>	<u>7,103,932</u>
Noncurrent assets:		
Restricted cash and investment	2,975,640	-
Land	1,257,107	-
Property, plant and equipment	90,201,092	3,474,532
Construction in progress	6,116,436	2,638
Intangible assets (net)	32,648	-
Total noncurrent assets	<u>100,582,923</u>	<u>3,477,170</u>
Total assets	<u>129,970,436</u>	<u>10,581,102</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - 2007 Refunding	27,840	-
Deferred outflows of resources - 2011 refunding	85,433	-
Deferred outflows of resources - 2012 refunding	178	-
Deferred outflows of resources - pension	294,017	23,324
Total deferred outflows of resources	<u>407,468</u>	<u>23,324</u>
Total assets and deferred outflows of resources	<u>130,377,904</u>	<u>10,604,426</u>
LIABILITIES		
Current liabilities:		
Accounts payable	953,638	212,394
Wages and benefits payable	206,975	34,642
Interfund payables	462,311	-
Due to other governmental units	397,181	-
Other current liabilities	445,374	-
Interest payable	138,151	-
Total current liabilities	<u>2,603,630</u>	<u>247,036</u>
Noncurrent liabilities:		
Compensated absences	402,618	40,929
Loans payable - current	230,430	-
Revenue bonds payable-current	1,386,958	-
G.O. bonds payable - current	251,651	-
Pension Obligation (Net)	1,391,984	92,237
Loans payable - long-term	1,556,398	-
Revenue bonds payable - long-term	40,314,138	-
G.O. bonds payable - long-term	1,741,481	-
Total noncurrent liabilities	<u>47,275,658</u>	<u>133,166</u>
Total liabilities	<u>49,879,288</u>	<u>380,202</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - 2011 refunding	36,488	-
Deferred inflow of resources - pension	608,631	48,281
Total deferred inflows of resources	<u>645,119</u>	<u>48,281</u>
Total liabilities and deferred inflows of resources	<u>50,524,407</u>	<u>428,483</u>
NET POSITION		
Net investment in capital assets	52,126,227	3,477,170
Restricted for:		
Customer Deposits	7,098	-
Debt Service	2,975,640	-
Unrestricted	24,744,532	6,698,773
Total net position	<u>\$ 79,853,497</u>	<u>\$ 10,175,943</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, 2018

	Business-type Activities 421/422/423 Combined Utility Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 24,523,274	\$ 2,776,540
Other operating revenue	248,430	-
Total operating revenues	<u>24,771,704</u>	<u>2,776,540</u>
OPERATING EXPENSES		
Personnel services	3,883,911	687,691
Operations and maintenance	10,825,748	728,511
Professional services	576,015	168,030
Insurance	354,714	29,464
Depreciation	3,965,264	470,548
Total operating expenses	<u>19,605,652</u>	<u>2,084,244</u>
Operating income (loss)	<u>5,166,052</u>	<u>692,296</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	33,192	-
Investment earnings	231,283	186,514
Judgments and settlements		12,787
Gain (loss) on sale of capital assets	(1,038,603)	34,161
Interest expense	<u>(1,704,443)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(2,478,571)</u>	<u>233,462</u>
Income (loss) before contributions and transfers	2,687,481	925,758
Capital grants and contributions	1,514,823	-
Transfers Out	<u>(4,230)</u>	<u>-</u>
Change in net position	4,198,074	925,758
Total net position - beginning	75,655,423	9,250,185
Total net position - ending	<u>\$ 79,853,497</u>	<u>\$ 10,175,943</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, 2018

	Business-type Activities <u>421/422/423</u> Combined Utility Funds	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 23,813,368	\$ 2,778,428
Payments to employees	(4,712,109)	(740,182)
Payments to suppliers	<u>(11,060,421)</u>	<u>(742,398)</u>
Net cash provided (used) by operating activities	<u>8,040,839</u>	<u>1,295,848</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant income	33,192	-
Proceeds of refunding debt	<u>136,250</u>	-
Net cash provided (used) by noncapital financing activities	<u>169,442</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Gain from the sale of capital assets	-	57,354
Judgments and settlements	-	12,787
Acquisition and construction of capital assests	(9,091,219)	(670,473)
Capital grants and contributions	1,514,823	-
Principal payments on debt	(1,814,837)	-
Interest payments on debt	(1,693,017)	-
Transfers to other funds	<u>(4,230)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(11,088,480)</u>	<u>(600,332)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	175,646	164,756
Purchase of investments	<u>(264,504)</u>	<u>(1,202,026)</u>
Net cash provided (used) by investing activities	<u>(88,858)</u>	<u>(1,037,270)</u>
Net increase (decrease) in cash and cash equivalents	(2,967,057)	(341,754)
Balances - beginning of year	<u>10,097,889</u>	<u>2,030,606</u>
Balances - end of the year	<u>\$ 7,130,832</u>	<u>\$ 1,688,852</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, 2018

	Business-type Activities 421/422/423 Combined Utility Funds	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income	\$ 5,166,052	\$ 692,296
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,965,264	470,548
Changes in assets and liabilities:		
Customer Receivables	(958,336)	1,888
Accounts Payable - Supplier	696,056	183,607
Payroll Liabilities	(828,198)	(52,491)
Net cash provided (used) by operating activities	\$ 8,040,839	\$ 1,295,848

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



This page is intentionally left blank.

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.

PENSION FUND

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 FUND

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, 2018

	Firemen's Pension Fund	Agency funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 223,307	\$ 25,775
Total assets	<u>223,307</u>	<u>25,775</u>
LIABILITIES		
Accrued expenses	5,609	\$ -
Agency deposits	<u>-</u>	<u>25,775</u>
Total liabilities	<u>5,609</u>	<u>25,775</u>
NET POSITION		
Net position restricted for pensions	<u>217,698</u>	
Total net position	<u>\$ 217,698</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, 2018

	<u>Firemen's Pension Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 15,000
State shared revenue-distribution of fire insurance premiums	45,751
Investment earnings	<u>5,662</u>
Total contributions	<u>66,413</u>
Total additions	<u>66,413</u>
 DEDUCTIONS	
Benefits paid to retirees	74,657
Administrative expenses	<u>538</u>
Total deductions	<u>75,195</u>
Change in net position	(8,782)
Net Position -- beginning of the year	<u>226,480</u>
Net Position -- end of the year	<u><u>\$ 217,698</u></u>

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



This page is intentionally left blank.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Note 1 – Summary of Significant Accounting Policies	38
Note 2 – Accounting and Reporting Changes.....	47
Note 3 – Deposits and Investments	48
Note 4 – Property Taxes	51
Note 5 – Receivables and Payables	53
Note 6 – Deferred Inflows and Outflows of Resources.....	53
Note 7 – Interfund Activity	54
Note 8 – Restricted, Committed and Assigned Components	55
Note 9 – Capital Assets and Depreciation	56
Note 10 – Recorded Vacation and Sick Leave	57
Note 11 – Pension Plans.....	57
Note 12 – Other Post-Employment Benefits	70
Note 13 – Long-Term Debt	72
Note 14 – Changes in Long-Term Liabilities.....	76
Note 15 – Contingencies and Litigations	77
Note 16 – Risk Management	77
Note 17 – Commitments	79
Note 18 – Nonexchange Financial Guarantee.....	80
Note 19 – Subsequent Events	80
Note 20 – Health and Welfare.....	80

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Edmonds have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The City of Edmonds was incorporated in 1890 and operates under the laws of the state of Washington applicable to cities. Edmonds operates with 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 legislative and policymaking powers are vested in the City Council, while administrative authority is the responsibility of the Mayor. 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.

As required by Generally Accepted Accounting Principles the financial statements present the City of Edmonds, the primary government, and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

Discretely Presented Component Unit

On April 24, 2001 the Edmonds City Council formed the Edmonds Public Facilities District (PFD) via Ordinance 3358, under the authority provided by RCW 35.57. The purpose of the PFD is to construct and operate a regional arts 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 in the amount of \$7,015,000 for the acquisition, renovation and remodeling of a Performing Arts Center. The City transferred the proceeds of this issuance to the PFD. The City refinanced these bonds in 2012. These bonds 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 debt service over the life of the bonds. Payment is not limited to sales tax revenue.

For more information on the Edmonds Public Facility District see Note 18, Nonexchange Financial Guarantees.

Separate financial statements can be obtained from the Edmonds Center for the Arts, c/o Joe McIalwain, 410 Fourth Avenue N., Edmonds, WA 98020.

Joint Ventures

The City of Edmonds participates in three separate joint ventures:

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's interest in the Net Equity of SERS as of December 31, 2018 was \$362,869.

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. As of January 1, 2019 SERS merged with Snohomish County 911 (SNO911) and will be known as SNO911 Wireless Technology Department.

Snohomish County 911

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

In the event of the dissolution of Snohomish County 911, any money in the possession of Snohomish County 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred shall be returned to the parties to this agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses, and charges validly incurred, the City of Edmonds share was \$1,685,935 on December 31, 2018.

Financial statements for Snohomish County 911 can be obtained from Snohomish County 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

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 to establish the Alliance of Housing Affordability. The agreement was amended in May of 2014 to add the City of Arlington and in June of 2014 to add the City of Stanwood.

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

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County (HASCO). Fiscal agent duties were transferred to HASCO in fiscal year 2018. The values included in the table below have been audited and updated by HASCO and may be different from what was reported in previous years.

Each member city is responsible for contributing operating funds as determined from the AHA annual budget. Contribution amounts from the member cities are based on each member's population. The City's equity share to date is:

Fiscal Year Ending 6/30	AHA's Total Fiscal Year Budget	Edmonds Share of Budget	Edmonds Share as % of Total AHA Budget
2014	\$ 89,850	\$ 2,457	2.7%
2015	\$ 92,543	\$ 2,381	2.6%
2016	\$ 93,651	\$ 2,346	2.5%
2017	\$ 97,934	\$ 3,518	3.6%
2018	\$ 102,586	\$ 3,841	3.7%
2019	\$ 107,391	\$ 4,120	3.8%

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 contributions during the period of the Agreement paid by each member. Financial information can be obtained from Pam Frost, HASCO Director of Finance, 12711 4th Ave W, Everett WA 98204 or pfrost@hasco.org.

B. Basis of Presentation – 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 nonfiduciary activities of the primary government and its component unit. Governmental 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 a legally separate component unit 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. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are reported as general revenues.

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, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports one major governmental fund, the General Fund. The General Fund is the City's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. The City also reports one major enterprise fund. The Combined Utility Fund accounts for all maintenance, construction, and debt service requirements associated with the City's water, sewer, and stormwater systems.

The City has two Internal Service Funds. The *Equipment Rental Fund* accounts for the cost of maintaining the City's vehicle fleet. The *Technology Rental Fund* accounts for the cost of Information Technology equipment repair and replacement.

The City has two Fiduciary Funds. The *Firemen's Pension Fund* is used to account for payment of administrative costs and benefits for retired firefighters who were employed prior to March 1, 1970. The *North Sound Metro Special Weapons and Tactics Team* (SWAT) is an Agency Fund that accounts for the administration and bookkeeping for a regional SWAT team. The City signed an interlocal agreement with surrounding cities in 2013 to form a SWAT team, and the City of Edmonds Police Department was designated as the host Police Department and is responsible for the holding of funds.

C. Measurement Focus, Basis of Accounting

Government-Wide and Governmental Funds

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, sales taxes, and other significant revenues associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the City considers most revenues to be available if they are collected within 30 days of the end of the current fiscal period. The City considers property taxes, sales taxes, natural gas taxes and Hotel/Motel excise taxes as available if they are collected within 60 days after year end. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary Funds

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Combined Utility Funds 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 revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

D. Budgetary Information

Scope of Budget

Annual appropriated budgets are adopted for general fund and special revenue funds on the modified accrual basis of accounting. Budgets for debt service and capital projects funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Purely as a management tool, budgets are broken out by department, activity and expense types.

Budgets for general and special revenue funds are adopted at the level of the fund, except in the general fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level.

Appropriations for general and special revenue funds lapse at year-end, except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

Amending the Budget

The Mayor is authorized to transfer budgeted amounts between departments or between object classes within any department; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

When the Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund or department, it may do so by ordinance approved by one more than the majority after holding a public hearing.

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 applicable for the fiscal year.

E. Assets, Liabilities, Fund Balance, Net Position

Cash and Cash Equivalents

It is the City's policy to invest all temporary 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. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds. For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

See Note 3, *Deposits and Investments*.

Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Note 4, *Property Taxes*). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments include receivables related to a Local Improvement District that is no longer in operation. Special assessments receivable consist of delinquent assessments and related interest and penalties. The City has no obligations related to this amount.

Customer accounts receivable consist of amounts owed by private individuals and organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered. Receivables are shown net of allowances for uncollectible accounts.

Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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/from other funds*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*. A separate schedule of interfund loans receivable and payable is furnished in Note 7, *Interfund Activity*.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories

Inventories are assets that are held for internal consumption or resale. The combined utility fund inventories are expensed as consumed, using the first-in, first-out valuation method, which approximates market. Internal service fund inventories are expensed when purchased. A physical inventory is taken at year-end. No inventory is maintained in Governmental Funds; however, the Internal Service fund inventories are included in the "Governmental Activities" on the Statement of Net Position.

Restricted Assets

These accounts contain resources for construction and debt service in enterprise funds. Specific debt service reserve requirements are described in Note 13, *Long-Term Debt* and certain cash and investments have been classified as restricted assets on the Statement of Net Position in accordance with utility bond resolutions, state law, or for other purposes. 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.

Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost that meets or exceeds \$5,000, and an estimated useful life in excess of one year. Infrastructure assets are capitalized when their cost meets or exceeds \$50,000, and repairs or replacements to components of the Wastewater Treatment Plant are capitalized when their cost meets or exceeds \$100,000.

Costs for additions or improvements to capital assets are capitalized when they increase an asset's value, capacity, or materially extends its useful life. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Land, permanent artwork, 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. 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	20–40
Furniture and fixtures	5–10
Cars	5–10
Vans, Trucks, Trailers	5–20
Data Processing Equipment	3–10
Infrastructure	20–100
Sidewalks	30
Machinery and Equipment	5–20
Intangible Assets	20–30

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. This causes the recognition periods for pension contributions to 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 2018 reporting year, pension contributions made during the State's 2017 fiscal year create an asset or Deferred Outflow. Similarly, for the City's 2018 reporting year, pension contributions made during the State's 2018 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 and other post-employment obligations, as explained above.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave, and holiday earned by police employees, according to the terms of union contracts or per RCW. Also included is compensatory time earned in lieu of overtime. All such compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements, and are payable upon termination, retirement or death.

Compensated absences including payroll taxes are reported as a current liability on 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.

Pensions

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

Other Accrued Liabilities

Employees earn vacation pay based on their years of service, and may carry over accruals of up to two years' accumulated leave from one year to the next. Unused vacation leave at time of termination, retirement or death is considered vested and payable to the employee. Unused sick leave is paid out upon termination, retirement or death based on a percentage of the employee's accumulated sick leave, in accordance with the terms of their union contract, or in accordance with Edmonds City Code Chapter 2.35.

Unearned Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

Fund Balance Classification

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 are classified in accordance with GASB Statement No. 54, and are reported as non-spendable, restricted, committed, assigned, or unassigned.

Non-spendable fund balance represents amounts that are either not in a spendable form (e.g. inventories or prepaid balances) or are legally or contractually required to remain intact.

Restricted fund balances include amounts that have constraints placed upon their use by constitution, external resource providers, or through enabling legislation.

Committed fund balances include amounts that are limited by resolution of the City Council. A resolution must be taken to impose limitations on the use of these resources, and another resolution is required to modify or eliminate those limitations.

Assigned fund balances include amounts that are intended by the Mayor or department Directors for an intended use, but are neither restricted nor committed. This type of limitation can be imposed by the highest levels 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.

When both restricted and unrestricted fund balances are available for use, the City considers restricted fund balance to have been spent first. When committed, assigned, or unassigned fund balance amounts are available for use, the City considers committed fund balance to be spent first, assigned fund balance second, and unassigned fund balance last.

F. Revenues, Expenditures and Expenses

The *modified accrual basis* of accounting is followed in all governmental funds of the City. 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.

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.

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 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.

G. Estimates

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

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

Accounting Change – A Prior Period Adjustment to correct a classification error in the amount of \$235,446 error was recorded in 2018. The City paid an invoice in February of 2018 for construction work done on a street project. The City accrued the expense to 2017 in the Street Fund and recorded Construction Work in Progress. Staff later realized that this invoice should have been paid from the Sewer Fund. To correct this, the City recorded a debit to Due From Sewer Fund and a credit to Prior Period Adjustment in the Street Fund, to reverse the capital outlay expense from 2017. The City then recorded a credit to Due To Street Fund and a debit to Internal Balances in the Sewer Fund, as follows:

Street Fund			Sewer Fund		
	DR	CR		DR	CR
Due From Sewer Fund	\$ 235,446		Internal Balances	\$ 235,446	
Prior Period Adj.		\$ 235,446	Due To Street Fund		\$ 235,446

Reporting Changes – Effective for fiscal year 2018 reporting, the City adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This statement establishes standards of accounting and financial reporting for defined

benefit other post-employment benefits (OPEB) and defined contribution OPEB that are provided to the employees of state and local government employers. The City recorded \$5,593,294 as a change in accounting principle for the Adoption of GASB 75.

Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that were identified during implementation and application of certain other GASB statements. It addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and OPEB).

Statement No. 86, *Certain Debt Extinguishment Issues*. This statement establishes accounting and financial reporting guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. It also provides guidance relating to prepaid insurance on debt that is extinguished.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period.

NOTE 3 – DEPOSITS AND 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. 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, 2018
Deposits with US Bank	\$ 3,584,503
Petty Cash/Change Funds	4,500
Local Government Investment Pool	10,213,158
Snohomish County Investment Pool	2,483,459
Certificates of Deposit	8,303,516
Federal Agency Securities	38,549,209
	<u>\$ 63,138,345</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:

	Fair Value	Twelve Months or Less	Twelve Months to Two Years	Two Years to Three Years	Three Years to Five Years	Credit Rating
Federal Agency Securities	\$ 38,549,209	\$ 8,976,181	\$ 18,753,947	\$ 9,834,779	\$ 984,302	Aaa/AA+
Certificates of Deposit	8,303,516	5,500,000	-	-	2,803,516	Not Rated
Local Government Investment Pool	10,213,158	10,213,158	-	-	-	Not Rated
Snohomish County Investment Pool	2,483,459	2,483,459	-	-	-	Not Rated
	<u>\$ 59,549,342</u>	<u>\$ 27,172,798</u>	<u>\$ 18,753,947</u>	<u>\$ 9,834,779</u>	<u>\$ 3,787,818</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. Investments are reported at their amortized cost basis to pool participants, which approximates fair value. The LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting.

The Snohomish County Investment Pool (SCIP) is not registered with the SEC. Investments are reported at fair value to the participants. It includes participating 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.

Custodial Credit Risk - Deposits. Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the City's may not be able to recover deposits or collateral securities that are in the possession of an outside party. 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 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. The WPDPC may make pro-rata assessments to members of the WPDPC pool in the event the pool's collateral should be insufficient to cover a 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.

The City measures and reports investments at fair value using the valuation input hierarchy established by Generally Accepted Accounting Principles. 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. The guidance requires three levels of fair value measurement based on the respective inputs.

Level 1: Prices quoted in active markets for identical securities.

Level 2: Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.

Level 3: Unobservable inputs for an asset or liability.

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, 2018:

	December 31, 2018	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level		
Federal Agency Securities	\$ 38,549,209	\$ 38,549,209
Snohomish County Investment Pool	2,483,459	2,483,459
Certificate of Deposit	8,303,516	8,303,516
Total Investments by Fair Value	\$ 49,336,184	\$ 49,336,184
Investments Measured at Amortized Cost		
State of WA Local Government Investment Pool	\$ 10,213,158	
Total Investment Measured at Amortized Cost	\$ 10,213,158	
Total Investment Measured at Fair Value	\$ 59,549,342	

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, 2018 are as follows:

Component Unit	December 31, 2018
Cash and Cash Equivalents	\$ 29,062
Restricted Cash and Cash Equivalents	302,629
	\$ 331,691

The following tables present information regarding the components of Cash and Cash Equivalents as of December 31, 2018:

Financial Statements					
	Governmental Activities	Business-type Activities	Total Primary Govt.	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 8,909,992	\$ 4,155,192	\$ 13,065,184	\$ 244,795	\$ 13,309,980
Restricted Cash and Cash Equivalents	2,803,516	2,975,640	5,779,156	-	5,779,156
Investments	24,019,850	20,025,073	44,044,922	4,286	44,049,209
	\$ 35,733,358	\$ 27,155,905	\$ 62,889,263	\$ 249,082	\$ 63,138,345

Restricted Cash and Cash Equivalents			
	Governmental Activities	Business-type Activities	Total
Deposit to Bond Reserve Account	\$ -	\$ 2,975,640	\$ 2,975,640
First Financial CD - PFD Collateral	2,803,516	-	2,803,516
	\$ 2,803,516	\$ 2,975,640	\$ 5,779,156

NOTE 4 – PROPERTY TAXES

The Snohomish County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. The Snohomish 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, 2017 assessment date in calculating taxes and levies due in 2018. These values were based on sales that occurred in 2016. Sales that occurred in 2017 will be used to calculate the taxes and levies due for 2019.

Property tax levy increases are limited by state law to a maximum 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 deferred inflow 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.

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 installment 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 2018 was \$1.1385 per \$1,000 on an assessed valuation of \$9,107,284,679 for a total regular levy of \$10,368,699. City of Edmonds voters have approved one special levy, for Emergency Medical Services (EMS). Levy rates and amounts for the Regular and EMS levies are identified in the table below:

Purpose of the Levy	Lewy Rate per \$1,000	Total Lewy Amount
General Government	\$ 1.13850603	\$ 10,368,699
Emergency medical service (EMS)	0.43647925	3,975,141
Total City Lewy	\$ 1.57498529	\$ 14,343,839

NOTE 5 – RECEIVABLES AND PAYABLES

Receivables at December 31, 2018 are as follows:

	Customer Accounts	Taxes	Special Assessments	Due From Other Governments	Due from Component Units	Total
Governmental Activities						
General Fund	\$ 659,083	\$ 295,911	\$ -	\$ 2,030,556	\$ 4,536,952	\$ 7,522,502
Other Governmental Funds	-	-	34,115	1,001,621	-	1,035,736
Capital Project Funds	-	-	-	8,764	-	8,764
Total Governmental Activities	\$ 659,083	\$ 295,911	\$ 34,115	\$ 3,040,941	\$ 4,536,952	\$ 8,567,002
Business-type Activities						
Combined Utility Fund	\$ 3,421,681	\$ -	\$ -	\$ 1,503,838	\$ -	\$ 4,925,519
Total Business-type Activities	\$ 3,421,681	\$ -	\$ -	\$ 1,503,838	\$ -	\$ 4,925,519

Payables at December 31, 2018 are as follows:

	Salaries and Benefits	Accounts Payable	Due to Other Governments	Other Current Liabilities	Total
Governmental Activities					
General Fund	\$ 977,898	\$ 368,077	\$ -	\$ 104,300	\$ 1,450,275
Other Governmental Funds	33,864	841,604	-	29,002	904,470
Internal Service	34,642	212,394	-	-	247,035
Total Governmental Activities	\$ 1,046,404	\$ 1,422,075	\$ -	\$ 133,302	\$ 2,601,781
Business-type Activities					
Combined Utility Fund	\$ 206,975	\$ 953,638	\$ 397,181	\$ 445,374	\$ 2,003,167
Total Business-type Activities	\$ 206,975	\$ 953,638	\$ 397,181	\$ 445,374	\$ 2,003,167

NOTE 6 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred Outflows of Resources at December 31, 2018, are as follows:

Deferred Outflows 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 greater.	\$ 9,880	\$ 113,451
GASB 68 Pension Deferred Outflow	1,872,878	294,017
GASB 75 OPEB Deferred Outflow	506,124	-
Total	\$ 2,388,882	\$ 407,468

Deferred Inflows of Resources at December 31, 2018 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.	\$ 122,300	\$ 36,488
GASB 68 Pension Deferred Inflow	3,867,795	608,631
GASB 75 OPEB Deferred Inflow	7,941	-
Total	\$ 3,998,036	\$ 645,119

Deferred Inflows of Resources - Governmental Funds Balance Sheet	General Fund	Enterprise Funds
The portion of property taxes not received within 60 days of 2018.	\$ 295,911	\$ -
The portion of court receivables not received within 60 days of 2018	344,477	-
The portion of special assessments not received within 60 days of 2018.	34,115	-
Total	\$ 674,503	\$ -

NOTE 7 – INTERFUND ACTIVITY

There was one interfund balance as of December 31, 2018, a utility tax payable to the General Fund in the amount of \$462,311.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. The City uses transfers to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Routine transfers include contributions to the pension funds, transfers for debt service requirements, transfers from the unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, transfers for the 1% percent for the arts program and transfers when the City closes out the activity in a fund. Significant transfers in 2018 include \$600,000 in transfers out of the General Fund to establish and fund the new Marsh Restoration Fund for \$200,000, the Homelessness Response Fund for \$250,000 and the Opioid Response fund for \$250,000. The Parks Capital Construction Fund transferred \$200,000, which had previously been transferred from the General Fund, to the new Marsh Restoration Fund. Interfund activity for the year is as follows:

	Transfers In	Transfers Out			Total
		General	Other Governmental	Enterprise	
General Fund	\$ 230,100	\$ -	\$ 920,213	\$ -	\$ 920,213
Other Governmental	772,228	230,100	139,125	-	369,225
Street Construction Fund	291,339	-	-	-	-
Enterprise			4,230		4,230
Total	\$ 1,293,667	\$ 230,100	\$ 1,063,567	\$ -	\$ 1,293,667

NOTE 8 – RESTRICTED, COMMITTED AND ASSIGNED COMPONENTS

The government-wide statement of net position reports \$14,521,561 for Governmental Activities and \$2,982,738 for Business-Type Activities as restricted components of net position. The fund statements report \$2,630,734 as committed and \$2,000,012 as assigned components of fund balance.

Governmental Activities Restricted for:	
Restricted per RCW related to state fuel taxes, transportation benefit fees, impact fees and grant agreements	\$ 2,202,547
Restricted per RCW related to REET revenue and lodging tax restrictions, private donors, and grant agreements	7,563,232
Per RCW, proceeds are limited to paying the cost of tourism promotion and the Edmonds Business Improvement District	114,037
Restricted by grant agreements and private donations limited to a specific purpose	8,102
Restricted for Net Pension Assets	4,633,643
Total Restricted Components of Net Position	\$ 14,521,561
Business-Type Activities Restricted for:	
Customer deposits	\$ 7,098
Debt service restrictions	2,975,640
Total Restricted Components of Net Position	\$ 2,982,738
Governmental Activities Committed for:	
Committed for the cost of operating and restoring the Edmonds Marsh	\$ 309,179
Committed to provide moneys with which to alleviate the problem of homelessness in Edmonds and the surrounding area	225,443
Committed to provide moneys with which to alleviate the problem of opioid addiction in Edmonds and the surrounding area	250,000
Committed for the acquisition or advancement of visual and performing arts within the City	570,633
Committed for the administration of the employee permit parking program solely and exclusively	77,046
Committed for special projects, special events, capital improvements and other nonrecurring needs of cemetery	212,776
Committed to be expended solely for the purpose of maintaining the cemetery	985,657
Total Committed Components of Fund Balance	\$ 2,630,734
Governmental Activities Assigned for:	
Assigned to be transferred to the Contingency Reserve Fund	\$ 12
Assigned for Civic Field Park	2,000,000
Total Assigned Components of Fund Balance	\$ 2,000,012

NOTE 9 – CAPITAL ASSETS AND DEPRECIATION

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

Schedule of Capital Asset Activity				
	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 18,221,805	\$ 89,729	\$ (623,162)	\$ 17,688,372
Construction in progress	6,016,273	1,755,314	(5,514,264)	2,257,324
Total capital assets not being depreciated:	24,238,078	1,845,043	(6,137,425)	19,945,696
Capital assets, being depreciated:				
Building	25,718,486	53,440	(99,874)	25,672,053
Improvements other than buildings	25,866,965	220,980	(446,023)	25,641,922
Infrastructure	67,102,214	6,952,172	(45,975)	74,008,412
Machinery and equipment	9,753,792	740,824	(1,041,617)	9,453,000
Total capital assets being depreciated:	128,441,458	7,967,417	(1,633,489)	134,775,386
Less accumulated depreciation for:				
Buildings	(17,129,328)	(755,456)	73,172	(17,811,612)
Improvements other than buildings	(9,598,595)	(820,042)	446,023	(9,972,614)
Infrastructure	(43,850,900)	(1,397,543)	12,596	(45,235,847)
Machinery and equipment	(5,887,022)	(569,010)	1,017,861	(5,438,170)
Total accumulated depreciation:	(76,465,844)	(3,542,051)	1,549,652	(78,458,243)
Total capital assets being depreciated, net:	51,975,614	4,425,365	(83,837)	56,317,143
Governmental activities capital assets, net:	\$ 76,213,692	\$ 6,270,408	\$ (6,221,262)	\$ 76,262,838
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 1,257,106	\$ -	\$ -	\$ 1,257,106
Construction in progress	12,008,908	4,259,925	(10,152,396)	6,116,437
Total capital assets, not being depreciated:	13,266,014	4,259,925	(10,152,396)	7,373,543
Capital assets being depreciated:				
Building	35,784,521	-	(146,880)	35,637,640
Improvements other than buildings	95,868,628	14,384,892	(4,257,703)	105,995,818
Machinery and equipment	1,342,832	373,455	(84,765)	1,631,522
Intangible assets	1,305,260	-	-	1,305,260
Total capital assets being depreciated:	134,301,242	14,758,347	(4,489,349)	144,570,240
Less accumulated depreciation for:				
Buildings	(18,261,481)	(680,576)	124,982	(18,817,076)
Improvements other than buildings	(33,529,889)	(3,169,413)	3,226,286	(33,473,017)
Machinery and equipment	(770,233)	(67,544)	63,981	(773,796)
Intangible assets	(1,224,881)	(47,730)	-	(1,272,612)
Total accumulated depreciation:	(53,786,485)	(3,965,264)	3,415,249	(54,336,500)
Total capital assets being depreciated, net:	80,514,757	10,793,083	(1,074,100)	90,233,740
Business activities capital assets, net:	\$ 93,780,771	\$ 15,053,008	\$ (11,226,496)	\$ 97,607,283

The difference between the 2017 Balance and the 2018 Beginning Balance in Construction Work in Progress is due to the prior period adjustment moving the balance from the Governmental Activities to the Business-type Activities. The difference between the 2017 Balance and the 2018 Beginning Balance for Improvements other than buildings in the Business-type Activities is for the 2017 depreciation expense recorded during the 2017 audit but not updated in the note. Depreciation/amortization expense was charged to functions/programs of the City as follows:

Depreciation Expense by Function

Governmental Activities:	
General government	\$ 754,563
Public safety	303,860
Culture and recreation	680,793
Transportation	1,327,712
Physical Environment	4,575
Internal service	470,548
Total depreciation expense - Governmental Activities	\$ 3,542,051

Business-Type Activities:	
Stormwater	\$ 585,132
Water	923,284
Sewer	826,003
Wastewater Treatment	1,630,845
Total depreciation expense - Business Type Activities	\$ 3,965,264

NOTE 10 – RECORDED VACATION AND SICK LEAVE

In accordance with GASB Statement No. 16, the City records accrued 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 GASB 68, *Accounting and Financial Reporting for Pensions*, for the year 2018:

	State Sponsored Plan	Single Employer Plan	Total
Pension Liabilities	\$ (5,934,401)	\$ (504,943)	\$ (6,439,344)
Pension Assets	\$ 4,633,643		\$ 4,633,643
Deferred Outflows of Resources	\$ 2,041,397	\$ 125,498	\$ 2,166,895
Deferred Inflows of Resources	\$ (4,463,822)	\$ (12,604)	\$ (4,476,426)
Pension Expense/Expenditures	\$ (725,994)	\$ 35,146	\$ (690,848)

State Sponsored Pension Plans

Substantially all of the City’s 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, a department within the primary government of the State of Washington, issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS 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 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January - August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	18.00%	
Total	12.70%	6.00%
September - December 2018		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	18.00%	
Total	12.83%	6.00%

The City's actual contributions to the plan were \$676,511 for the year ended December 31, 2018. **PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% 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 3% 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% and escalate to 15% with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January - August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%
September - December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

The City's actual contributions to the plan were \$942,080 for the year ended December 31, 2018.

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

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

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per 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 2018. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 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 3% annually and a one-time duty-related death benefit, if

found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and State contributions on the LEOFF 2 basic salary earned for those services. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
State and Local Governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%

The City's actual contributions to the plan were \$346,562 for the year ended December 31, 2018.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2018 the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$202,913.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

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

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

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

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4%. To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5% except LEOFF 2, which has assumed 7.4%.) Consistent with the long-term expected rate of return, a 7.4% 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 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
Total	100%	

Sensitivity of the Net Pension Liability / (Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate.

2018	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 4,987,269	\$ 4,058,195	\$ 3,253,431
PERS 2/3	\$ 8,581,809	\$ 1,876,206	\$ (3,621,640)
LEOFF 1	\$ (767,368)	\$ (964,613)	\$ (1,134,429)
LEOFF 2	\$ (487,912)	\$ (3,669,030)	\$ (6,263,602)

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)

At December 31, 2018, the City reported a total pension liability of \$5,934,401 and a total pension asset of (\$4,633,643) for its proportionate share of the net pension liabilities as follows (measured as of June 30, 2018):

	(Liability) Asset
PERS 1	\$ 4,058,195
PERS 2/3	1,876,206
Total	\$ 5,934,401
LEOFF 1	\$ (964,613)
LEOFF 2	(3,669,030)
Total	\$ (4,633,643)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 (Asset)	LEOFF 2 (Asset)
Employer's Proportionate Share	\$ (964,613)	\$ (3,669,030)
State's Proportionate Share of the Net Pension Asset Associated with the Employer	(6,524,615)	(2,375,628)
Total	\$ (7,489,228)	\$ (6,044,658)

The City's proportionate share of the collective net pension assets, deferred outflows, liabilities, and deferred inflows was as follows:

	Proportionate Share 6/30/2017	Proportionate Share 6/30/2018	Change in Proportion
PERS 1	0.109876%	0.090868%	-0.019008%
PERS 2/3	0.133191%	0.109886%	-0.023305%
LEOFF 1	0.055859%	0.053132%	-0.002727%
LEOFF 2	0.201856%	0.180721%	-0.021135%

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 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, the state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2018, the state of Washington contributed 39.30% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.70% of employer contributions.

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

Pension Expense

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

2018	
PERS 1	\$ (525,113)
PERS 2/3	12,922
LEOFF 1	(117,549)
LEOFF 2	(96,257)
Total	\$ (725,997)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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	-	(161,270)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	343,892	-
TOTAL	343,892	(161,270)
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	229,974	(328,489)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,151,327)
Changes of assumptions	21,948	(533,953)
Changes in proportion and differences between contributions and proportionate share of contributions	376,924	(828,026)
Contributions subsequent to the measurement date	477,970	-
TOTAL	1,106,816	(2,841,795)
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	-	(78,312)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	-	(78,312)
LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	196,543	(85,195)
Net difference between projected and actual investment earnings on pension plan investments	-	(642,130)
Changes of assumptions	2,077	(526,572)
Changes in proportion and differences between contributions and proportionate share of contributions	212,687	(128,547)
Contributions subsequent to the measurement date	179,371	-
TOTAL	590,678	(1,382,444)

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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PERS 1	PERS 2/3
2019	\$ 7,056	\$ (230,572)
2020	(35,255)	(446,976)
2021	(105,789)	(767,961)
2022	(27,282)	(324,206)
2023	-	(159,835)
Thereafter	-	(283,399)
TOTAL	\$ (161,270)	\$ (2,212,949)

Year Ending December 31,	LEOFF 1	LEOFF 2
2019	\$ 75	\$ (68,333)
2020	(17,667)	(165,555)
2021	(48,117)	(373,271)
2022	(12,603)	(136,413)
2023	-	(45,378)
Thereafter	-	(182,187)
TOTAL	\$ (78,312)	\$ (971,137)

Firemen's Pension Fund

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 2018 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.

The financial activity of the Firemen's Pension Fund is presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. No separate stand-alone financial report is issued for the Firemen's Pension Fund. Although the City administers the pension plan, it is partially funded by a percentage of the tax on fire insurance premiums. The state contributes

25% of taxes on fire insurance premiums to this plan and is considered a non-employer contributing entity. The amount of contributions received for the year ended December 31, 2018 was \$45,751.

Northwest Plan Services, Inc., actuaries and consultants, provided the Firemen's Pensions Fund Actuarial Valuation for the year ended December 31, 2018. The Net Pension Liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Firemen's 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. Significant actuarial assumptions used in the valuation include:

Methodology:	
Actuarial Cost Method	Entry Age
Actuarial Asset Method	Market Value
Assumptions:	
Assumed Composite Rate of Return	4.00%
Salary Increases	3.00%
Cost of Living Adjustments	2.50%
Inflation	2.50%
Mortality	RP-2014 Static Projection to 2024 with Scale MP-2014
Medical Trend Rate	5.25% grading down to 5.00% in 2020
Long-Term Care Trend Rate	5.00%

There were changes in methods and assumptions since the last actuarial valuation (December 31, 2016).

- Increased the composite rate of return from 3.75% to 4.00%
- Mortality was previously determined from RP-2000 static projection to 2025 with scale BB

Changes in the Net Pension Liability

Firemen's Pension Fund	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Balances at December 31, 2017	\$ 664,833	\$ 226,480	\$ 438,353
Changes for the year:			-
Service Cost	-	-	-
Interest	23,934	-	23,934
Changes in benefit terms	-	-	-
Differences between expected and actual experience	92,062	-	92,062
Changes of assumptions	(4,985)	-	(4,985)
State shared revenue distribution	-	-	-
Contributions - employer	-	39,297	(39,297)
Contributions - employees	-	-	-
Net investment income	-	5,662	(5,662)
Benefit payments, including refunds of contributions	(53,203)	(53,203)	-
Administrative expense	-	(538)	538
Other changes	-	-	-
Net changes	57,808	(8,782)	66,590
Balances at December 31, 2018	\$ 722,641	\$ 217,698	\$ 504,943

Net Plan Fiduciary Net Position

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Total Pension Liability	\$ 722,641	\$ 664,833
Pension plan fiduciary net position	\$ 217,698	\$ 226,480
Employer's net pension liability	\$ 504,943	\$ 438,353
Pension plan fiduciary net position as a percentage of the total pension liability	30.1%	34.1%

Sensitivity of Net Pension Liability

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 4.00%, 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 (4.00%)	1% Increase
Fireman's Pension	\$ 555,355	\$ 504,943	\$ 444,062

For the year ended December 31, 2018 the City recognized pension expense related to the Firemen's Pension Plan as follows:

Service Cost	\$ -
Interest Cost	19,147
Expected Investment Earnings	(5,996)
Administrative Expenses	538
Amortization of Deferred Inflows and Outflows	21,457
Changes in Benefits Provided	-
Total	\$ 35,146

At December 31, 2018 the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to the Firemen's Pension Plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (93,671)
Net Difference Between Projected and Actual Investment Earnings on Pension Plans	-	(4,742)
Changes of Assumptions	12,605	(27,085)
Total	\$ 12,605	\$ (125,498)

Deferred Outflows of resources related to the Firemen's Pension Plan and Deferred Inflows of Resources related to the Firemen's Pension Plan will be recognized in pension expense as follows:

Year Ending December 31,	
2019	\$ (21,457)
2020	(20,552)
2021	(19,688)
2022	(19,073)
2023	(19,003)
Thereafter	(13,120)
Total	\$ (112,893)

Municipal Employees Benefits Trust (MEBT)

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 2018 was \$1,120,883, which represents its full liability.

For the year ending December 31, 2018 the City's covered payroll was \$19,213,806. No significant benefit changes occurred in 2018. 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 Matrix-Broadridge 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 are to be added to the account after retirement), or (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)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year ended December 31:

	2018
OPEB Liabilities	\$ (6,981,351)
Deferred Outflows of Resources	\$ 506,124
Deferred Inflows of Resources	\$ (7,941)
OPEB Expense	\$ 154,408

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 OPEB plan. The City pays the medical insurance premiums and any additional medical expenses not covered by insurance, including long-term care. 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 1 system are eligible.

At December 31, 2018 there were 25 retirees receiving benefit payments. There were no inactive employees entitled to but not yet receiving benefits, and there were no active employees.

The plan is funded on a pay as you go basis and there are no assets accumulating in a qualifying trust.

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. The retiree does not contribute towards the cost of their medical care.

The City’s total OPEB liability was measured as of December 31, 2018 and was determined using an actuarial valuation as of that date. The actuarial measurement was based on the following methods and assumptions:

Methodology:	
Actuarial Cost Method	Entry Age
Actuarial Asset Method	Market Value
Assumptions:	
Assumed Composite Rate of Return	4.00%
Salary Increases	3.00%
Cost of Living Adjustments	2.50%
Inflation	2.50%
Mortality	RP-2014 Static Projection to 2024 with Scale MP-2014
Medical Trend Rate	5.25% grading down to 5.00% in 2020
Long-Term Care Trend Rate	5.00%

Changes in the total OPEB Liability:

Balance, January 1	\$	7,713,379
Service Cost		-
Interest		225,578
Changes in Actuarial Assumptions		9,075
Differences between Expected and Actual experience		(578,428)
Benefit Payments and Withdrawals		(388,253)
Other		-
Balance, December 31	\$	6,981,351

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate and Discount Rate

The following presents the total OPEB liability of the City calculated using a discount rate and healthcare trend rates that are 1 percentage point higher and 1 percentage point lower than the current discount rate and health care cost trend rates:

	1% Decrease	Current Rate 4%	1% Increase
Discount Rate	\$ 7,779,618	\$ 6,981,351	\$ 6,299,954
		Current Rate 5.25% Grading Down to 5.00% in 2020	
	1% Decrease		1% Increase
Healthcare Cost Trend Rate	6,269,950	6,981,351	7,800,121

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City recognized OPEB expense for the year ended December 31 as follows:

	2018
Service Cost	\$ -
Interest Cost	225,578
Amortization of Deferred Inflows and Outflows	(71,170)
Total	\$ 154,408

At December 31, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 506,124	\$ -
Changes of Assumptions	-	(7,941)
Total	\$ 506,124	\$ (7,941)

Deferred Outflows of Resources related to OPEB and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2019	\$ 71,170
2020	71,170
2021	71,170
2022	71,170
2023	71,170
Thereafter	142,333
Total	\$ 498,183

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 liable for a loan awarded by the Washington State Department of Ecology for the Wastewater Treatment Plant Electrical Improvements Project. In 2018, the City was awarded a Public Works Assistance Fund Loan from Snohomish County to finance the construction of a Stormwater Pump Station. 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 12/31/18
Governmental Debt:					
<u>General Obligation Bonds:</u>					
2012 LTGO Refunding Bonds	12/1/2031	2.00%	\$ 9,004,043	\$ 589,623	\$ 5,116,406
Chase Bank Loan	12/1/2026	1.67%	838,526	78,421	683,038
Total Governmental GO Bonds			9,842,569	668,044	5,799,444
Business-type Debt:					
<u>General Obligation Bonds:</u>					
2012 LTGO Refunding Bonds	12/1/2031	2.00%	320,957	30,377	93,594
Chase Bank Loan	12/1/2026	1.67%	2,328,116	217,729	1,896,415
Total Business- type GO Bonds			2,649,073	248,106	1,990,009
Total General Obligation Bonds			\$ 12,491,642	\$ 916,150	\$ 7,789,453

Revenue bonds currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/18
Business- type Debt:					
<u>Revenue Bonds</u>					
2011 Water/Sewer Bonds	12/1/2031	3.00%	\$ 13,720,000	\$ 590,000	\$ 9,950,000
2013 Water/Sewer Bonds	12/1/2038	5.00%	15,010,000	190,000	14,135,000
2015 Water/Sewer Bonds	12/1/2040	4.00%	18,740,000	520,000	17,035,000
Total Revenue Bonds			<u>\$ 47,470,000</u>	<u>\$ 1,300,000</u>	<u>\$ 41,120,000</u>

Loans currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/18
Governmental Debt:					
<u>Loans:</u>					
P W Trust Fund Loan - Street Construction	6/30/2022	0.50%	\$ 340,000	\$ 18,143	\$ 72,573
P W Trust Fund Loan - Street Construction	6/30/2024	0.50%	400,000	21,176	127,059
P W Trust Fund Loan - Street Construction	5/24/2026	0.50%	624,750	32,882	263,053
Total Governmental Debt Loans			<u>1,364,750</u>	<u>72,201</u>	<u>462,685</u>
Business-type Debt:					
<u>Loans:</u>					
P W Trust Fund Loan - Trt. Plant/Sewer Improv.	6/30/2022	0.50%	1,347,250	71,325	285,300
P W Trust Fund Loan - Water Improvements	6/30/2024	0.50%	408,000	25,839	155,034
P W Trust Fund Loan - Storm Improvements	6/30/2024	0.50%	605,625	32,063	192,375
P W Trust Fund Loan - Sewer Improvements	6/30/2025	0.50%	1,216,902	72,295	506,067
Department of Ecology	10/31/2033	2.30%	638,540	28,251	511,802
Snohomish County Loan	7/1/2037	1.50%	136,250	-	136,250
Total Business- type Debt Loans			<u>4,352,567</u>	<u>229,773</u>	<u>1,786,828</u>
Total Loans			<u>\$ 5,717,317</u>	<u>\$ 301,974</u>	<u>\$ 2,249,513</u>

Capital Contracts currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/18
Governmental Debt:					
<u>Capital Contracts</u>					
2005 Contract - Public Safety Radio Equipment	12/01/2019	5.00%	\$ 1,595,046	\$ 124,972	\$ 131,516
Total Capital Contracts			<u>\$ 1,595,046</u>	<u>\$ 124,972</u>	<u>\$ 131,516</u>

Nonexchange Financial Guarantees currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/18
Governmental Debt					
<u>Nonexchange Financial Guarantee</u>					
Edmonds Public Facilities District	12/1/2025	0.700%	\$ 1,312,868	\$ (495,577)	\$ 385,126
Total Nonexchange Financial Guarantee			<u>\$ 1,312,868</u>	<u>\$ (495,577)</u>	<u>\$ 385,126</u>

Debt Limit

RCW 39.36.020 provides cities with three segments of debt capacity, each equal to 2.5% of the city's assessed valuation, for a combined total of 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 (1.0%), a 60 percent vote in favor of the issue by at least 40 percent of the number of voters who voted 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 number of voters who voted 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 number of voters who voted 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	\$ 153,347,010	\$ 102,231,340	\$ 255,578,349	\$ 255,578,349
Net outstanding indebtedness	(11,262,068)	-	-	-
Margin Available	<u>\$ 142,084,942</u>	<u>\$ 102,231,340</u>	<u>\$ 255,578,349</u>	<u>\$ 255,578,349</u>

Refunded Debt

In prior years, the City has defeased the 2007 general obligation bond and 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, 2018 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 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
2019	\$ 893,037	\$ 127,071	\$ 1,020,108	\$ 1,839,251	\$ 1,677,208	\$ 3,516,459
2020	798,223	106,611	904,834	1,887,748	1,628,618	3,516,366
2021	833,455	92,001	925,456	1,947,179	1,564,729	3,511,908
2022	706,443	69,910	776,353	1,968,556	1,509,539	3,478,095
2023	720,509	57,142	777,651	1,964,084	1,447,498	3,411,582
2024-2028	2,206,979	112,521	2,319,500	9,809,946	6,266,017	16,075,963
2029-2033	235,000	10,688	245,688	10,596,387	4,507,948	15,104,335
2034-2038	-	-	-	12,718,684	2,162,231	14,880,915
2039-2041	-	-	-	2,165,000	130,800	2,295,800
	<u>\$ 6,393,646</u>	<u>\$ 575,944</u>	<u>\$ 6,969,590</u>	<u>\$ 44,896,835</u>	<u>\$ 20,894,588</u>	<u>\$ 65,791,423</u>

At December 31, 2018 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, 2018, 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, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2018	Additions	Reductions	Ending Balance 12/31/2018	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 6,467,488	\$ -	\$ (668,044)	\$ 5,799,444	\$ 689,320
Total bonds payable:	6,467,488	-	(668,044)	5,799,444	689,320
Net Pension Obligation	7,600,386	78,191	(2,631,217)	5,047,360	-
OPEB payable	1,388,057	5,593,294	-	6,981,351	-
Compensated absences	2,225,924	2,359,650	(2,579,716)	2,005,858	1,984,397
Capital contracts	256,488	-	(124,972)	131,516	131,516
Governmental Loans	534,886	-	(72,201)	462,685	72,201
Nonexchange Financial Guarantees	880,703	-	(495,577)	385,126	50,000
Governmental activity long-term liabilities	\$ 19,353,932	\$ 8,031,135	\$ (6,571,727)	\$ 20,813,340	\$ 2,927,434
Business-type activities					
Bonds Payable:					
General obligation bonds	2,238,115	\$ -	\$ (248,106)	\$ 1,990,009	\$ 251,651
Revenue bonds	42,420,000	-	(1,300,000)	41,120,000	1,350,000
Less:					
For issuance premiums	621,178	-	(36,959)	584,219	36,959
Total bonds payable:	45,279,293	-	(1,585,065)	43,694,228	1,638,610
Net Pension Obligation	2,667,818	-	(1,275,836)	1,391,982	-
Compensated absences	429,949	479,881	(507,212)	402,618	390,162
Business-type Loans	1,880,351	136,250	(229,773)	1,786,828	230,430
Business-type activity long-term liabilities	\$ 50,257,411	\$ 616,131	\$ (3,597,886)	47,275,655	2,259,202

Internal service funds predominately serve the governmental funds. Accordingly, the December 31, 2018 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 \$40,929 for compensated absences and \$92,237 for net pension obligation.

The General Fund typically is used to liquidate prior years' liability for compensated absences, pensions, 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 a number of claims for damages and lawsuits pending against the City. However, in our opinion, neither the potential liability from any single claim or lawsuit, nor the aggregate potential liability resulting from all pending claims or lawsuits would have a material effect on the financial condition of the City.

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 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 160 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.

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, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall. The City currently

has no such assessments due to WCIA. Insurance settlements have not exceeded coverage in any of the past three years.

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 daily operations of WCIA.

NOTE 17 – COMMITMENTS

The City has several capital improvement projects in progress. As of December 31, 2018, 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	24,363	17,716	6,647
Edmonds Fishing Pier Rehab	1,891,869	1,844,389	47,480
76th Ave W & 212th St. SW Intersection	6,543,181	6,499,628	43,553
Edmonds Street Waterfront Connector	924,911	814,394	110,517
238th St. SW Walkway (International District)	623,814	543,843	79,971
Five Corners Recoating Project	3,658,116	2,377,594	1,280,522
2017 Waterline Replacement Project	2,055,299	1,867,487	187,812
2018 Waterline Replacement Project	1,553,438	1,384,008	169,429
2019 Overlay Program - ADA Curb Ramps	135,792	82,819	52,973
2019 Storm Maintenance Project	61,336	53,411	7,925
Seaview Park Infiltration Facility	486,356	428,288	58,068
2016 Sanitary Sewer Replacement Projects	190,013	178,396	11,617
2018 Sewerline Replacement Program	1,806,719	1,598,891	207,828
Sunset Walkway Project	90,800	83,906	6,894
Wayside Horns Agreement	208,042	17,802	190,240
Bikelink Project	156,435	147,780	8,655
Hwy 99 Gateway Revitalization	419,827	325,993	93,834
ADA Transition Plan	96,121	88,517	7,604
Citywide Crossing Enhancements	318,868	175,357	143,511
76th Ave & 220th St. Intersection Improvements	49,943	49,909	33
2018 Overlay Program - ADA Crub Ramps	24,500	24,261	239
2018 Overlay Program	720	400	320
84th Ave Overlay	150,529	31,810	118,719
238th St. Island & Misc Ramps	51,400	20,400	31,000
89th Place Retaining Wall	16,400	3,118	13,282
2016/2017 Waterline Replacement Program	626,823	399,239	227,584
Dayton St. Utility Replacement (3rd to 9th)	526,020	493,020	33,000
2018/2019 Waterline Replacement Project	361,300	341,300	20,000
2019 Waterline Replacement Project	238,300	143,802	94,498
Swedish Hospital Water System Replacement	459,833	351,049	108,785
2018 Utility Rate & GFC Update	71,060	1,898	69,163
Northstream Pipe Abandonment and Culvert Rehab	111,852	107,810	4,042
Edmonds Marsh Feasibility Study - Willow Creek Daylighting	534,325	484,163	50,162
Dayton Street Stormwater Pump Station - Phase 2	319,833	265,572	54,261
2018 Lorian Woods Slope Study	56,900	46,178	10,722
Lift Station #1 Basin & Flow Study	268,681	228,877	39,804
Lake Ballinger Sewer Trunk Main Study	295,148	68,794	226,354
2017 CIPP Sewer Repairs	85,000	67,690	17,310
2018/2019 Sewerline Replacement Program	274,385	256,470	17,915
WWTP Outfall Pipe Modifications	90,000	48,224	41,776
2017 Capital Projects CM, Engineering & Inspection Services	314,200	258,573	55,627
2018 Capital Projects CM, Engineering & Inspection Services	295,700	212,062	83,638
Standard Details Update	79,200	78,676	525
Outfall design project C481	90,000	48,769	41,231
Civic Center Complex	750,000	260,000	490,000
Waterfront Redevelopment	3,343,913	220,445	3,123,468
Fishing Pier/Olympic	75,000	-	75,000
Community Garden	155,000	-	155,000
Mathay Ballinger Park	20,000	-	20,000
Seaview Park	50,000	8,184	41,816
Yost Pool	63,747	53,440	10,307
Gateway Sign Replacement	40,000	-	40,000
Outdoor Fitness Zone	350,000	-	350,000
Veteran's Plaza	41,000	35,619	5,381
City Park Storage Shed	260,000	12,000	248,000
	\$ 31,786,012	\$ 23,151,971	\$ 8,634,040

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 with the authority provided by the Washington State Legislature and codified in RCW Chapters 35.57 and 39.46. The City guaranteed repayment of these bonds through a Contingent Loan Agreement (CLA) with the PFD, and has advanced funds to the PFD to assist with debt service on these bonds.

In 2018 the PFD refinanced these bonds by issuing a 10-year Note to First Financial Northwest Bank (FFNB) in the amount of \$2,803,516. At the same time the City purchased an interest bearing Certificate of Deposit in the amount of \$2,803,516 to be held by FFNB as collateral. Each time the PFD makes a principal payment on the loan, the amount held in the Certificate of Deposit will be reduced by the amount of the principal payment.

In the event that the PFD is unable to make a payment, the CLA requires that the City will loan the PFD enough for the PFD to be able to make the required payment. As of December 31, 2018, the City has loaned the PFD a total of \$1,276,952. These advances are shown in the City's Statement of Net Position as a Due from Component Unit. The City has determined that it is more likely than not that the City will be required to continue loaning portions of the PFD's debt service payments based on the CLA. 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 CLA. 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 for 2018 is as follows:

Balance 12/31/2017	Increases	Decreases	Balance 12/31/2018
\$ 880,702	\$ -	\$ 495,575	\$ 385,126

NOTE 19 – SUBSEQUENT EVENTS

On April 2, 2019 the Edmonds City Council approved demolition of the Edmonds Senior Center building to make way for the planned Waterfront Center that will replace it. Demolition of the Senior Center and groundbreaking on the new \$16 million Waterfront Center occurred in July, 2019. The City entered into a new 40 year lease with the nonprofit Edmonds Senior Center (ESC). At the end of the 40 years the ESC has the option to renew the lease for two additional 5-year terms, after which the building will become the property of the City.

NOTE 20 – 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, 2018, 257 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2018, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

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. In 2018 the retiree medical plan subsidy was eliminated. 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
 Firemen's Pension Fund
 As of December 31
 Last 10 Fiscal Years

Page 1 of 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 43,194	\$ 43,194	\$ 25,353	\$ 25,353
Actual contribution	<u>39,297</u>	<u>46,613</u>	<u>47,449</u>	<u>38,775</u>
Contribution deficiency (excess)	<u>\$ 3,897</u>	<u>\$ (3,419)</u>	<u>\$ (22,096)</u>	<u>\$ (13,422)</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a % of covered payroll	N/A	N/A	N/A	N/A

City of Edmonds
 Schedule of Investment Returns
 Firemen's Pension Fund
 For the Year Ended December 31,
 Last 10 Fiscal Years

Page 1 of 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	2.58%	1.99%	1.08%	0.83%

Page 2 of 2

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 44,223	\$ 44,223	\$ 38,602	\$ 38,602	\$ 40,903	\$ 40,903
21,581	(3,576)	42,004	(6,229)	31,197	33,583
<u>\$ 22,642</u>	<u>\$ 47,799</u>	<u>\$ (3,402)</u>	<u>\$ 44,831</u>	<u>\$ 9,706</u>	<u>\$ 7,320</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

Page 2 of 2

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
0.35%	0.17%	0.14%	0.16%	0.26%	1.30%

Schedule of Changes in Net Pension Liability and Related Ratios
Firemen's Pension Fund
For the Year Ended December 31,
Last 10 Fiscal Years*

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	19,147	23,528	15,991	16,365	30,016
Changes in benefit provided	-	-	188,817	-	-
Differences between expected and actual experience	96,849	37,919	17,054	-	(256,011)
Changes of assumptions	(4,985)	-	(13,330)	-	(31,502)
Benefit payments, including refunds of contributions	(53,203)	(48,062)	(27,936)	(26,175)	(24,481)
Net change in total pension liability	57,808	13,385	180,596	(9,810)	(281,978)
Total pension liability - beginning	664,833	651,448	470,852	480,662	762,640
Total pension liability - ending (a)	<u>\$ 722,641</u>	<u>\$ 664,833</u>	<u>\$ 651,448</u>	<u>\$ 470,852</u>	<u>\$ 480,662</u>
Plan fiduciary net position					
Contributions - employer	\$ 39,297	\$ 46,613	\$ 47,449	\$ 38,775	\$ 21,581
Net investment income	5,662	4,455	2,296	1,629	662
Benefit payments, including refunds of contributions	(53,203)	(48,062)	(27,936)	(26,175)	(24,481)
Administrative expense	(538)	(1,222)	(214)	-	-
Other	-	-	-	96	-
Net change in plan fiduciary net position	(8,782)	1,784	21,595	14,325	(2,238)
Plan fiduciary net position - beginning	226,480	224,696	203,101	188,776	191,014
Plan fiduciary net position - ending (b)	<u>217,698</u>	<u>226,480</u>	<u>224,696</u>	<u>203,101</u>	<u>188,776</u>
Net pension liability ending (a) - (b)	<u>\$ 504,943</u>	<u>\$ 438,353</u>	<u>\$ 426,752</u>	<u>\$ 267,751</u>	<u>\$ 291,886</u>
Plan fiduciary net position as a % of total pension liability (b)/(a)	30.1%	34.1%	34.5%	43.1%	39.3%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a % of covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -

*2014 is the first year for which information is available

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

FIREMEN'S PENSION TRUST FUND

Actuarial Valuations	
Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry age
Assumptions	
Investment rate of return	4.00%
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.

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

Actuarial cost method	Entry age normal
Amortization method	Recognized Immediately
Asset valuation method	N/A (No Assets)
Assumptions	
Investment rate of return	3.00%
Medical inflation rate	12%, downgrading to 5.00% in 2080
Long-term care inflation	4.50%

City of Edmonds
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 1
 As of June 30
 Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	% 0.090868%	0.109876%	0.101894%	0.101786%
<u>Employer's proportionate share of the net pension liability</u>	\$ 4,058,195	5,213,702	5,472,188	5,324,354
<u>Covered payroll</u>	\$ 12,701,466	13,404,013	14,068,530	13,688,460
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	% 31.95%	38.90%	38.90%	38.90%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	% 63.22%	61.24%	57.03%	59.10%

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

Schedule of Employer Contributions
 PERS 1
 For the Year Ended December 31,
 Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 676,511	639,839	620,544	583,605
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (676,511)	(639,839)	(620,544)	(583,605)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-
<u>Covered payroll</u>	\$ 12,882,202	12,597,735	12,099,373	11,674,157
<u>Contributions as a percentage of covered payroll</u>	% 5.25%	5.08%	5.13%	5.00%

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

City of Edmonds
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 2, 3
 As of June 30
 Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	% 0.109886%	0.133191%	0.121658%	0.121602%
<u>Employer's proportionate share of the net pension liability</u>	\$ 1,876,206	4,627,751	6,125,384	4,344,909
<u>Covered payroll</u>	\$ 12,370,371	13,053,673	12,502,808	11,627,811
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	% 15.17%	35.45%	48.99%	37.37%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	% 95.77%	90.97%	93.29%	89.20%

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

Schedule of Employer Contributions
 PERS 2, 3
 For the Year Ended December 31,
 Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	\$ 942,080	842,249	743,678	710,849
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (942,080)	(842,249)	(743,678)	(710,849)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-
<u>Covered payroll</u>	\$ 12,560,116	12,270,542	11,845,981	11,203,929
<u>Contributions as a percentage of covered payroll</u>	% 7.50%	6.86%	6.28%	6.34%

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

City of Edmonds
 Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 1
 As of June 30
 Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
<u>Employer's proportion of the net pension liability (asset)</u>	%	0.053132%	0.055859%	0.055141%	0.054022%
<u>Employer's proportionate share of the net pension liability</u>	\$	(964,613)	(847,504)	(568,110)	(651,084)
<u>State's proportionate share of the net pension liability (asset) associated with the employer</u>	\$	(6,524,615)	(5,732,495)	(5,363,896)	(5,125,471)
<u>TOTAL</u>	\$	(7,489,228)	(6,579,999)	(5,932,006)	(5,776,555)
<u>Covered payroll</u>	\$	-	-	-	-
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	%	0%	0%	0%	0%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	%	144.42%	135.96%	123.74%	127.36%

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

Schedule of Employer Contributions
 LEOFF 1
 For the Year Ended December 31,
 Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
<u>Statutorily or contractually required contributions</u>	\$	-	-	-	-
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$	-	-	-	-
<u>Contribution deficiency (excess)</u>	\$	-	-	-	-
<u>Covered payroll</u>	\$	-	-	-	-
<u>Contributions as a percentage of covered payroll</u>	%	0%	0%	0%	0%

*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 June 30
 Last 10 Fiscal Years*

	2018	2017	2016	2015
<u>Employer's proportion of the net pension liability (asset)</u>	% 0.180721%	0.201856%	0.184178%	0.183336%
<u>Employer's proportionate share of the net pension liability</u>	\$ (3,669,030)	(2,801,107)	(1,071,235)	(1,884,327)
<u>State's proportionate share of the net pension liability (asset) associated with the employer</u>	\$ (797,902)	(545,988)	(229,538)	(409,091)
TOTAL	\$ (4,466,932)	(3,347,095)	(1,300,773)	(2,293,418)
<u>Covered payroll</u>	\$ 6,513,429	3,524,363	3,059,830	2,861,034
<u>Employer's proportionate share of the net pension liability as a percentage of covered payroll</u>	% -56.3%	-79.5%	-35.0%	-65.9%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	% 118.5%	113.4%	106.0%	111.7%

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

Schedule of Employer Contributions
 LEOFF 2
 For the Year Ended December 31,
 Last 10 Fiscal Years*

	2018	2017	2016	2015
<u>Statutorily or contractually required contributions</u>	\$ 180,384	176,008	154,521	144,483
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$ (180,384)	(176,008)	(154,521)	(144,483)
<u>Contribution deficiency (excess)</u>	\$ -	-	-	-
<u>Covered payroll</u>	\$ 6,552,661	6,142,987	3,059,830	2,861,034
<u>Contributions as a percentage of covered payroll</u>	% 2.75%	2.87%	5.05%	5.05%

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

Schedule of Changes in Total OPEB Liability and Related Ratios
 LOEFF 1 Retiree Medical Reserve Fund
 For the year ended June 30
 Last 10 Fiscal Years*

	2018
Total OPEB Liability	
Service Cost	\$ -
Interest	225,578
Changes in Actuarial Assumptions	9,075
Differences Between Expected and Actual Experience	(578,428)
Benefit Payments and Withdrawals	(388,253)
Net Change in Total OPEB Liability	(732,028)
Total OPEB Liability - Beginning	7,713,379
Total OPEB Liability - Ending	\$ 6,981,351
Covered Payroll	\$ -
Total OPEB Liability as a % of Covered Payroll	N/A

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

MAJOR GOVERNMENTAL FUNDS

The City has one Major Governmental Fund – the General 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.*

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.*

Marsh Restoration Subfund (017) - This subfund was established in 2018 to hold city-provided funds and receive donations from the citizens for, or in aid of, the cost of operating and restoring the Edmonds Marsh.

Edmonds Homelessness Response Subfund (018) – This subfund was established in 2018 for the purpose of providing moneys with which to alleviate the problem of homelessness in Edmonds and the surrounding area.

Edmonds Opioid Response Subfund (019) - This subfund was established in 2018 to provide moneys with which to alleviate the problem of opioid addiction in Edmonds and the surrounding area.



This page is intentionally left blank.

City of Edmonds
Combining Balance Sheet
Governmental Funds
December 31, 2018

Page 1 of 2

	GENERAL FUND	LEOFF-MEDICAL INS. RESERVE	RISK MANAGEMENT RESERVE FUND	CONTINGENCY RESERVE FUND
ASSETS				
Cash and cash equivalents	\$ 1,562,578	\$ 334,541	\$ 222,381	\$ 1,385,198
Investments	5,229,493	-	702,065	4,146,825
Deposits with trustee	16,752	-	-	-
Property taxes	295,911	-	-	-
Customer accounts	659,083	-	-	-
Interest on investments	74,228	-	5,463	32,236
Court receivable	454,324	-	-	-
Interfund receivable	226,865	-	-	-
Due from other governments	2,030,556	-	-	-
Due from component unit	4,536,952	-	-	-
Restricted cash and investment	2,803,516	-	-	-
Total assets	<u>\$ 17,890,258</u>	<u>\$ 334,541</u>	<u>\$ 929,909</u>	<u>\$ 5,564,259</u>
LIABILITIES				
Accounts payable	\$ 366,982	\$ 1,095	\$ -	\$ -
Wages and benefits payable	977,898	-	-	-
Other current liabilities	104,300	-	-	-
Unearned revenues	4,567,411	-	-	-
Total liabilities	<u>6,016,591</u>	<u>1,095</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - property tax	295,911	-	-	-
Deferred inflows of resources - court receivable	344,477	-	-	-
Total deferred inflow of resources	<u>640,388</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>6,656,979</u>	<u>1,095</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	2,803,516	-	-	-
Committed	-	-	-	-
Assigned	2,000,000	-	-	-
Unassigned	6,429,763	333,446	929,909	5,564,259
Total fund balances (deficits)	<u>11,233,279</u>	<u>333,446</u>	<u>929,909</u>	<u>5,564,259</u>
Total liabilities and fund balances (deficits)	<u>\$ 17,890,258</u>	<u>\$ 334,541</u>	<u>\$ 929,909</u>	<u>\$ 5,564,259</u>

HISTORIC PRESERVATION GIFT FUND	BUILDING MAINTENANCE	MARSH RESTORATION & PRESERVATION	EDMONDS HOMELESSNESS RESPONSE	EDMONDS OPIOID RESPONSE	TOTAL GENERAL FUND
\$ 3,015	\$ 210,221	\$ 257,760	\$ 187,950	\$ 208,423	\$ 4,372,067
9,518	-	51,419	37,493	41,577	10,218,390
-	-	-	-	-	16,752
-	-	-	-	-	295,911
-	-	-	-	-	659,083
74	-	-	-	-	112,001
-	-	-	-	-	454,324
-	-	-	-	-	226,865
-	-	-	-	-	2,030,556
-	-	-	-	-	4,536,952
-	-	-	-	-	2,803,516
<u>\$ 12,607</u>	<u>\$ 210,221</u>	<u>\$ 309,179</u>	<u>\$ 225,443</u>	<u>\$ 250,000</u>	<u>\$ 25,726,417</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 368,077
-	-	-	-	-	977,898
-	-	-	-	-	104,300
-	-	-	-	-	4,567,411
-	-	-	-	-	6,017,686
-	-	-	-	-	295,911
-	-	-	-	-	344,477
-	-	-	-	-	640,388
-	-	-	-	-	6,658,074
-	-	-	-	-	2,803,516
-	-	309,179	225,443	250,000	784,622
-	-	-	-	-	2,000,000
12,607	210,221	-	-	-	13,480,205
<u>12,607</u>	<u>210,221</u>	<u>309,179</u>	<u>225,443</u>	<u>250,000</u>	<u>19,068,343</u>
<u>\$ 12,607</u>	<u>\$ 210,221</u>	<u>\$ 309,179</u>	<u>\$ 225,443</u>	<u>\$ 250,000</u>	<u>\$ 25,726,417</u>

City of Edmonds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

Page 1 of 2

	GENERAL FUND	LEOFF-MEDICAL INSURANCE RESERVE	RISK MANAGEMENT RESERVE FUND	CONTINGENCY RESERVE FUND
REVENUES				
Taxes	\$ 30,755,578	\$ -	\$ -	\$ -
Licenses and permits	2,401,855	-	-	-
Intergovernmental	1,014,434	-	-	-
Charges for services	5,810,961	-	-	-
Fines and forfeitures	616,783	-	-	-
Investment earnings	273,228	8,091	27,209	162,899
Contributions	-	-	-	-
Miscellaneous	931,495	-	-	-
Total revenues	<u>41,804,334</u>	<u>8,091</u>	<u>27,209</u>	<u>162,899</u>
EXPENDITURES				
Current:				
General government	10,288,694	366,799	-	-
Public safety	22,585,212	-	-	-
Transportation	4,779	-	-	-
Economic environment	1,460,763	-	-	-
Mental and physical health	178,859	-	-	-
Culture and recreation	4,331,806	-	-	-
Debt service:				
Principal	176,324	-	-	-
Interest	21,370	-	-	-
Capital outlay:				
General government	15,232	-	-	-
Public safety	52,114	-	-	-
Culture and recreation	25,759	-	-	-
Total expenditures	<u>39,140,912</u>	<u>366,799</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,663,422</u>	<u>(358,708)</u>	<u>27,209</u>	<u>162,899</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	20,843	-	-	-
Transfers in	75,884	275,000	-	3,800
Transfers out	<u>(1,800,212)</u>	<u>-</u>	<u>-</u>	<u>(49,584)</u>
Total other financing source (uses)	<u>(1,703,485)</u>	<u>275,000</u>	<u>-</u>	<u>(45,784)</u>
Net change in fund balances	959,937	(83,708)	27,209	117,115
Fund balances - beginning	<u>10,273,342</u>	<u>417,154</u>	<u>902,700</u>	<u>5,447,144</u>
Fund balances - ending	<u>\$ 11,233,279</u>	<u>\$ 333,446</u>	<u>\$ 929,909</u>	<u>\$ 5,564,259</u>

HISTORIC PRESERVATION GIFT FUND	BUILDING MAINTENANCE FUND	MARSH RESTORATION & PRESERVATION	EDMONDS HOMELESSNESS RESPONSE	EDMONDS OPIOID RESPONSE	TOTAL GENERAL FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,755,578
-	-	-	-	-	2,401,855
-	-	-	-	-	1,014,434
-	-	-	-	-	5,810,961
-	-	-	-	-	616,783
251	-	-	-	-	471,678
-	-	9,179	-	-	9,179
-	-	-	-	-	931,495
<u>251</u>	<u>-</u>	<u>9,179</u>	<u>-</u>	<u>-</u>	<u>42,011,963</u>
-	-	-	-	-	10,655,493
-	-	-	-	-	22,585,212
-	-	-	-	-	4,779
-	-	-	-	-	1,460,763
-	-	-	24,557	-	203,416
-	-	-	-	-	4,331,806
-	-	-	-	-	176,324
-	-	-	-	-	21,370
-	-	-	-	-	15,232
-	-	-	-	-	52,114
-	-	-	-	-	25,759
-	-	-	24,557	-	39,532,268
<u>251</u>	<u>-</u>	<u>9,179</u>	<u>(24,557)</u>	<u>-</u>	<u>2,479,695</u>
-	-	-	-	-	20,843
5,000	-	300,000	250,000	250,000	1,159,684
-	-	-	-	-	(1,849,796)
<u>5,000</u>	<u>-</u>	<u>300,000</u>	<u>250,000</u>	<u>250,000</u>	<u>(669,269)</u>
5,251	-	309,179	225,443	250,000	1,810,426
7,356	210,221	-	-	-	17,257,917
<u>\$ 12,607</u>	<u>\$ 210,221</u>	<u>\$ 309,179</u>	<u>\$ 225,443</u>	<u>\$ 250,000</u>	<u>\$ 19,068,343</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 10,650	\$ 10,650	\$ 8,091	\$ (2,559)
Total revenues	<u>10,650</u>	<u>10,650</u>	<u>8,091</u>	<u>(2,559)</u>
EXPENDITURES				
Current:				
General government	294,270	427,438	366,799	60,639
Total expenditures	<u>294,270</u>	<u>427,438</u>	<u>366,799</u>	<u>60,639</u>
Excess (deficiency) of revenues over expenditures	<u>(283,620)</u>	<u>(416,788)</u>	<u>(358,708)</u>	<u>58,080</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	(8,620)	(141,788)	(83,708)	58,080
Fund balances - beginning	<u>651,630</u>	<u>417,150</u>	<u>417,154</u>	<u>4</u>
Fund balances - ending	<u>\$ 643,010</u>	<u>\$ 275,362</u>	<u>\$ 333,446</u>	<u>\$ 58,084</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 19,180	\$ 19,180	\$ 27,209	\$ 8,029
Total revenues	<u>19,180</u>	<u>19,180</u>	<u>27,209</u>	<u>8,029</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total current	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>19,180</u>	<u>19,180</u>	<u>27,209</u>	<u>8,029</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	19,180	19,180	27,209	8,029
Fund balances - beginning	<u>881,320</u>	<u>902,700</u>	<u>902,700</u>	<u>-</u>
Fund balances - ending	<u>\$ 900,500</u>	<u>\$ 921,880</u>	<u>\$ 929,909</u>	<u>\$ 8,029</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 48,300	\$ 48,300	\$ 162,899	\$ 114,599
Total revenues	<u>48,300</u>	<u>48,300</u>	<u>162,899</u>	<u>114,599</u>
EXPENDITURES				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>48,300</u>	<u>48,300</u>	<u>162,899</u>	<u>114,599</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,450	16,450	3,800	(12,650)
Transfers out	(49,584)	(49,584)	(49,584)	-
Total other financing source (uses)	<u>(33,134)</u>	<u>(33,134)</u>	<u>(45,784)</u>	<u>(12,650)</u>
Net change in fund balances	15,166	15,166	117,115	101,949
Fund balances - beginning	5,430,360	5,447,140	5,447,144	4
Fund balances - ending	<u>\$5,445,526</u>	<u>\$5,462,306</u>	<u>\$ 5,564,259</u>	<u>\$ 101,953</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 170	\$ 170	\$ 251	\$ 81
Total revenues	<u>170</u>	<u>170</u>	<u>251</u>	<u>81</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>
Total expenditures	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>5,400</u>
Excess (deficiency) of revenues over expenditures	<u>(5,230)</u>	<u>(5,230)</u>	<u>251</u>	<u>5,481</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	(230)	(230)	5,251	5,481
Fund balances - beginning	7,410	7,360	7,356	(4)
Fund balances - ending	<u>\$ 7,180</u>	<u>\$ 7,130</u>	<u>\$ 12,607</u>	<u>\$ 5,477</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:				
General government	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	210,221	210,221	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 210,221</u>	<u>\$ 210,221</u>	<u>\$ -</u>

City of Edmonds
 MARSH RESTORATION & PRESERVATION FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Contributions	\$ -	\$ -	\$ 9,179	\$ 9,179
Total revenues	-	-	9,179	9,179
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	9,179	9,179
OTHER FINANCING SOURCES (USES)				
Transfers in	-	300,000	300,000	-
Total other financing source (uses)	-	300,000	300,000	-
Net change in fund balances	-	300,000	309,179	9,179
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 300,000	\$ 309,179	\$ 9,179

City of Edmonds
EDMONDS HOMELESSNESS RESPONSE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Mental Health	-	25,000	24,557	443
Total expenditures	-	25,000	24,557	443
Excess (deficiency) of revenues over expenditures	-	(25,000)	(24,557)	443
OTHER FINANCING SOURCES (USES)				
Transfers in	-	250,000	250,000	-
Total other financing source (uses)	-	250,000	250,000	-
Net change in fund balances	-	225,000	225,443	443
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 225,000	\$ 225,443	\$ 443

City of Edmonds
EDMONDS OPIOID RESPONSE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	250,000	250,000	-
Total other financing source (uses)	-	250,000	250,000	-
Net change in fund balances	-	250,000	250,000	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 250,000	\$ 250,000	\$ -



This page is intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS

THE CITY HAS THREE 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.

Capital Projects Funds

Capital Projects funds account for improvement projects that are totally or partially funded by grants and contributions.

City of Edmonds
Combining Governmental Balance Sheet
Nonmajor Governmental Funds
Summary by Fund Type
December 31, 2018

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 2,329,566	\$ 1,477	\$ 518,031	\$ 2,849,074
Investments	6,791,007	294	1,687,232	8,478,533
Interest on investments	53,675	-	13,157	66,832
Interfund receivable	235,446	-	-	235,446
Due from other governments	1,001,622	-	8,764	1,010,386
Special assessments	-	34,115	-	34,115
Total assets	<u>\$ 10,411,316</u>	<u>\$ 35,886</u>	<u>\$ 2,227,184</u>	<u>\$ 12,674,386</u>
LIABILITIES				
Accounts payable	\$ 839,152	\$ -	\$ 2,452	\$ 841,604
Wages and benefits payable	33,864	-	-	33,864
Other current liabilities	13,812	-	15,190	29,002
Unearned revenues	-	1,759	-	1,759
Total liabilities	<u>886,828</u>	<u>1,759</u>	<u>17,642</u>	<u>906,229</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>-</u>	<u>34,115</u>
Total liabilities and deferred inflows of resources	<u>886,828</u>	<u>35,874</u>	<u>17,642</u>	<u>940,344</u>
FUND BALANCES (DEFICITS)				
Restricted	7,678,376	-	2,209,542	9,887,918
Committed	1,846,112	-	-	1,846,112
Assigned	-	12	-	12
Total fund balances (deficits)	<u>9,524,488</u>	<u>12</u>	<u>2,209,542</u>	<u>11,734,042</u>
Total liabilities and fund balances (deficits)	<u>\$ 10,411,316</u>	<u>\$ 35,886</u>	<u>\$ 2,227,184</u>	<u>\$ 12,674,386</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, 2018

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 4,365,261	\$ -	\$ -	\$ 4,365,261
Licenses and permits	121,192	-	-	121,192
Intergovernmental	3,398,883	-	216,850	3,615,733
Charges for services	475,433	-	151,753	627,186
Investment earnings	232,454	-	53,837	286,291
Miscellaneous	114,794	404,193	500,175	1,019,162
Total revenues	<u>8,708,017</u>	<u>404,193</u>	<u>922,615</u>	<u>10,034,825</u>
EXPENDITURES				
Current:				
Public safety	26,921	-	-	26,921
Utilities and environment	195,091	-	-	195,091
Transportation	4,113,810	-	-	4,113,810
Economic environment	117,003	-	-	117,003
Mental and physical health	216,720	-	-	216,720
Culture and recreation	294,034	-	10,329	304,363
Debt service:				
Principal	99,269	589,623	-	688,892
Interest	10,285	118,568	-	128,853
Capital outlay:				
Transportation	2,329,913	-	-	2,329,913
Culture and recreation	920,071	-	46,828	966,899
Total expenditures	<u>8,323,117</u>	<u>708,191</u>	<u>57,157</u>	<u>9,088,465</u>
Excess (deficiency) of revenues over expenditures	<u>384,900</u>	<u>(303,998)</u>	<u>865,458</u>	<u>946,360</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	28,800	-	-	28,800
Insurance Recoveries	7,333	-	-	7,333
Transfers in	759,569	303,998	-	1,063,567
Transfers out	(165,425)	(3,800)	(200,000)	(369,225)
Total other financing source (uses)	<u>630,277</u>	<u>300,198</u>	<u>(200,000)</u>	<u>730,475</u>
Net change in fund balances	1,015,177	(3,800)	665,458	1,676,835
Fund balances - beginning	8,273,865	3,812	1,544,084	9,821,761
Prior Period Adjustment	235,446	-	-	235,446
Fund balances - ending	<u>\$ 9,524,488</u>	<u>\$ 12</u>	<u>\$ 2,209,542</u>	<u>\$ 11,734,042</u>

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 eighteen 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.*

Street Construction Fund (112) - *This fund accounts 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.*

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.

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 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.

Business Improvement District (140) – This fund accounts for the business improvement assessment levied to support the downtown Business Improvement District. The Business Improvement District is not included in the City budget. Activity is included for reporting purposes only.

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

Page 1 of 4

	DRUG ENFORCEMENT FUND	STREET FUND	STREET CONSTRUCTION FUND	MUNICIPAL ARTS FUND	MEMORIAL STREET TREE FUND
ASSETS					
Cash and cash equivalents	\$ 4,880	\$ 324,138	\$ 185,849	\$ 137,002	\$ 4,520
Investments	15,316	1,023,538	99,894	432,522	14,269
Interest on investments	119	7,792	1,848	3,366	111
Interfund receivable	-	-	235,446	-	-
Due from other governments	-	109,994	669,061	-	-
Total assets	<u>\$ 20,315</u>	<u>\$ 1,465,462</u>	<u>\$ 1,192,098</u>	<u>\$ 572,890</u>	<u>\$ 18,900</u>
LIABILITIES					
Accounts payable	\$ 19,813	\$ 89,722	\$ 332,882	\$ 2,257	\$ -
Wages and benefits payable	-	29,145	-	-	-
Other current liabilities	502	3,265	-	-	-
Total liabilities	<u>20,315</u>	<u>122,132</u>	<u>332,882</u>	<u>2,257</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted	-	1,343,330	859,216	-	18,900
Committed	-	-	-	570,633	-
Total fund balances (deficits)	<u>-</u>	<u>1,343,330</u>	<u>859,216</u>	<u>570,633</u>	<u>18,900</u>
Total liabilities and fund balances (deficits)	<u>\$ 20,315</u>	<u>\$ 1,465,462</u>	<u>\$ 1,192,098</u>	<u>\$ 572,890</u>	<u>\$ 18,900</u>

HOTEL/MOTEL TAX REVENUE FUND	EMPLOYEE PARKING PERMIT FUND	YOUTH SCHOLARSHIP FUND	TOURISM PROMOTIONAL FUND/ARTS	REAL ESTATE EXCISE TAX 2 FUND
\$ 25,048	\$ 18,425	\$ 3,594	\$ 16,325	\$ 552,576
79,077	58,168	11,347	51,538	1,744,505
615	453	88	401	13,575
-	-	-	-	-
11,899	-	-	3,966	103,351
<u>\$ 116,639</u>	<u>\$ 77,046</u>	<u>\$ 15,029</u>	<u>\$ 72,230</u>	<u>\$ 2,414,007</u>
\$ 26,700	\$ -	\$ -	\$ 1,645	\$ 173,142
-	-	-	-	-
-	-	-	-	10,045
<u>26,700</u>	<u>-</u>	<u>-</u>	<u>1,645</u>	<u>183,187</u>
89,939	-	15,029	70,585	2,230,820
-	77,046	-	-	-
<u>89,939</u>	<u>77,046</u>	<u>15,029</u>	<u>70,585</u>	<u>2,230,820</u>
<u>\$ 116,639</u>	<u>\$ 77,046</u>	<u>\$ 15,029</u>	<u>\$ 72,230</u>	<u>\$ 2,414,007</u>

City of Edmonds
Combining Balance Sheet
Nonmajor Special revenue funds
December 31, 2018

Page 3 of 4

	REAL ESTATE EXCISE TAX 1 FUND	GIFTS CATALOG FUND	CEMETERY MAINTENANCE / IMPROVEMENT FUND	PARKS TRUST FUND
ASSETS				
Cash and cash equivalents	\$ 632,422	\$ 70,601	\$ 52,205	\$ 38,408
Investments	1,996,395	222,890	164,848	121,255
Interest on investments	15,535	1,734	1,255	944
Interfund receivable	-	-	-	-
Due from other governments	103,351	-	-	-
Total assets	<u>\$ 2,747,703</u>	<u>\$ 295,225</u>	<u>\$ 218,308</u>	<u>\$ 160,607</u>
LIABILITIES				
Accounts payable	\$ 185,179	\$ -	\$ 813	\$ -
Wages and benefits payable	-	-	4,719	-
Other current liabilities	-	-	-	-
Total liabilities	<u>185,179</u>	<u>-</u>	<u>5,532</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	2,562,524	295,225	-	160,607
Committed	-	-	212,776	-
Total fund balances (deficits)	<u>2,562,524</u>	<u>295,225</u>	<u>212,776</u>	<u>160,607</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,747,703</u>	<u>\$ 295,225</u>	<u>\$ 218,308</u>	<u>\$ 160,607</u>

CEMETERY MAINTENANCE TRUST FUND	SISTER CITY COMMISSION	BUSINESS IMPROVEMENT DISTRICT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 235,712	\$ 1,939	\$ 25,922	\$ 2,329,566
744,154	6,120	5,171	6,791,007
5,791	48	-	53,675
-	-	-	235,446
-	-	-	1,001,622
<u>\$ 985,657</u>	<u>\$ 8,107</u>	<u>\$ 31,093</u>	<u>\$ 10,411,316</u>
\$ -	\$ 5	\$ 6,994	\$ 839,152
-	-	-	33,864
-	-	-	13,812
<u>-</u>	<u>5</u>	<u>6,994</u>	<u>886,828</u>
-	8,102	24,099	7,678,376
985,657	-	-	1,846,112
<u>985,657</u>	<u>8,102</u>	<u>24,099</u>	<u>9,524,488</u>
<u>\$ 985,657</u>	<u>\$ 8,107</u>	<u>\$ 31,093</u>	<u>\$ 10,411,316</u>

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

Page 1 of 4

	DRUG ENFORCEMENT FUND	STREET FUND	STREET CONSTRUCTION FUND	MUNICIPAL ARTS FUND	MEMORIAL STREET TREE FUND
REVENUES					
Taxes	\$ -	\$ 706,276	\$ -	\$ -	\$ -
Licenses and permits	-	8,100	-	-	-
Intergovernmental	-	741,011	2,652,380	-	-
Charges for services	-	27,417	201,348	54,074	-
Investment earnings	317	25,759	(546)	16,065	551
Miscellaneous	26,208	2,060	(6,328)	14,830	-
Total revenues	<u>26,525</u>	<u>1,510,623</u>	<u>2,846,854</u>	<u>84,969</u>	<u>551</u>
EXPENDITURES					
Current:					
Public safety	26,921	-	-	-	-
Utilities and environment	-	-	-	-	-
Transportation	-	1,700,892	928,109	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	70,774	-
Debt service:					
Principal	-	3,968	72,201	-	-
Interest	296	644	5,599	-	-
Capital outlay:					
Transportation	-	-	2,237,296	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	<u>27,217</u>	<u>1,705,504</u>	<u>3,243,205</u>	<u>70,774</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(692)</u>	<u>(194,881)</u>	<u>(396,351)</u>	<u>14,195</u>	<u>551</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	28,800	-	-	-
Insurance	-	7,333	-	-	-
Transfers in	-	400,000	291,339	23,230	-
Transfers out	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>436,133</u>	<u>291,339</u>	<u>23,230</u>	<u>-</u>
Net change in fund balances	(692)	241,252	(105,012)	37,425	551
Fund balances - beginning	692	1,102,078	728,782	533,208	18,349
Prior Period Adjustment	-	-	235,446	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,343,330</u>	<u>\$ 859,216</u>	<u>\$ 570,633</u>	<u>\$ 18,900</u>

HOTEL/MOTEL TAX REVENUE FUND	EMPLOYEE PARKING PERMIT FUND	YOUTH SCHOLARSHIP FUND	TOURISM PROMOTIONAL FUND/ARTS	REAL ESTATE EXCISE TAX 2 FUND
\$ 90,121	\$ -	\$ -	\$ 30,040	\$ 1,769,412
-	31,075	-	-	-
-	-	-	5,492	-
-	-	-	-	-
2,523	2,340	440	1,940	61,812
270	-	1,146	-	-
<u>92,914</u>	<u>33,415</u>	<u>1,586</u>	<u>37,472</u>	<u>1,831,224</u>
-	-	-	-	-
-	-	-	-	-
-	25,663	-	-	483,442
-	-	-	-	-
-	-	-	-	-
81,330	-	1,905	26,773	97,894
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	920,071
<u>81,330</u>	<u>25,663</u>	<u>1,905</u>	<u>26,773</u>	<u>1,501,407</u>
<u>11,584</u>	<u>7,752</u>	<u>(319)</u>	<u>10,699</u>	<u>329,817</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(4,000)	-	-	-	-
<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,584	7,752	(319)	10,699	329,817
82,355	69,294	15,348	59,886	1,901,003
-	-	-	-	-
<u>\$ 89,939</u>	<u>\$ 77,046</u>	<u>\$ 15,029</u>	<u>\$ 70,585</u>	<u>\$ 2,230,820</u>

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

Page 3 of 4

	REAL ESTATE EXCISE TAX 1 FUND	GIFTS CATALOG FUND	CEMETERY MAINTENANCE / IMPROVEMENT FUND	PARKS TRUST FUND
REVENUES				
Taxes	\$ 1,769,412	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	173,335	-
Investment earnings	74,992	7,290	5,649	4,700
Miscellaneous	-	63,850	(2)	-
Total revenues	<u>1,844,404</u>	<u>71,140</u>	<u>178,982</u>	<u>4,700</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Utilities and environment	-	-	195,091	-
Transportation	975,704	-	-	-
Economic environment	-	-	-	-
Mental and physical health	216,720	-	-	-
Culture and recreation	77	15,281	-	-
Debt service:				
Principal	23,100	-	-	-
Interest	3,746	-	-	-
Capital outlay:				
Transportation	92,617	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>1,311,964</u>	<u>15,281</u>	<u>195,091</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>532,440</u>	<u>55,859</u>	<u>(16,109)</u>	<u>4,700</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Insurance Recoveries	-	-	-	-
Transfers in	-	-	40,000	-
Transfers out	(135,125)	(26,300)	-	-
Total other financing source (uses)	<u>(135,125)</u>	<u>(26,300)</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	397,315	29,559	23,891	4,700
Fund balances - beginning	2,165,209	265,666	188,885	155,907
Prior Period Adjustment	-	-	-	-
Fund balances - ending	<u>\$ 2,562,524</u>	<u>\$ 295,225</u>	<u>\$ 212,776</u>	<u>\$ 160,607</u>

CEMETERY MAINTENANCE TRUST FUND	SISTER CITY COMMISSION	BUSINESS IMPROVEMENT DISTRICT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 4,365,261
-	-	82,017	121,192
-	-	-	3,398,883
19,259	-	-	475,433
28,289	293	40	232,454
-	5,250	7,510	114,794
<u>47,548</u>	<u>5,543</u>	<u>89,567</u>	<u>8,708,017</u>
-	-	-	26,921
-	-	-	195,091
-	-	-	4,113,810
-	10,039	106,964	117,003
-	-	-	216,720
-	-	-	294,034
-	-	-	99,269
-	-	-	10,285
-	-	-	2,329,913
-	-	-	920,071
-	<u>10,039</u>	<u>106,964</u>	<u>8,323,117</u>
<u>47,548</u>	<u>(4,496)</u>	<u>(17,397)</u>	<u>384,900</u>
-	-	-	28,800
-	-	-	7,333
-	5,000	-	759,569
-	-	-	(165,425)
-	<u>5,000</u>	-	<u>630,277</u>
47,548	504	(17,397)	1,015,177
938,109	7,598	41,496	8,273,865
-	-	-	235,446
<u>\$ 985,657</u>	<u>\$ 8,102</u>	<u>\$ 24,099</u>	<u>\$ 9,524,488</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 560	\$ 560	\$ 317	\$ (243)
Miscellaneous	130,000	130,000	26,208	(103,792)
Total revenues	<u>130,560</u>	<u>130,560</u>	<u>26,525</u>	<u>(104,035)</u>
EXPENDITURES				
Current:				
Public safety	103,252	103,252	26,921	76,331
Total current	<u>103,252</u>	<u>103,252</u>	<u>26,921</u>	<u>76,331</u>
Interest	-	-	296	(296)
Total expenditures	<u>103,252</u>	<u>103,252</u>	<u>27,217</u>	<u>76,035</u>
Excess (deficiency) of revenues over expenditures	<u>27,308</u>	<u>27,308</u>	<u>(692)</u>	<u>(28,000)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	27,308	27,308	(692)	(28,000)
Fund balances - beginning	111,460	690	692	2
Fund balances - ending	<u>\$ 138,768</u>	<u>\$ 27,998</u>	<u>\$ -</u>	<u>\$ (27,998)</u>

City of Edmonds
STREET FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 706,276	\$ 706,276
Licenses and permits	5,000	5,000	8,100	3,100
Intergovernmental	685,000	685,000	741,011	56,011
Charges for services	680,000	680,000	27,417	(652,583)
Investment earnings	13,070	13,070	25,759	12,689
Miscellaneous	1,200	1,200	2,060	860
Total revenues	<u>1,384,270</u>	<u>1,384,270</u>	<u>1,510,623</u>	<u>126,353</u>
EXPENDITURES				
Current:				
Transportation	1,851,887	1,851,887	1,700,892	150,995
Total current	<u>1,851,887</u>	<u>1,851,887</u>	<u>1,700,892</u>	<u>150,995</u>
Debt service:				
Principal	3,970	3,970	3,968	2
Interest	650	650	644	6
Total debt service	<u>4,620</u>	<u>4,620</u>	<u>4,612</u>	<u>8</u>
Capital outlay:				
Total capital outlay	-	-	-	-
Total expenditures	<u>1,856,507</u>	<u>1,856,507</u>	<u>1,705,504</u>	<u>151,003</u>
Excess (deficiency) of revenues over expenditures	<u>(472,237)</u>	<u>(472,237)</u>	<u>(194,881)</u>	<u>277,356</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	28,800	28,800
Insurance Recoveries	-	-	7,333	7,333
Transfers in	400,000	400,000	400,000	-
Total other financing source (uses)	<u>400,000</u>	<u>400,000</u>	<u>436,133</u>	<u>36,133</u>
Net change in fund balances	(72,237)	(72,237)	241,252	313,489
Fund balances - beginning	751,270	1,102,080	1,102,078	(2)
Fund balances - ending	<u>\$ 679,033</u>	<u>\$ 1,029,843</u>	<u>\$ 1,343,330</u>	<u>\$ 313,487</u>

City of Edmonds
 COMBINED STREET CONSTRUCTION / IMPROVEMENT FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,332,116	\$ 3,026,463	\$ 2,652,380	\$ (374,083)
Charges for services	255,000	255,000	201,348	(53,652)
Investment earnings	-	-	(546)	(546)
Miscellaneous	-	-	(6,328)	(6,328)
Total revenues	<u>2,587,116</u>	<u>3,281,463</u>	<u>2,846,854</u>	<u>(434,609)</u>
EXPENDITURES				
Current:				
Transportation	610,258	665,918	928,109	(262,191)
Total current	<u>610,258</u>	<u>665,918</u>	<u>928,109</u>	<u>(262,191)</u>
Debt service:				
Principal	72,220	72,220	72,201	19
Interest	2,690	2,690	5,599	(2,909)
Total debt service	<u>74,910</u>	<u>74,910</u>	<u>77,800</u>	<u>(2,890)</u>
Capital outlay:				
Transportation	2,089,963	3,000,900	2,237,296	763,604
Total capital outlay	<u>2,089,963</u>	<u>3,000,900</u>	<u>2,237,296</u>	<u>763,604</u>
Total expenditures	<u>2,775,131</u>	<u>3,741,728</u>	<u>3,243,205</u>	<u>498,523</u>
Excess (deficiency) of revenues over expenditures	<u>(188,015)</u>	<u>(460,265)</u>	<u>(396,351)</u>	<u>63,914</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	355,540	584,540	291,339	(293,201)
Transfers out	(47,910)	(237,910)	-	237,910
Total other financing source (uses)	<u>307,630</u>	<u>346,630</u>	<u>291,339</u>	<u>(55,291)</u>
Net change in fund balances	119,615	(113,635)	(105,012)	8,623
Fund balances - beginning	949,515	728,770	728,782	12
Prior Period Adjustment	-	-	235,446	235,446
Fund balances - ending	<u>\$ 1,069,130</u>	<u>\$ 615,135</u>	<u>\$ 859,216</u>	<u>\$ 244,081</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 47,120	\$ 47,120	\$ 54,074	\$ 6,954
Investment earnings	9,660	9,660	16,065	6,405
Miscellaneous	48,600	48,600	14,830	(33,770)
Total revenues	<u>105,380</u>	<u>105,380</u>	<u>84,969</u>	<u>(20,411)</u>
EXPENDITURES				
Current:				
Culture and recreation	182,480	183,892	70,774	113,118
Total expenditures	<u>182,480</u>	<u>183,892</u>	<u>70,774</u>	<u>113,118</u>
Excess (deficiency) of revenues over expenditures	<u>(77,100)</u>	<u>(78,512)</u>	<u>14,195</u>	<u>92,707</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,820	44,428	23,230	(21,198)
Total other financing source (uses)	<u>40,820</u>	<u>44,428</u>	<u>23,230</u>	<u>(21,198)</u>
Net change in fund balances	(36,280)	(34,084)	37,425	71,509
Fund balances - beginning	502,340	533,200	533,208	8
Fund balances - ending	<u>\$ 466,060</u>	<u>\$ 499,116</u>	<u>\$ 570,633</u>	<u>\$ 71,517</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 400	\$ 400	\$ 551	\$ 151
Total revenues	<u>400</u>	<u>400</u>	<u>551</u>	<u>151</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>400</u>	<u>400</u>	<u>551</u>	<u>151</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	400	400	551	151
Fund balances - beginning	<u>18,480</u>	<u>18,350</u>	<u>18,349</u>	<u>(1)</u>
Fund balances - ending	<u>\$ 18,880</u>	<u>\$ 18,750</u>	<u>\$ 18,900</u>	<u>\$ 150</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 86,250	\$ 86,250	\$ 90,121	\$ 3,871
Investment earnings	1,710	1,710	2,523	813
Miscellaneous	-	-	270	270
Total revenues	<u>87,960</u>	<u>87,960</u>	<u>92,914</u>	<u>4,954</u>
EXPENDITURES				
Current:				
Culture and recreation	86,550	86,550	81,330	5,220
Total expenditures	<u>86,550</u>	<u>86,550</u>	<u>81,330</u>	<u>5,220</u>
Excess (deficiency) of revenues over expenditures	<u>1,410</u>	<u>1,410</u>	<u>11,584</u>	<u>10,174</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	(2,590)	(2,590)	7,584	10,174
Fund balances - beginning	82,000	82,360	82,355	(5)
Fund balances - ending	<u>\$ 79,410</u>	<u>\$ 79,770</u>	<u>\$ 89,939</u>	<u>\$ 10,169</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 24,000	\$ 24,000	\$ 31,075	\$ 7,075
Investment earnings	1,640	1,640	2,340	700
Total revenues	<u>25,640</u>	<u>25,640</u>	<u>33,415</u>	<u>7,775</u>
EXPENDITURES				
Current:				
Transportation	26,880	26,880	25,663	1,217
Total expenditures	<u>26,880</u>	<u>26,880</u>	<u>25,663</u>	<u>1,217</u>
Excess (deficiency) of revenues over expenditures	<u>(1,240)</u>	<u>(1,240)</u>	<u>7,752</u>	<u>8,992</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,240)	(1,240)	7,752	8,992
Fund balances - beginning	62,380	69,290	69,294	4
Fund balances - ending	<u>\$ 61,140</u>	<u>\$ 68,050</u>	<u>\$ 77,046</u>	<u>\$ 8,996</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 350	\$ 350	\$ 440	\$ 90
Miscellaneous	500	500	1,146	646
Total revenues	<u>850</u>	<u>850</u>	<u>1,586</u>	<u>736</u>
EXPENDITURES				
Current:				
Culture and recreation	1,000	2,200	1,905	295
Total expenditures	<u>1,000</u>	<u>2,200</u>	<u>1,905</u>	<u>295</u>
Excess (deficiency) of revenues over expenditures	<u>(150)</u>	<u>(1,350)</u>	<u>(319)</u>	<u>1,031</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(150)	(1,350)	(319)	1,031
Fund balances - beginning	14,910	15,350	15,348	(2)
Fund balances - ending	<u>\$ 14,760</u>	<u>\$ 14,000</u>	<u>\$ 15,029</u>	<u>\$ 1,029</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 28,750	\$ 28,750	\$ 30,040	\$ 1,290
Charges for services	-	-	5,492	5,492
Investment earnings	1,770	1,770	1,940	170
Total revenues	<u>30,520</u>	<u>30,520</u>	<u>37,472</u>	<u>6,952</u>
EXPENDITURES				
Current:				
Culture and recreation	29,700	29,700	26,773	2,927
Total expenditures	<u>29,700</u>	<u>29,700</u>	<u>26,773</u>	<u>2,927</u>
Excess (deficiency) of revenues over expenditures	<u>820</u>	<u>820</u>	<u>10,699</u>	<u>9,879</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	820	820	10,699	9,879
Fund balances - beginning	58,610	59,890	59,886	(4)
Fund balances - ending	<u>\$ 59,430</u>	<u>\$ 60,710</u>	<u>\$ 70,585</u>	<u>\$ 9,875</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,769,412	\$ 369,412
Investment earnings	46,880	46,880	61,812	14,932
Total revenues	<u>1,446,880</u>	<u>1,446,880</u>	<u>1,831,224</u>	<u>384,344</u>
EXPENDITURES				
Current:				
Transportation	559,000	559,000	483,442	75,558
Culture and recreation	127,040	127,040	97,894	29,146
Total current	<u>686,040</u>	<u>686,040</u>	<u>581,336</u>	<u>104,704</u>
Capital outlay:				
Transportation	141,000	141,000	-	141,000
Culture and recreation	1,605,000	1,905,960	920,071	985,889
Total capital outlay	<u>1,746,000</u>	<u>2,046,960</u>	<u>920,071</u>	<u>1,126,889</u>
Total expenditures	<u>2,432,040</u>	<u>2,733,000</u>	<u>1,501,407</u>	<u>1,231,593</u>
Excess (deficiency) of revenues over expenditures	<u>(985,160)</u>	<u>(1,286,120)</u>	<u>329,817</u>	<u>1,615,937</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(985,160)	(1,286,120)	329,817	1,615,937
Fund balances - beginning	1,563,180	1,901,000	1,901,003	3
Fund balances - ending	<u>\$ 578,020</u>	<u>\$ 614,880</u>	<u>\$ 2,230,820</u>	<u>\$ 1,615,940</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,769,412	\$ 369,412
Investment earnings	48,300	48,300	74,992	26,692
Total revenues	<u>1,448,300</u>	<u>1,448,300</u>	<u>1,844,404</u>	<u>396,104</u>
EXPENDITURES				
Current:				
Transportation	742,885	1,186,997	975,704	211,293
Mental Health	-	216,720	216,720	-
Culture and recreation	5,320	5,320	77	5,243
Total current	<u>748,205</u>	<u>1,409,037</u>	<u>1,192,501</u>	<u>216,536</u>
Debt service:				
Principal	23,100	23,100	23,100	-
Interest	3,746	3,746	3,746	-
Total debt service	<u>26,846</u>	<u>26,846</u>	<u>26,846</u>	<u>-</u>
Capital outlay:				
Transportation	464,350	669,419	92,617	576,802
Culture and recreation	360,000	500,000	-	500,000
Total capital outlay	<u>824,350</u>	<u>1,169,419</u>	<u>92,617</u>	<u>1,076,802</u>
Total expenditures	<u>1,599,401</u>	<u>2,605,302</u>	<u>1,311,964</u>	<u>1,293,338</u>
Excess (deficiency) of revenues over expenditures	<u>(151,101)</u>	<u>(1,157,002)</u>	<u>532,440</u>	<u>1,689,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(135,130)	(135,130)	(135,125)	5
Total other financing source (uses)	<u>(135,130)</u>	<u>(135,130)</u>	<u>(135,125)</u>	<u>5</u>
Net change in fund balances	(286,231)	(1,292,132)	397,315	1,689,447
Fund balances - beginning	1,255,130	2,165,210	2,165,209	(1)
Fund balances - ending	<u>\$ 968,899</u>	<u>\$ 873,078</u>	<u>\$ 2,562,524</u>	<u>\$ 1,689,446</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 4,810	\$ 4,810	\$ 7,290	\$ 2,480
Miscellaneous	49,000	49,000	63,850	14,850
Total revenues	<u>53,810</u>	<u>53,810</u>	<u>71,140</u>	<u>17,330</u>
EXPENDITURES				
Current:				
Culture and recreation	19,600	44,600	15,281	29,319
Total expenditures	<u>19,600</u>	<u>44,600</u>	<u>15,281</u>	<u>29,319</u>
Excess (deficiency) of revenues over expenditures	<u>34,210</u>	<u>9,210</u>	<u>55,859</u>	<u>46,649</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,300)	(26,300)	(26,300)	-
Total other financing source (uses)	<u>(26,300)</u>	<u>(26,300)</u>	<u>(26,300)</u>	<u>-</u>
Net change in fund balances	7,910	(17,090)	29,559	46,649
Fund balances - beginning	261,230	265,670	265,666	(4)
Fund balances - ending	<u>\$ 269,140</u>	<u>\$ 248,580</u>	<u>\$ 295,225</u>	<u>\$ 46,645</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 136,620	\$ 136,620	\$ 173,333	\$ 36,713
Investment earnings	3,550	3,550	5,649	2,099
Total revenues	<u>140,170</u>	<u>140,170</u>	<u>178,982</u>	<u>38,812</u>
EXPENDITURES				
Current:				
Utilities and environment	197,514	213,509	195,091	18,418
Total expenditures	<u>197,514</u>	<u>213,509</u>	<u>195,091</u>	<u>18,418</u>
Excess (deficiency) of revenues over expenditures	<u>(57,344)</u>	<u>(73,339)</u>	<u>(16,109)</u>	<u>57,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	40,000	-
Total other financing source (uses)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	(17,344)	(33,339)	23,891	57,230
Fund balances - beginning	209,430	188,880	188,885	5
Fund balances - ending	<u>\$ 192,086</u>	<u>\$ 155,541</u>	<u>\$ 212,776</u>	<u>\$ 57,235</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 3,150	\$ 3,150	\$ 4,700	\$ 1,550
Total revenues	<u>3,150</u>	<u>3,150</u>	<u>4,700</u>	<u>1,550</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>3,150</u>	<u>3,150</u>	<u>4,700</u>	<u>1,550</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	3,150	3,150	4,700	1,550
Fund balances - beginning	156,800	155,910	155,907	(3)
Fund balances - ending	<u>\$ 159,950</u>	<u>\$ 159,060</u>	<u>\$ 160,607</u>	<u>\$ 1,547</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 15,180	\$ 15,180	\$ 19,259	\$ 4,079
Investment earnings	18,180	18,180	28,289	10,109
Total revenues	<u>33,360</u>	<u>33,360</u>	<u>47,548</u>	<u>14,188</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>33,360</u>	<u>33,360</u>	<u>47,548</u>	<u>14,188</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	33,360	33,360	47,548	14,188
Fund balances - beginning	941,518	938,110	938,109	(1)
Fund balances - ending	<u>\$ 974,878</u>	<u>\$ 971,470</u>	<u>\$ 985,657</u>	<u>\$ 14,187</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 170	\$ 170	\$ 293	\$ 123
Miscellaneous	5,000	5,000	5,250	250
Total revenues	<u>5,170</u>	<u>5,170</u>	<u>5,543</u>	<u>373</u>
EXPENDITURES				
Current:				
Economic environment	10,500	10,500	10,039	461
Total expenditures	<u>10,500</u>	<u>10,500</u>	<u>10,039</u>	<u>461</u>
Excess (deficiency) of revenues over expenditures	<u>(5,330)</u>	<u>(5,330)</u>	<u>(4,496)</u>	<u>834</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	(330)	(330)	504	834
Fund balances - beginning	<u>6,080</u>	<u>7,600</u>	<u>7,598</u>	<u>(2)</u>
Fund balances - ending	<u>\$ 5,750</u>	<u>\$ 7,270</u>	<u>\$ 8,102</u>	<u>\$ 832</u>



This page is intentionally left blank.

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 one special assessment related fund.

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 City has no remaining debt obligations related to these bond issues.*

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, 2018

	L.I.D. FUND CONTROL	2014 DEBT SERVICE FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS			
Cash and cash equivalents	\$ 1,477	\$ -	\$ 1,477
Investments	294	-	294
Special assessments	34,115	-	34,115
Total assets	<u>\$ 35,886</u>	<u>\$ -</u>	<u>\$ 35,886</u>
LIABILITIES			
Unearned revenues	\$ 1,759	\$ -	\$ 1,759
Total liabilities	<u>1,759</u>	<u>-</u>	<u>1,759</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>34,115</u>
Total liabilities and deferred inflows of resources	<u>35,874</u>	<u>-</u>	<u>35,874</u>
FUND BALANCES (DEFICITS)			
Assigned	12	-	12
Total fund balances (deficits)	<u>12</u>	<u>-</u>	<u>12</u>
Total liabilities and fund balances (deficits)	<u>\$ 35,886</u>	<u>\$ -</u>	<u>\$ 35,886</u>

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

	L.I.D. FUND CONTROL	2014 DEBT SERVICE FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES			
Miscellaneous	\$ -	\$ 404,193	\$ 404,193
Total revenues	<u>-</u>	<u>404,193</u>	<u>404,193</u>
EXPENDITURES			
Debt service:			
Principal	-	589,623	589,623
Interest	-	118,568	118,568
Total expenditures	<u>-</u>	<u>708,191</u>	<u>708,191</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(303,998)</u>	<u>(303,998)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	303,998	303,998
Transfers out	<u>(3,800)</u>	<u>-</u>	<u>(3,800)</u>
Total other financing source (uses)	<u>(3,800)</u>	<u>303,998</u>	<u>300,198</u>
Net change in fund balances	(3,800)	-	(3,800)
Fund balances - beginning	3,812	-	3,812
Fund balances - ending	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 400	\$ 400	\$ -	\$ (400)
Investment earnings	2,000	2,000	-	(2,000)
Miscellaneous	12,000	12,000	-	(12,000)
Total revenues	<u>14,400</u>	<u>14,400</u>	<u>-</u>	<u>(14,400)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>14,400</u>	<u>14,400</u>	<u>-</u>	<u>(14,400)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(16,450)</u>	<u>(16,450)</u>	<u>(3,800)</u>	<u>12,650</u>
Total other financing source (uses)	<u>(16,450)</u>	<u>(16,450)</u>	<u>(3,800)</u>	<u>12,650</u>
Net change in fund balances	(2,050)	(2,050)	(3,800)	(1,750)
Fund balances - beginning	<u>16,210</u>	<u>3,810</u>	<u>3,812</u>	<u>2</u>
Fund balances - ending	<u>\$ 14,160</u>	<u>\$ 1,760</u>	<u>\$ 12</u>	<u>\$ (1,748)</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 404,200	\$ 404,200	\$ 404,193	\$ (7)
Total revenues	404,200	404,200	404,193	(7)
EXPENDITURES				
Debt service:				
Principal	589,630	589,630	589,623	7
Interest	119,070	119,070	118,568	502
Total expenditures	708,700	708,700	708,191	509
Excess (deficiency) of revenues over expenditures	(304,500)	(304,500)	(303,998)	502
OTHER FINANCING SOURCES (USES)				
Transfers in	304,500	304,500	303,998	(502)
Total other financing source (uses)	304,500	304,500	303,998	(502)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -



This page is intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

Parks Capital Construction Fund (332) – Fund 132 was established as part of the City's 2007 and 2008 Operating Budget to specifically segregate park improvement projects that would be totally or partially funded by grants and contributions. The fund number changed from Fund 132 to Fund 332 during the 2018 budget process. Fund 332 is for improvement, renovation, planning and development of park sites to maintain high quality and varied parks and open space in the city. Revenue sources for the Fund include state and local grants, contributions from developers, and carryover from previous years.

City of Edmonds
Balance Sheet
Nonmajor Capital Projects Fund
December 31, 2018

	<u>PARKS CAPITAL CONSTRUCTION FUND</u>
ASSETS	
Cash and cash equivalents	\$ 518,031
Investments	1,687,232
Interest on investments	13,157
Due from other governments	8,764
Total assets	<u>\$ 2,227,184</u>
LIABILITIES	
Accounts payable	\$ 2,452
Other current liabilities	15,190
Total liabilities	<u>17,642</u>
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflow of resources	<u>-</u>
Total liabilities and deferred inflows of resources	<u>17,642</u>
FUND BALANCES (DEFICITS)	
Restricted	<u>2,209,542</u>
Total fund balances (deficits)	<u>2,209,542</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,227,184</u>

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

	PARKS CAPITAL CONSTRUCTION FUND
REVENUES	
Intergovernmental	\$ 216,850
Charges for services	151,753
Investment earnings	53,837
Miscellaneous	500,175
Total revenues	922,615
 EXPENDITURES	
Current:	
Culture and recreation	10,329
Capital outlay:	
Culture and recreation	46,828
Total expenditures	57,157
Excess (deficiency) of revenues over expenditures	865,458
 OTHER FINANCING SOURCES (USES)	
Transfers out	(200,000)
Total other financing sources (uses)	(200,000)
Net change in fund balances	665,458
Fund balances - beginning	1,544,084
Fund balances - ending	\$ 2,209,542

City of Edmonds
PARKS CONSTRUCTION FUND
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,225,000	\$ 1,352,443	\$ 216,850	\$ (1,135,593)
Charges for services	262,864	262,864	151,753	(111,111)
Investment earnings	6,670	6,670	53,837	47,167
Contributions	-	-	500,175	500,175
Total revenues	<u>1,494,534</u>	<u>1,621,977</u>	<u>922,615</u>	<u>(699,362)</u>
EXPENDITURES				
Current:				
Culture and recreation	7,160	7,160	10,329	(3,169)
Total current	<u>7,160</u>	<u>7,160</u>	<u>10,329</u>	<u>(3,169)</u>
Capital outlay:				
Culture and recreation	1,975,000	2,139,721	46,828	2,092,893
Total capital outlay	<u>1,975,000</u>	<u>2,139,721</u>	<u>46,828</u>	<u>2,092,893</u>
Total expenditures	<u>1,982,160</u>	<u>2,146,881</u>	<u>57,157</u>	<u>2,089,724</u>
Excess (deficiency) of revenues over expenditures	<u>(487,626)</u>	<u>(524,904)</u>	<u>865,458</u>	<u>1,390,362</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(200,000)	(200,000)	-
Total other financing source (uses)	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	(487,626)	(724,904)	665,458	1,390,362
Fund balances - beginning	1,888,380	1,544,080	1,544,084	4
Fund balances - ending	<u>\$ 1,400,754</u>	<u>\$ 819,176</u>	<u>\$ 2,209,542</u>	<u>\$ 1,390,366</u>

NON-MAJOR PROPRIETARY FUNDS

Internal Service Funds

Internal Service funds account for the purchases and expenditures associated with providing services to City departments. The City has two Internal Service Funds.

Equipment Rental Fund (511) – *Fund 511 was established by ordinance to be used as a revolving fund for expenditures and purchases related to the operation of the City's vehicle fleet.*

Technology Rental Fund (512) – *Fund 512 was established to account for the equipment replacement costs and allocation of Information Technology costs back to City departments.*

City of Edmonds
Combining Statement of Net Position
Nonmajor Internal Service Funds
For the Year Ended December 31, 2018

	EQUIPMENT RENTAL FUND	TECHNOLOGY RENTAL FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,559,468	\$ 129,384	\$ 1,688,852
Investments	4,914,325	408,602	5,322,927
Interest on investments	38,135	3,077	41,212
Inventory	50,941	-	50,941
Total current assets	<u>6,562,869</u>	<u>541,063</u>	<u>7,103,932</u>
Noncurrent assets:			
Property, plant and equipment	3,190,102	284,430	3,474,532
Construction in progress	2,638	-	2,638
Total noncurrent assets	<u>3,192,740</u>	<u>284,430</u>	<u>3,477,170</u>
Total assets	<u>9,755,609</u>	<u>825,493</u>	<u>10,581,102</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	23,324	-	23,324
Total deferred outflows of resources	<u>23,324</u>	<u>-</u>	<u>23,324</u>
Total assets and deferred outflows of resources	<u>9,778,933</u>	<u>825,493</u>	<u>10,604,426</u>
LIABILITIES			
Current liabilities:			
Accounts payable	27,776	184,618	212,394
Wages and benefits payable	17,225	17,417	34,642
Total current liabilities	<u>45,001</u>	<u>202,035</u>	<u>247,036</u>
Noncurrent liabilities:			
Compensated absences	40,929	-	40,929
Pension Obligation (Net)	92,237	-	92,237
Total noncurrent liabilities	<u>133,166</u>	<u>-</u>	<u>133,166</u>
Total liabilities	<u>178,167</u>	<u>202,035</u>	<u>380,202</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources - pension	48,281	-	48,281
Total deferred inflows of resources	<u>48,281</u>	<u>-</u>	<u>48,281</u>
Total liabilities and deferred inflows of resources	<u>226,448</u>	<u>202,035</u>	<u>428,483</u>
NET POSITION			
Net investment in capital assets	3,477,170	-	3,477,170
Unrestricted	6,075,315	623,458	6,698,773
Total net position	<u>\$ 9,552,485</u>	<u>\$ 623,458</u>	<u>\$ 10,175,943</u>

City of Edmonds
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Nonmajor Internal Service Funds
For the Year Ended December 31, 2018

	EQUIPMENT RENTAL FUND	TECHNOLOGY RENTAL FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES			
Charges for services	\$ 1,508,497	\$ 1,268,043	\$ 2,776,540
Total operating revenues	<u>1,508,497</u>	<u>1,268,043</u>	<u>2,776,540</u>
OPERATING EXPENSES			
Personnel services	313,248	374,443	687,691
Operations and maintenance	366,454	362,057	728,511
Professional services	3,184	164,846	168,030
Insurance	29,464	-	29,464
Depreciation	465,018	5,530	470,548
Total operating expenses	<u>1,177,368</u>	<u>906,876</u>	<u>2,084,244</u>
Operating income (loss)	<u>331,129</u>	<u>361,167</u>	<u>692,296</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	178,332	8,182	186,514
Judgments and settlements	12,787	-	12,787
Gain (loss) on sale of capital assets	34,161	-	34,161
Total nonoperating revenues (expenses)	<u>225,280</u>	<u>8,182</u>	<u>233,462</u>
Income (loss) before contributions and transfers	<u>556,409</u>	<u>369,349</u>	<u>925,758</u>
Change in net position	556,409	369,349	925,758
Total net position - beginning	8,996,076	254,109	9,250,185
Total net position - ending	<u>\$ 9,552,485</u>	<u>\$ 623,458</u>	<u>\$ 10,175,943</u>



This page is intentionally left blank.

City of Edmonds
STATISTICAL SECTION
 December 31, 2018

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.

Schedule 1	Government-wide Net Position by Component	152
Schedule 2	Changes in Net Position	154
Schedule 3	Fund Balances, Governmental Funds	156
Schedule 4	Changes in Fund Balances, Governmental Funds.....	158
Schedule 5	General Governmental Tax Revenues by Source.....	160

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.

Schedule 6	Property Tax Levies and Collections	161
Schedule 7	Assessed and Estimated Actual Value of Taxable Property	162
Schedule 8	Property Tax Rates-Direct and Overlapping Governments.....	164
Schedule 9	Principal Property Taxpayers.....	165
Schedule 10	Sales Tax Rate Direct and Overlapping Governments	166

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.

Schedule 11	Ratios of Outstanding Debt by Type.....	168
Schedule 12	Ratios of General Bonded Debt Outstanding	170
Schedule 13	Computation of Direct and Overlapping Debt.....	171
Schedule 14	Computation of Legal Debt Margin.....	172
Schedule 15	Revenue Bond Coverage	174

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.

Schedule 16	Demographic and Economic Statistics	176
Schedule 17	Principal Employers	178

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.

Schedule 18	City Employees by Function/Program	179
Schedule 19	Operating Indicators by Function/Program.....	180
Schedule 20	Capital Asset Statistics by Function/Program.....	181

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

Page 1 of 2

	2009	2010	2011	2012	2013
Governmental Activities					
Net investment in capital assets	\$ 51,991,258	\$ 59,961,071	\$ 61,004,928	\$ 61,259,051	\$ 61,978,358
Restricted	2,658,658	1,368,707	3,288,857	3,793,023	4,923,480
Unrestricted	19,805,844	13,703,352	12,396,957	14,644,992	18,846,105
Total governmental activities net position	<u>\$ 74,455,760</u>	<u>\$ 75,033,130</u>	<u>\$ 76,690,742</u>	<u>\$ 79,697,066</u>	<u>\$ 85,747,943</u>
Business-type Activities					
Net investment in capital assets	\$ 51,208,429	\$ 53,273,296	\$ 45,783,325	\$ 55,063,391	\$ 51,071,627
Restricted	699,670	687,447	9,096,615	7,409,482	11,138,901
Unrestricted	10,183,230	9,906,089	10,678,887	3,959,046	6,363,897
Total business-type activities net position	<u>\$ 62,091,329</u>	<u>\$ 63,866,832</u>	<u>\$ 65,558,827</u>	<u>\$ 66,431,919</u>	<u>\$ 68,574,425</u>
Primary Government					
Net investment in capital assets	\$103,199,687	\$113,234,367	\$106,788,253	\$116,322,442	\$113,049,985
Restricted	3,358,328	2,056,154	12,385,472	11,202,505	16,062,381
Unrestricted	29,989,074	23,609,441	23,075,844	18,604,038	25,210,002
Total primary government net position	<u>\$136,547,089</u>	<u>\$138,899,962</u>	<u>\$142,249,569</u>	<u>\$146,128,985</u>	<u>\$154,322,368</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.

Page 2 of 2

2014	2015	2016	2017	2018
\$ 57,181,069	\$ 63,194,059	\$ 69,470,320	\$ 72,709,684	\$ 73,066,773
5,989,155	6,157,408	7,064,140	8,088,456	14,521,561
20,004,889	17,357,161	17,731,412	19,499,000	15,826,820
<u>\$ 83,175,113</u>	<u>\$ 86,708,628</u>	<u>\$ 94,265,872</u>	<u>\$ 100,297,140</u>	<u>\$ 103,415,154</u>
\$ 49,313,852	\$ 48,262,943	\$ 45,570,663	\$ 47,484,205	\$ 52,126,227
3,574,774	2,984,388	2,986,888	2,987,788	2,982,738
18,258,585	18,333,825	23,098,017	25,183,430	24,744,532
<u>\$ 71,147,211</u>	<u>\$ 69,581,156</u>	<u>\$ 71,655,568</u>	<u>\$ 75,655,423</u>	<u>\$ 79,853,497</u>
\$106,494,921	\$111,457,002	\$115,040,983	\$120,193,889	\$125,193,000
9,563,929	9,141,796	10,051,028	11,076,244	17,504,299
38,263,474	35,690,986	40,829,429	44,682,430	40,571,352
<u>\$154,322,324</u>	<u>\$156,289,784</u>	<u>\$165,921,440</u>	<u>\$175,952,563</u>	<u>\$183,268,651</u>

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				
	2009	2010	2011	2012	2013
Expenses:					
Governmental activities					
General government	\$ 6,867,604	\$ 7,327,722	\$ 8,092,028	\$ 7,860,158	\$ 7,586,841
Judicial	880,919	882,404	-	-	-
Public safety	17,823,468	17,630,352	18,037,057	17,490,480	17,298,217
Utilities and environment	1,150,200	1,266,933	1,405,398	1,546,080	1,502,516
Economic environment	1,830,100	1,643,520	1,063,894	1,011,062	1,072,629
Mental and physical health	12,147	10,217	9,731	12,168	8,558
Culture and recreation	4,246,268	3,984,078	4,298,852	4,237,656	3,941,859
Transportation	3,751,956	4,325,832	3,412,126	3,922,273	4,445,078
Interest and fiscal charges	470,398	446,236	781,881	760,142	191,155
Total governmental activities expenses	<u>37,033,060</u>	<u>37,517,294</u>	<u>37,100,967</u>	<u>36,840,019</u>	<u>36,046,853</u>
Business-type activities					
Utility Operations	13,890,882	13,836,220	14,140,249	15,258,298	15,845,552
Total business-type activities expenses	<u>13,890,882</u>	<u>13,836,220</u>	<u>14,140,249</u>	<u>15,258,298</u>	<u>15,845,552</u>
Program Revenues:					
Governmental activities					
Charges for services:					
General government	2,990,744	3,097,629	4,078,403	4,624,432	4,835,459
Public safety	650,257	1,132,605	1,212,082	1,066,201	1,134,073
Other	4,450,276	3,908,424	3,088,212	3,022,741	3,180,343
Operating grants and contributions	416,086	272,554	145,406	1,324,353	973,007
Capital grants and contributions	1,940,900	534,066	1,771,199	1,942,259	2,566,575
Total governmental activities program revenue	<u>10,448,263</u>	<u>8,945,278</u>	<u>10,295,302</u>	<u>11,979,986</u>	<u>12,689,457</u>
Business-type activities					
Charges for services					
Operating grants and contributions	14,275,275	14,347,539	15,620,997	15,970,380	16,630,405
Capital grants and contributions	88,983	47,249	179,479	53,743	161,294
Total business-type activities program revenues	<u>15,053,054</u>	<u>15,640,944</u>	<u>16,298,962</u>	<u>17,076,428</u>	<u>18,236,863</u>
Net (Expense) Revenue					
Governmental activities	(26,584,797)	(28,572,016)	(26,805,665)	(24,860,033)	(23,357,396)
Business-type activities	1,162,172	1,804,724	2,158,713	1,818,130	2,391,311
Total primary government net expense	<u>(25,422,625)</u>	<u>(26,767,292)</u>	<u>(24,646,952)</u>	<u>(23,041,903)</u>	<u>(20,966,085)</u>
General Revenues:					
Governmental activities					
Taxes:					
Property	13,908,042	13,683,426	13,539,536	13,382,296	13,474,665
Sales	4,952,898	5,002,282	5,286,262	5,637,393	6,104,618
Utility	6,081,071	5,997,151	6,232,489	6,340,634	6,431,457
Other	3,184,300	3,043,813	2,388,579	2,223,771	2,446,023
Interest and investment earnings	151,198	32,845	16,070	22,565	3,926
Gains	167,538	983,191	36,762	(148,542)	46,987
Miscellaneous	(42,050)	344,303	481,263	64,315	125,781
Transfers	-	62,375	482,316	565,628	1,067
Total governmental activities general revenues	<u>28,402,997</u>	<u>29,149,386</u>	<u>28,463,277</u>	<u>28,088,060</u>	<u>28,634,524</u>
Business-type activities					
Investment earnings					
Miscellaneous	136,348	25,697	15,287	22,786	31,492
Gains	-	100	311	-	38,039
Transfers	431	7,357	-	-	-
Total business-type activities general revenues	<u>136,779</u>	<u>(29,221)</u>	<u>(466,718)</u>	<u>(542,842)</u>	<u>70,598</u>
Total primary government	<u>28,539,776</u>	<u>29,120,165</u>	<u>27,996,559</u>	<u>27,545,218</u>	<u>28,705,122</u>
Change in Net Position					
Governmental activities	1,818,200	577,370	1,657,612	3,228,027	5,277,128
Business-type activities	1,298,951	1,775,503	1,691,995	1,275,288	2,461,909
Total primary government	<u>\$ 3,117,151</u>	<u>\$ 2,352,873</u>	<u>\$ 3,349,607</u>	<u>\$ 4,503,315</u>	<u>\$ 7,739,037</u>

Source:

Applicable years' Comprehensive Annual Financial Report.

For The Fiscal Year Ended December 31					
2014	2015	2016	2017	2018	
\$ 7,773,797	\$ 9,836,339	\$ 10,617,051	\$ 11,861,913	\$ 11,597,750	
-	-	-	-	-	
19,044,595	19,454,123	20,590,459	22,952,541	22,582,126	
1,800,507	158,773	161,755	174,237	208,768	
1,347,590	1,424,538	1,421,122	1,594,100	1,312,929	
52,641	69,762	70,814	126,791	420,136	
4,217,206	4,800,710	4,527,224	4,965,274	5,862,529	
4,997,331	6,314,909	6,115,715	5,197,489	5,369,867	
292,068	190,898	146,942	68,532	50,277	
39,525,735	42,250,052	43,651,082	46,940,877	47,404,382	
17,558,607	20,053,587	21,475,272	21,123,684	22,348,699	
17,558,607	20,053,587	21,475,272	21,123,684	22,348,699	
4,251,943	4,336,689	4,539,295	5,672,025	6,139,900	
1,678,154	1,685,160	1,598,316	2,368,657	3,632,596	
3,819,147	3,420,619	3,725,341	3,811,729	3,056,762	
227,233	267,915	382,596	666,620	562,250	
3,238,733	6,824,847	5,937,285	5,058,911	3,192,494	
13,215,210	16,535,230	16,182,833	17,577,942	16,584,002	
17,821,867	19,094,173	20,863,573	22,771,153	24,769,079	
88,835	58,129	79,189	20,602	33,192	
2,164,571	1,862,860	2,485,875	2,282,014	1,514,823	
20,075,273	21,015,162	23,428,637	25,073,769	26,317,094	
(26,310,525)	(25,714,822)	(27,468,249)	(29,362,935)	(30,820,380)	
2,516,666	961,575	1,953,365	3,950,085	3,968,395	
(23,793,859)	(24,753,247)	(25,514,884)	(25,412,850)	(26,851,985)	
13,767,675	14,289,877	14,657,369	14,140,797	14,280,501	
6,694,501	7,567,383	7,814,209	8,255,039	9,443,775	
6,583,507	6,649,164	6,764,399	6,950,553	6,778,832	
4,226,106	5,250,216	5,163,781	5,521,504	6,145,718	
125,922	174,738	(582)	558,862	925,298	
26,513	96,487	135,591	308,580	56,229	
371,093	536,434	479,823	454,259	1,897,105	
6,702	7,901	10,907	-	4,230	
31,802,019	34,572,200	35,025,497	36,189,594	39,531,688	
62,822	135,586	131,933	47,270	231,285	
-	-	20	-	2,624	
-	6,994	-	2,500	-	
(6,702)	(7,901)	(10,907)	-	(4,230)	
56,120	134,679	121,046	49,770	229,679	
31,858,139	34,706,879	35,146,543	36,239,364	39,761,367	
5,491,494	8,857,378	7,557,248	6,826,659	8,711,308	
2,572,786	1,096,254	2,074,411	3,999,855	4,198,074	
\$ 8,064,280	\$ 9,953,632	\$ 9,631,659	\$ 10,826,514	\$ 12,909,382	

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

Page 1 of 2

	2009	2010	2011 ¹	2012	2013
General Fund					
Unreserved	\$ 6,068,906	\$ 6,855,108	\$ -	\$ -	\$ -
Non-Spendable	-	-	460	70	686
Committed	-	-	1,927,600	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	7,634,578	10,686,840	13,160,112
Subtotal General Fund	6,068,906	6,855,108	9,562,638	10,686,910	13,160,798
All Other Governmental Funds					
Reserved	56,570	138,126	-	-	-
Unreserved					
Special Revenue Funds	5,300,325	5,678,570	-	-	-
Restricted	-	-	3,288,397	3,793,023	4,922,794
Committed	-	-	564,989	557,351	563,854
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Subtotal All Other Governmental Funds	5,356,895	5,816,696	3,853,386	4,350,374	5,486,648
Total Governmental Funds					
Reserved	56,570	138,126	-	-	-
Unreserved	11,369,231	12,533,678	-	-	-
Non-Spendable	-	-	460	70	686
Restricted	-	-	3,288,397	3,793,023	4,922,794
Committed	-	-	2,492,589	557,351	563,854
Assigned	-	-	-	-	-
Unassigned	-	-	7,634,578	10,686,840	13,160,112
Total Governmental Funds	\$ 11,425,801	\$ 12,671,804	\$ 13,416,024	\$ 15,037,284	\$ 18,647,446
General Fund Percentage Change	17.0%	13.0%	39.5%	11.8%	23.1%
All Governmental Funds Percentage Change	-16.0%	10.9%	5.9%	12.1%	24.0%

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.

2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
361	361	361	-	-
-	-	-	-	784,622
-	-	-	2,000,000	2,000,000
13,653,457	15,694,188	16,818,561	15,257,917	16,283,721
13,653,818	15,694,549	16,818,922	17,257,917	19,068,343
-	-	-	-	-
-	-	-	-	-
5,989,158	6,157,408	7,064,140	8,088,453	9,887,918
613,192	1,553,937	1,600,295	1,729,496	1,846,112
-	-	20,265	3,812	12
-	114,789	-	-	-
6,602,350	7,826,134	8,684,700	9,821,761	11,734,042
-	-	-	-	-
-	-	-	-	-
361	361	361	-	-
5,989,158	6,157,408	7,064,140	8,088,453	9,887,918
613,192	1,553,937	1,600,295	1,729,496	2,630,734
-	-	20,265	2,003,812	2,000,012
13,653,457	15,808,977	16,818,561	15,257,917	16,283,721
\$ 20,256,168	\$ 23,520,683	\$ 25,503,622	\$ 27,079,678	\$ 30,802,385
3.7%	14.9%	7.2%	2.6%	10.5%
8.6%	16.1%	8.4%	6.2%	13.7%

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

	2009	2010	2011	2012	2013
Revenues:					
Taxes	\$ 26,285,121	\$ 26,301,857	\$ 26,323,468	\$ 27,261,948	\$ 28,221,352
Licenses and permits	1,509,008	1,662,340	1,689,146	1,711,084	1,939,998
Intergovernmental	5,169,688	2,609,033	4,021,474	4,450,230	3,383,661
Charges for services	3,934,741	5,028,730	5,015,834	4,814,082	6,255,426
Fines and forfeitures	674,634	624,447	756,382	598,398	640,358
Other revenue	1,198,053	996,719	549,101	633,588	1,036,167
Total revenues	38,771,245	37,223,126	38,355,405	39,469,330	41,476,962
Expenditures:					
General government ¹	7,184,093	7,692,552	7,314,502	7,184,210	7,307,136
Security of persons and property	18,523,068	17,971,060	17,805,678	17,323,625	17,706,052
Physical environment ¹	1,158,170	1,280,041	1,374,856	1,511,515	1,491,972
Transportation	1,800,535	1,979,650	1,423,361	1,568,930	2,009,988
Economic environment	1,081,381	949,685	1,035,769	1,004,150	877,813
Mental and physical health	12,147	10,217	9,731	12,168	8,558
Culture and recreation	3,462,188	3,841,888	3,750,123	3,487,581	3,790,410
Capital outlay	5,016,619	1,861,161	2,700,549	3,038,660	2,082,011
Intergovernmental and other payments	-	-	-	250,000	180,000
Debt service:					
Principal retirement	1,813,613	1,789,385	1,870,414	1,965,760	1,928,747
Interest and fiscal charges	902,965	837,992	783,108	758,224	389,246
Total Expenditures	40,954,779	38,213,631	38,068,091	38,104,823	37,771,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,183,534)	(990,505)	287,314	1,364,507	3,705,029
Other Financing Sources (Uses)					
Proceeds of refunding bonds	-	-	-	-	-
Proceeds from long-term debt	-	-	-	9,004,043	-
Payment to refunded bonds escrow agent	-	-	-	(9,227,996)	-
Premium on bonds sold	-	-	-	343,536	-
Bond issuance discount	-	-	-	(49,522)	-
Sale/Disposition of capital assets	54,870	981,444	25,528	2,490	-
Insurance recoveries	-	-	-	-	13,973
Transfers in	1,495,523	3,497,271	2,169,172	2,176,710	1,431,423
Transfers out	(1,542,146)	(2,242,207)	(1,737,798)	(1,770,806)	(1,430,356)
Total Other Financing Sources (Uses)	8,247	2,236,508	456,902	478,455	15,040
Prior period corrections	-	-	-	-	-
Net Change in Fund Balances	\$ (2,175,287)	\$ 1,246,003	\$ 744,216	\$ 1,842,962	\$ 3,720,069
Debt Service as a percentage of Noncapital Expenditures	7.6%	7.2%	7.5%	7.8%	6.5%

Source:

Published Financial Statements

Note:

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

2014	2015	2016	2017	2018
\$ 29,781,497	\$ 32,252,221	\$ 32,867,982	\$ 33,409,081	\$ 35,120,839
2,293,337	2,235,919	2,378,313	2,623,944	2,523,047
4,695,463	8,419,426	4,534,371	6,799,875	4,630,167
6,569,421	6,290,962	6,748,186	6,601,275	6,438,147
558,968	535,534	522,103	459,929	616,783
1,140,802	1,304,132	4,141,552	1,650,577	2,717,805
45,039,488	51,038,194	51,192,507	51,544,681	52,046,788
7,331,915	9,410,642	10,834,374	10,903,987	10,655,493
18,842,351	19,430,341	20,190,192	22,301,230	22,612,133
1,800,507	158,773	168,461	155,918	195,091
2,200,638	4,191,280	4,606,718	3,204,722	4,118,589
1,388,413	1,424,112	1,412,958	1,655,455	1,577,766
8,469	69,762	70,814	126,791	420,136
4,023,846	4,232,666	4,247,688	4,830,631	4,636,169
4,729,489	6,888,062	5,855,836	5,905,208	3,389,917
-	-	-	-	-
2,090,265	1,736,194	1,690,728	834,406	865,216
311,528	241,925	190,441	172,580	150,223
42,727,421	47,783,757	49,268,210	50,090,928	48,620,733
2,312,067	3,254,437	1,924,297	1,453,753	3,426,055
2,763,314	-	838,526	-	-
-	-	-	-	-
(2,720,000)	-	(849,976)	-	-
-	-	-	-	-
-	-	-	-	-
3,117	2,177	59,186	167,303	49,643
-	-	-	-	7,333
2,636,170	3,342,683	3,763,903	1,434,313	1,293,667
(2,629,647)	(3,334,782)	(3,752,996)	(1,479,313)	(1,289,437)
52,954	10,078	58,643	122,303	61,206
-	-	-	-	-
\$ 2,365,021	\$ 3,264,515	\$ 1,982,940	\$ 1,576,056	\$ 3,487,261
6.3%	4.8%	4.3%	2.3%	2.2%

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
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
2017	14,194,942	8,136,150	7,004,600	118,889	934,793	3,019,706	33,409,081
2018	14,317,740	9,323,613	6,836,258	120,161	984,241	3,538,825	35,120,839

Percentage Change

In Dollars Over

10 Years	2.9%	88.2%	12.4%	70.0%	-35.1%	938.1%	30.7%
----------	------	-------	-------	-------	--------	--------	-------

Note:

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

Real Estate Excise Tax was included with Excise Taxes until 32016, when it was moved to the Other Taxes column.

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 [†]	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2009	\$ 13,924,284	\$ 13,665,994	98.15%	\$ 258,167	\$ 13,924,161	100.00%	\$ 122	0.00%
2010	13,724,015	13,477,013	98.20%	245,474	13,722,487	99.99%	1,528	0.01%
2011	13,571,059	13,252,170	97.65%	317,218	13,569,388	99.99%	1,672	0.01%
2012	13,406,740	13,151,105	98.09%	253,460	13,404,565	99.98%	2,175	0.02%
2013	13,472,029	13,295,779	98.69%	174,782	13,470,561	99.99%	1,468	0.01%
2014	13,804,780	13,551,506	98.17%	251,647	13,803,153	99.99%	1,627	0.01%
2015	14,288,364	14,060,995	98.41%	225,312	14,286,307	99.99%	2,057	0.01%
2016	14,676,068	14,431,435	98.33%	229,942	14,661,377	99.90%	14,691	0.10%
2017	14,188,680	13,967,845	98.44%	180,499	14,148,344	99.72%	40,336	0.28%
2018	14,330,583	14,109,166	98.45%	-	14,109,166	98.45%	221,417	1.55%

Note:

[†] 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
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
2017	6,988,106,800	1,254,806,800	10,656,200	6,264,800	497,333,700
2018	7,792,876,830	1,376,814,570	12,271,600	6,589,700	577,975,000

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
\$ 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%
127,923,700	(707,808,820)	8,177,283,180	1.74	8,885,092,000	11.4%
130,662,100	(789,905,121)	9,107,284,679	1.57	9,897,189,800	11.4%

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 Lewy Rate
	Regular	Emergency Medical	G.O. Bond Public Safety	Total	County	State School	Local School	Library	Port	Hospital	Total	
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
2017	1.25	0.49	-	1.74	0.88	2.03	4.78	0.42	0.08	0.08	8.27	10.01
2018	1.14	0.44	-	1.57	0.79	2.85	4.76	0.38	0.07	0.08	8.93	10.50

Source:

Snohomish County Assessor's Annual Reports

CITY OF EDMONDS, WASHINGTON
SCHEDULE 9
PRINCIPAL PROPERTY TAX PAYERS
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2009

Taxpayer	2018 Assessed Valuation	Rank	Percent of 2018 Total Assessed Value	2009 Assessed Valuation	Rank	Percent of 2009 Total Assessed Value
US REIF FIRDALE VILLAGE WASHINGTON LLC	\$ 68,320,000	1	0.75%			
PARK 212 APT LLC	35,666,000	2	0.39%	\$ 20,236,000	4	0.26%
NORTHPOINT COMPASS PROPERTY LLC	21,214,038	3	0.23%			
STEPHANUS PAUL & BARBARA LLC	19,888,000	4	0.22%			
FW WA-AURORA MARKETPLACE LLC	19,802,200	5	0.22%	24,200,000	2	0.31%
PARK EDMONDS APT LLC	17,969,000	6	0.20%			
FRANKLIN-EDMONDS LLC	17,200,000	7	0.19%			
MGP X PROPERTIES LLC	16,516,900	8	0.18%			
GAHC4 EDMONDS WA MOB LLC	16,509,773	9	0.18%			
ARHC ELEDMWA01 LLC	16,324,499	10	0.18%			
EQUITY RESIDENTIAL PROP TR				33,434,000	1	0.43%
AEWSH EDMONDS LANDING SENIOR HOUSING LLC				23,000,000	3	0.30%
BRIAR DEVELOPMENT CO				17,372,200	5	0.23%
STEVENS PAVILION LLC				15,550,000	6	0.20%
FSC PACIFIC PARK ASSOCIATES LLC				13,718,000	7	0.18%
PROPERTY MANAGEMENT NW				12,879,100	8	0.17%
FRANKLIN-EDMONDS LLC				12,216,700	9	0.16%
GRE KRUGER LLC				12,063,900	10	0.16%
Total	249,410,410		2.74%	184,669,900		2.40%
All Others	8,857,874,269		97.26%	7,524,539,590		97.60%
Total	\$9,107,284,679		100.00%	\$7,709,209,490		100.00%

Source:

Snohomish County Assessor's Office

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

	2009	2010	2011	2012	2013	2014	2015	2016 ^(a)	2017 ^(b)	2018
City of Edmonds	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Snohomish County	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	1.20%	1.70%	1.70%
Transit	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%
Total Basic Combined Sales Tax Rate	9.50%	9.80%	10.30%	10.30%						

Notes:

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

The tax was used for transportation purposes.

^(b) Effective April 1, 2017, the Regional Transit Authority Tax increased five-tenths of one percent (.005).

The tax was used for transportation purposes.

Source:

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



This page is intentionally left blank.

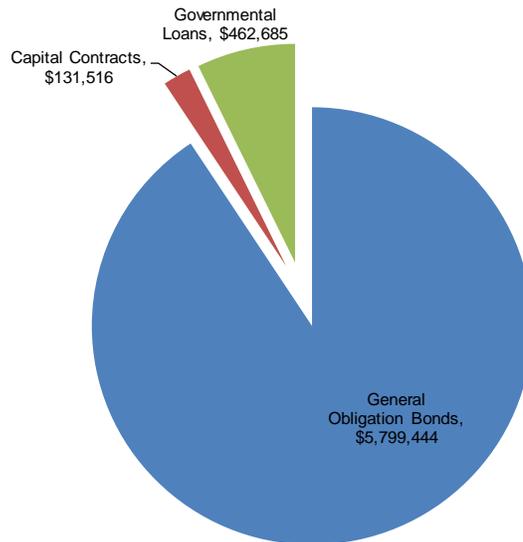
CITY OF EDMONDS, WASHINGTON
SCHEDULE 11
RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities			
	General Obligation Bonds	Capital Contracts	Governmental Loans	Total	Revenue Bonds	General Obligation Bonds	Business Type Loans	Total
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
2017	6,467,488	256,488	534,886	7,258,862	42,420,000	2,238,115	1,880,351	46,538,466
2018	5,799,444	131,516	462,685	6,393,645	41,120,000	1,990,009	1,786,828	44,896,837

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

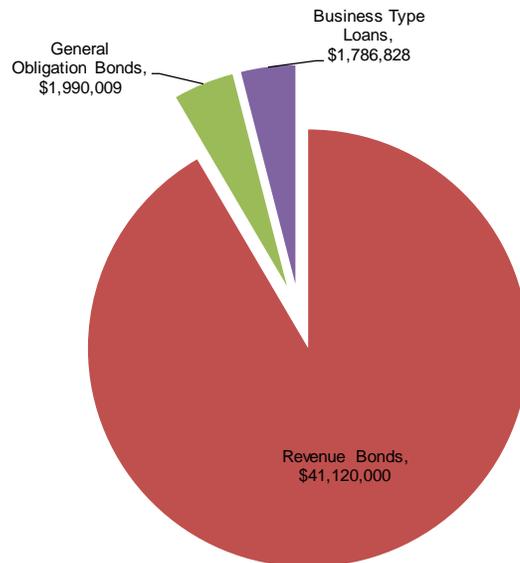
Source:
 Notes to the Financial Statements
 City-Data.com

**Outstanding Debt by Type:
 Governmental Activities**



Total Primary Government	Percentage of Personal Income	Per Capita	Population	Per Capita Income
\$ 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
53,797,328	2.77%	1,304	41,260	47,113
51,290,482	2.53%	1,226	41,820	48,477

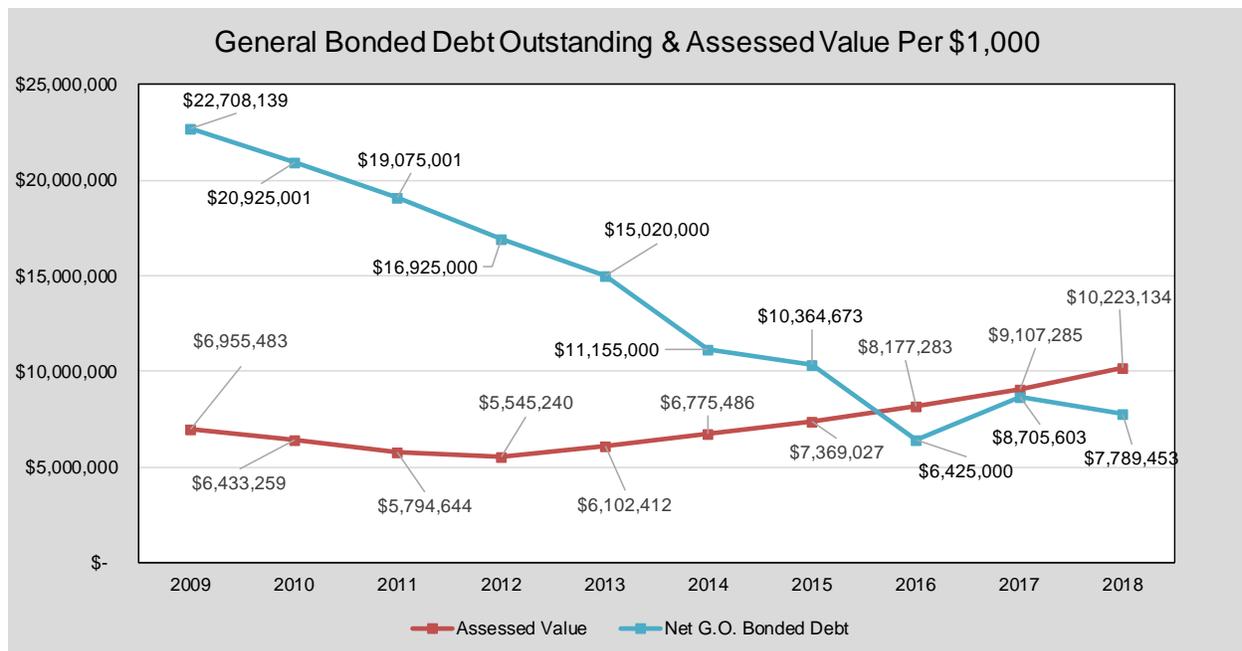
**Outstanding Debt by Type:
Business Type Activities**



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

Year	Population	Assessed Value (in Thousands)	General Obligation Bonded Debt	Debt Service Money Available	Net G.O. Bonded Debt	Ratio Net Bonded Debt to AV	Net Bonded Debt per Capita
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	7,369,027	10,364,673	-	10,364,673	0.14%	256
2016	40,900	8,177,283	6,425,000	-	6,425,000	0.08%	157
2017	41,260	9,107,285	8,705,603	-	8,705,603	0.10%	211
2018	41,820	10,223,134	7,789,453	-	7,789,453	0.08%	186

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, 2018

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Edmonds	Amount Applicable to Edmonds
Direct Debt			
City of Edmonds	\$ 6,393,645	100.00%	\$ 6,393,645
Overlapping Debt			
Local School	298,470,000	32.18%	96,049,973
County	301,120,031	7.69%	23,158,575
Hospital	1,870,000	29.86%	558,372
Total Overlapping Debt	601,460,031	19.91%	119,766,921
Total Direct and Overlapping Debt	\$ 607,853,676	20.76%	\$ 126,160,566

Applicable percentage is determined by the ratio of assessed value of taxable property in overlapping unit to the 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.

CITY OF EDMONDS, WASHINGTON
SCHEDULE 14
COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS

Page 1 of 2

	2009	2010	2011	2012	2013
Total Taxable Property Value	\$6,955,482,717	\$6,433,258,853	\$5,794,644,465	\$5,545,239,847	\$6,102,411,700
(1) 2.5% Limit for General Purposes is allocated between (2) councilmanic and (8) voted	173,887,068	160,831,471	144,866,112	138,630,996	152,560,293
(2) Up to 1.5% debt without a vote (councilmanic)	104,332,241	96,498,883	86,919,667	83,178,598	91,536,176
(3) Less: outstanding debt	(17,048,139)	(15,935,001)	(14,800,001)	(13,405,000)	(12,300,000)
(4) Less: contracts payable	(6,199,329)	(5,564,861)	(5,969,425)	(5,730,994)	(4,814,933)
(5) Less: excess of debt with a vote	-	-	-	-	-
(6) Add: available assets	370,148	380,699	483,678	401,663	311,379
(7) Equals: remaining debt capacity without a vote	81,454,921	75,379,720	66,633,919	64,444,267	74,732,622
(8) 1% general purposes debt with a vote	69,554,827	64,332,589	57,946,445	55,452,398	61,024,117
(9) Less: outstanding debt	(5,660,000)	(4,990,000)	(4,275,000)	(3,520,000)	(2,720,000)
(10) Less: contracts payable	-	-	-	-	-
(11) Add: available assets	-	-	-	-	-
(12) Equals: remaining debt capacity with a vote	63,894,827	59,342,589	53,671,445	51,932,398	58,304,117
(13) 2.5% Utility purpose limit, voted	173,887,068	160,831,471	144,866,112	138,630,996	152,560,293
(14) Less: outstanding debt	-	-	-	-	-
(15) Less: contracts payable	-	-	-	-	-
(16) Add: available assets	-	-	-	-	-
(17) Equals: remaining debt capacity - utility purposes, voted	173,887,068	160,831,471	144,866,112	138,630,996	152,560,293
(18) 2.5% Open space, park and capital facilities, voted	173,887,068	160,831,471	144,866,112	138,630,996	152,560,293
(19) Less: outstanding debt	-	-	-	-	-
(20) Less: contracts payable	-	-	-	-	-
(21) Add: available assets	-	-	-	-	-
(22) facilities, voted	173,887,068	160,831,471	144,866,112	138,630,996	152,560,293

2014	2015	2016	2017	2018
\$6,775,485,646	\$7,369,027,390	\$8,177,283,180	\$9,107,284,679	\$ 10,223,133,972
169,387,141	184,225,685	204,432,080	227,682,117	255,578,349
101,632,285	110,535,411	122,659,248	136,609,270	153,347,010
(11,155,000)	(10,365,000)	(9,591,642)	(8,457,497)	(7,537,803)
(6,103,524)	(6,149,994)	(7,406,303)	(5,082,238)	(4,020,176)
-	-	-	-	-
361,097	351,675	387,297	333,151	295,911
84,734,858	94,372,092	106,048,600	123,402,686	142,084,942
67,754,856	73,690,274	81,772,832	91,072,847	102,231,340
(1,840,116)	(933,208)	-	-	-
-	-	-	-	-
-	-	-	-	-
65,914,740	72,757,066	81,772,832	91,072,847	102,231,340
169,387,141	184,225,685	204,432,080	227,682,117	255,578,349
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
169,387,141	184,225,685	204,432,080	227,682,117	255,578,349
169,387,141	184,225,685	204,432,080	227,682,117	255,578,349
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
169,387,141	184,225,685	204,432,080	227,682,117	255,578,349

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	
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
2017	25,123,539	16,412,126	8,711,413	1,255,000	1,716,396	2,971,396	2.29 X
2018	26,551,002	15,644,618	10,906,384	1,300,000	1,671,946	2,971,946	3.40 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.



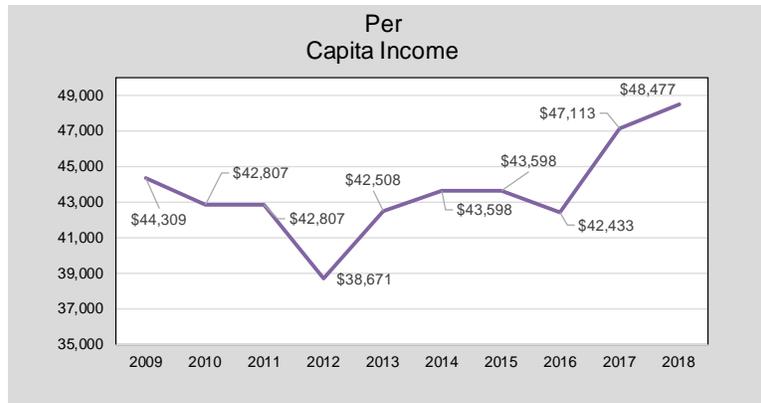
This page is intentionally left blank.

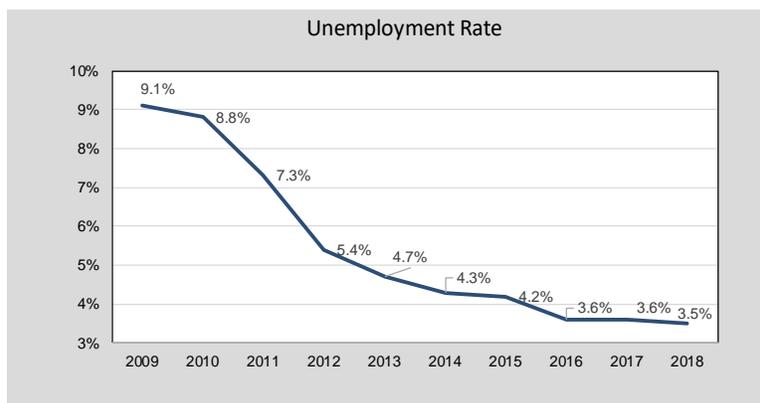
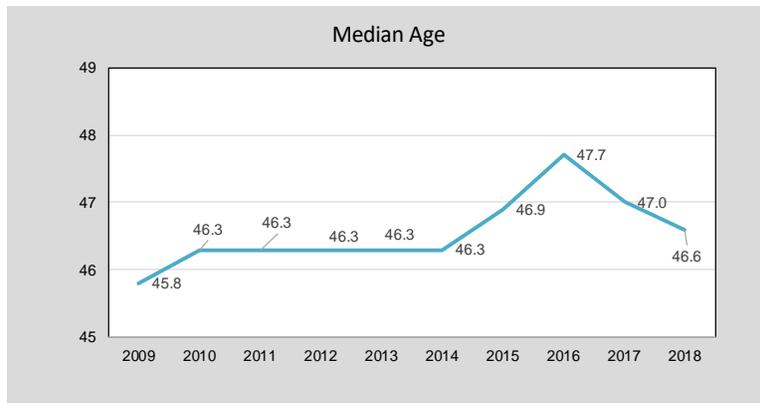
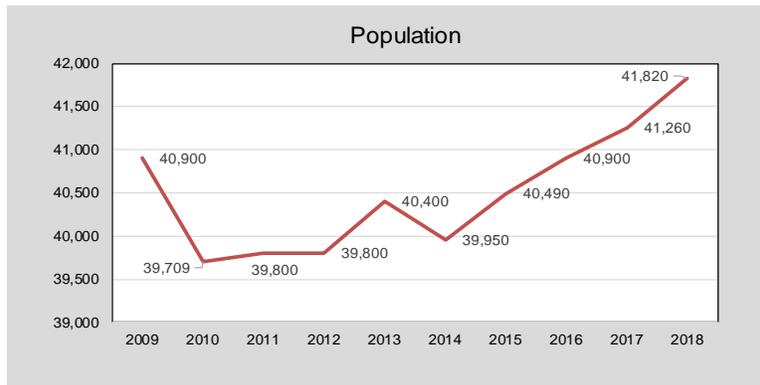
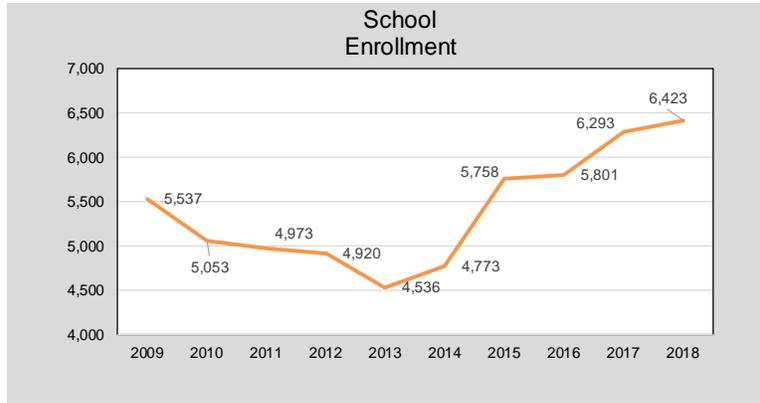
**CITY OF EDMONDS, WASHINGTON
SCHEDULE 16
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Year	Population ¹	Personal Income (thousands of dollars)	Per Capita Income	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2009	40,900	\$ 1,812,238	\$ 44,309	45.8	5,537	9.1%
2010	39,709	1,699,823	42,807	46.3	5,053	8.8%
2011	39,800	1,703,719	42,807	46.3	4,973	7.3%
2012	39,800	1,539,106	38,671	46.3	4,920	5.4%
2013	40,400	1,717,323	42,508	46.3	4,536	4.7%
2014	39,950	1,741,740	43,598	46.3	4,773	4.3%
2015	40,490	1,765,283	43,598	46.9	5,758	4.2%
2016	40,900	1,735,510	42,433	47.7	5,801	3.6%
2017	41,260	1,943,882	47,113	47.0	6,293	3.6%
2018	41,820	2,027,308	48,477	46.6	6,423	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, 2018 AND 2009

Employer	2018 Full & Part-Time Employment	Percentage of Total City Employees	2009 Full & Part-Time Employment	Percentage of Total City Employees
Swedish (Stevens) Memorial Hospital	1,400	10.84%	1,280	10.12%
Edmonds School District	767	5.94%	564	4.46%
City of Edmonds	312	2.42%	266	2.10%
Virginia Mason Family Medicine	164	1.27%		
Aldercrest Health & Rehab Center	102	0.79%	160	1.26%
Winco Foods	150	1.16%		
Anthony's Restaurants	141	1.09%	141	1.11%
Edmonds Family Medicine	133	1.03%		
PCC Natural Markets	115	0.89%	115	0.91%
Magic Toyota Scion	110	0.85%		
Fred Meyer/QFC	103	0.80%		
Lynnwood Honda	100	0.77%	100	0.79%
The Everett Clinic	98	0.76%		
Safeway	90	0.70%	93	0.74%
Westgate Chapel, Inc.	90	0.70%		
Burlington Coat Factory	73	0.57%		
Total Principal Employers	3,948	30.58%	2,719	21.49%
Other Employers	8,964	69.42%	9,934	78.51%
Total Employment	12,912	100.00%	12,653	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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Governmental Activities</u>										
General Government										
City Council	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0
Mayor/City Clerk	6.0	6.0	6.0	6.5	6.5	6.5	7.0	7.0	7.0	7.0
Human Resources	2.0	2.0	2.0	1.0	2.0	2.5	2.5	2.5	2.8	3.0
Administrative Services	9.0	9.0	9.0	10.0	10.5	11.0	11.0	12.0	12.0	13.0
Facilities	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Equipment Rental	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total General Government	32.5	31.5	31.5	32.0	32.5	33.5	34.0	35.5	35.8	37.0
Judicial										
Municipal Court	8.5	8.5	7.0	7.0	7.5	7.0	7.2	7.0	7.0	7.0
Public Safety										
Police	69.0	69.0	64.0	65.0	61.0	63.0	63.0	63.0	67.5	69.8
Fire	54.0	-	-	-	-	-	-	-	-	-
Total Public Safety	123.0	69.0	64.0	65.0	61.0	63.0	63.0	63.0	67.5	69.8
Physical Environment										
Development Services	16.1	16.0	15.0	14.0	14.0	15.0	18.0	17.0	18.0	18.0
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	22.0	22.0	22.0	26.5	21.0	25.0	24.1	25.1	25.1
Transportation										
Streets	7.5	7.5	7.5	7.5	6.0	6.0	7.0	7.0	7.0	7.0
Total Governmental Activities	212.5	156.5	149.0	149.5	149.5	147.5	156.2	155.6	162.4	165.9
<u>Business-type Activities</u>										
Combined Utility										
Public Works Administration	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6
Storm	7.5	7.5	8.5	8.5	7.5	8.0	7.0	9.0	9.0	9.0
Water/Sewer/Treatment Plant	34.5	34.5	33.5	33.5	31.5	32.4	33.0	36.0	33.4	33.4
Engineering	11.0	11.0	11.0	11.0	12.0	15.0	14.0	15.0	15.0	17.5
Total Business-type Activities	55.5	55.5	55.5	55.5	53.5	58.0	56.6	62.6	60.0	62.5
Grand Total	268.0	212.0	204.5	205.0	203.0	205.5	212.8	218.2	222.4	228.4

Source:

City Budget Books

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

Function/Program	2009	2011	2012	2013	2014	2015	2016	2017	2018
General government services									
Finance									
General Business Licenses	1,767	1,796	1,843	1,656	1,695	2,040	1,954	2,006	2,006
Non-resident Business Licenses	1,031	2,896	3,192	1,099	1,381	1,775	1,229	1,539	1,354
Judicial									
Municipal Court									
Total filings (infraction, parking, criminal)	7,853	7,919	6,325	7,809	5,826	6,294	6,097	6,967	9,940
Public Safety									
Police									
Dispatched calls ³	21,352	21,027	22,011	21,789	22,758	23,874	23,705	22,822	31,612
Traffic citations and infractions	5,379	5,288	4,815	6,061	4,152	4,533	4,742	4,794	5,405
Adult arrests	1,455	1,543	1,344	1,414	1,380	1,204	1,375	1,212	1,192
Juvenile arrests	178	172	135	125	117	99	86	88	54
Animal control incidents ¹	1,483	1,370	1,126	1,213	1,183	1,113	787	1,417	2,115
Crimes per 1,000 residents	25	26	27	27	30	32	31	59	35
Fire/EMS ²									
EMS	3,470	3,979	3,789	3,870	3,877	4,286	4,511	4,431	4,780
False Alarm	236	342	154	227	208	265	-	-	-
Fire	87	92	88	76	90	106	-	-	-
Good Intent Call	523	427	338	294	272	317	-	-	-
Hazardous Condition	91	72	89	86	73	106	-	-	-
Rupture / Explosion	6	8	6	4	3	-	-	-	-
Service Call	341	251	282	241	190	212	194	198	-
Special Type	9	8	2	3	3	-	-	-	-
Other	-	-	8	3	2	-	14	30	253
Fire / Hazardous Condition / Rupture / Explosion	-	-	-	-	-	-	497	554	522
Physical Environment									
Development Services									
Permits issued	920	1,072	1,136	2,156	1,296	2,201	1,637	1,774	460
Inspections	3,908	3,262	1,566	6,475	4,472	8,987	6,784	6,838	3,158
Economic Environment									
Community services									
Code enforcement actions	385	371	393	411	362	402	387	312	255
Animal Services									
Adoptions	43	34	26	39	43	12	63	43	41
Returned to Owner	146	164	160	141	97	87	60	83	132
Culture and recreation									
Aquatics participants	26,759	16,474	17,687	19,374	17,770	-	-	-	-
Athletics (adult) participants	2,188	2,337	2,307	2,055	2,106	2,167	2,396	1,860	2,355
Gymnastics participants	1,793	1,529	1,403	5,167	1,916	2,010	1,435	1,480	1,250
Fitness participants	3,013	3,242	2,367	2,377	2,216	2,362	2,058	1,910	2,825
Special events participants	7,883	9,592	7,754	7,833	7,249	6,172	8,137	8,832	8,615
Transportation									
Number of paving projects	95	135	317	160	193	134	330	251	305
Street patching/paving (square ft)	4,267	3,353	12,622	3,394	4,723	3,756	9,238	7,087	10,600
Curbs and gutters replaced (linear ft)	38	193	4	26	2	1,497	6	-	12
Sidewalks replaced (square ft)	3,580	6,661	266	895	24	504	300	236	65
Water/Sewer									
Water									
New connections	n/a	8	24	19	36	32	50	49	30
Water main breaks	n/a	10	8	6	7	10	8	4	3
Average daily consumption (mgd) - finished water	3	4	3	3	3	3	3	3	3
Peak daily consumption (mgd) - finished water	n/a	n/a	5	5	6	6	5	6	6
Treated water delivered (mg)	n/a	1,085	1,054	973	1,064	1,117	1,084	1,086	1,085
Water customers served by system	10,086	10,139	10,123	10,151	10,177	10,199	10,229	10,272	10,297
Sewer									
Average daily sewage treated (mg)	5.6	5.8	6.0	4.6	4.7	4.5	5.2	4.9	4.7
Sewage treated (mg)	2,043	2,112	2,208	1,677	1,713	1,635	1,909	1,782	1,720
Storm System ⁴									
New Storm Pipe in feet			320	606	3,528	5,079	3,383	47	2,588
Catch Basin Rehab/Replace			31	36	76	120	68	17	53
Surface Structure Rehab (Grates)			32	32	18	10	4	7	17
Overflow (Beehive) Installs			2	2	2	3	2	-	-

Note:

Information for 2010 is not available.

¹ The significant increase in animal control incidents is due to a new part-time parking enforcement officer, which freed up animal control officers for other duties.

² 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.

³ The significant increase in dispatched calls is a result of a change in the methodology for tracking calls to include officer initiated traffic stops.

⁴ The lower numbers reported for 2017 were due to there being no capital projects concluded at the end of the year.

Sources:

Various city departments and the City Budget.

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

Function/Program	2009	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety									
Police stations	1	1	1	1	1	1	1	1	1
Police vehicles	33	43	42	33	33	33	35	35	35
Fire stations	3	3	3	3	3	3	3	3	3
Fire engines (pumpers)	3	3	3	-	-	-	-	-	-
Aerial ladder trucks	1	1	1	-	-	-	-	-	-
Emergency Medical Units	5	5	5	-	-	-	-	-	-
Public safety boat	1	1	-	-	-	-	-	-	-
Transportation									
Paved streets (in miles)	128	128	133	133	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	22	20	20	20	24	24	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	44	44	44	45	46	46
Number of playgrounds	13	14	14	15	15	15	15	14	15
Acreage owned/managed ²	262	262	262	262	262	262	262	262	262
Public swimming pool	1	1	1	1	1	1	1	1	1
Water/Sewer ¹									
Water									
Water mains (miles)	179	179	179	179	179	179	179	136	136
Fire hydrants	1,086	1,167	1,167	1,167	1,167	1,167	1,167	1,199	1,151
Water storage capacity (within city)(in mg)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Sewer									
Sanitary sewers (miles)	186	186	186	186	186	186	186	130	130
Storm sewers (miles)	120	120	120	120	120	120	120	145	145
Treatment capacity per day (mgd)	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8

Note:

Information for 2010 is not available.

¹ The change in certain Water and Sewer statistics beginning in 2017 is the result of more accurate measurements due to updated technology

² Per department, acreage owned for Culture and Recreation should not have changed from 2009-2017

Sources:

Various city departments and the City Budget.



This page is intentionally left blank.