

City of Edmonds, Washington
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2014



Staff Photos – Artists: Babcock, Dooley, Edwards, Howard, Jensen, Miller & Sher, Reiquam, Whitesavage & Lyle

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

Dave Earling, Mayor



The City of Edmonds, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2014

DAVE EARLING, MAYOR

EDMONDS CITY COUNCIL

Diane Buckshnis, Council President

Kristiana Johnson Adrienne Fraley-Monillas

Strom Peterson Joan Bloom

Thomas Mesaros Lora Petso

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2014

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September 4, 2015

Honorable Mayor Earling
Members of the Edmonds City Council
Citizens of Edmonds
City of Edmonds
121 Fifth Avenue North
Edmonds, Washington 98020

I am pleased to provide the Comprehensive Annual Financial Report of the City of Edmonds for the fiscal year ended December 31, 2014. This report is published annually as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the Washington State Auditor's Office.

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

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

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

Profile of the Government

The City of Edmonds, incorporated in 1890, is located within Snohomish County and is 15 miles north of Seattle. Edmonds is the twenty-sixth largest city in the State, currently occupies a land area of 9 square miles and serves a population of 39,950. A picturesque waterfront community, Edmonds offers an appealing small town quality of life, complimented 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 who are elected for staggered four year-terms and are elected at-large, rather than by district. The City Council is responsible for establishing policy objectives and for providing the resources necessary to carry out those policies. As the City's chief administrator, the Mayor is responsible for carrying out Council policy directives and for the oversight of day-to-day operations of the City. The City of Edmonds provides a full range of services, including police, planning and zoning; water, sewer, stormwater and wastewater treatment services; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events.

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

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

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

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

LOCAL ECONOMY

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

Edmonds has over 5,600 city-licensed businesses. Finance, insurance, real estate and other service industries comprise over half of all licensed businesses, followed by the retail industry. Major local employers include Swedish 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. Assessed valuation for property ended their decline in 2013 and grew by 10.0% in 2014 and an additional 11.3% for 2015. Sales tax revenues have seen five solid years of growth, and increasing 9.7% over 2013 receipts. Home sales activity continues to improve and building permit activity added over 98% in new valuations over 2013's building activity.

The good news is that the economy continues to show signs of a healthy recovery. Unemployment in Washington State improved to 6.3% from 6.6% and Snohomish County's unemployment rate improved from 5.2% to 4.6%.

FUTURE 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.

Revenue growth is predicted to continue at a moderate pace in the future but not at the rate experienced in the late 1990's and early 2000's. There remains the challenge to control costs and predict future 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 be focused on ensuring the City continues to be an economically strong and viable City. Towards that end, the City adopted a contingency reserve policy in 2012, which established additional reserves to help mitigate future economic fluctuations in the City's largest revenue sources. The City continues to conduct a strategic planning process with significant public outreach and involvement. One of the outcomes of the strategic planning process will be resource allocation input for City Council in areas that are important to the community.

OTHER RELEVANT INFORMATION

A. INDEPENDENT AUDIT

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by an independently elected State official, the State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2014 financial audit of the City is complete and was conducted in conformance with Generally Accepted Auditing Standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2014. Please see the Auditor's Report. 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 2014.

B. ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis 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: Debra Sharp and Sarah Mager. Staff would like to express our gratitude to the Mayor and Council for their continued interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Sincerely,



Scott James, CPA
Finance Director

CITY OF EDMONDS PUBLIC OFFICIALS

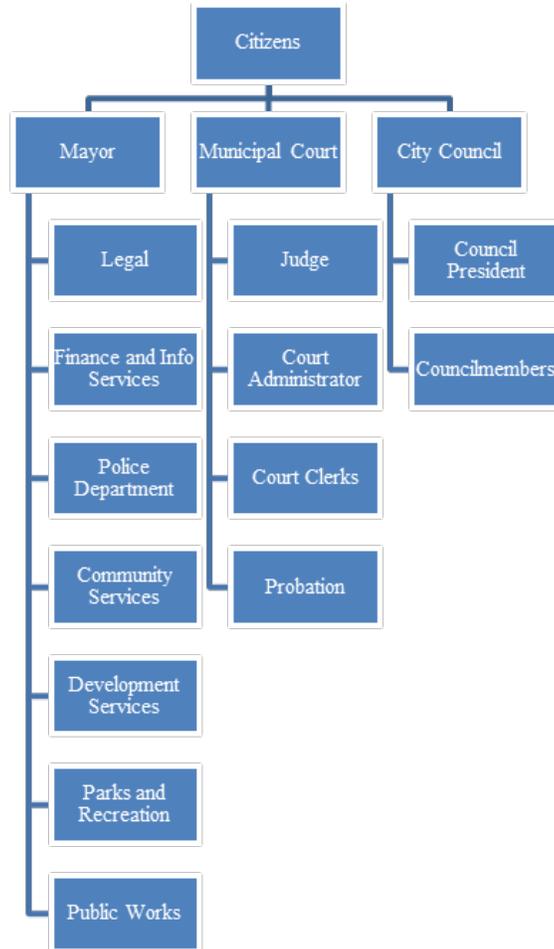
ELECTED OFFICIALS

Mayor: Dave Earling
Council: Diane Buckshnis
Joan Bloom
Strom Peterson
Adrienne Fraley-Monillas
Thomas Mesaros
Joan Bloom
Lora Petso

APPOINTED OFFICIALS

Finance Director: Scott James, CPA
Community Services Director: Patrick Doherty
Development Services Director: Shane Hope
Economic Development Director: Patrick Doherty
Acting Human Services Director: Carrie Hite
Parks & Recreation Director: Carrie Hite
Municipal Court Judge: Douglas Fair
Police Chief: Al Compaan
Public Works Director: Phil Williams

City of Edmonds Organization Chart





Government Finance Officers Association

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

Presented to

**City of Edmonds
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

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

Executive Director/CEO



Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 2, 2015

Mayor and City Council
City of Edmonds
Edmonds, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Edmonds, Snohomish County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Edmonds, Snohomish County, Washington, as of December 31, 2014, 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 described in Note 1, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and Statement No. 70, *Nonexchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Matters of Emphasis – Correction of Prior Year Misstatement

As discussed in Note 20 to the financial statements, the 2013 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, information on postemployment benefits other than pensions and pension trust fund information on pages 81 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund financial statements and schedules on pages 85 through 136 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 2, 2015, 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,



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Edmonds (City) presents this Management's Discussion and Analysis of its financial activities for the fiscal year ended December 31, 2014. The City's discussion and analysis is designed to:

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

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

Financial Highlights

- At December 31, 2014 the City's net position, the amount by which total assets exceeded total liabilities, totaled \$154.3 million. Of this amount, \$106.5 million is invested in capital assets, such as land, buildings, and infrastructure net of related debt, \$9.6 million is restricted for debt service, construction, and various other purposes and the remaining Net Position of \$38.2 million is unrestricted.
- The City's total net position improved by \$306,000 or 0.2% in 2014. Governmental activities decreased by \$2.3 million and business-type activities increased by \$2.6 million.
- Governmental funds reported a combined ending fund balance of \$20.3 million; a \$1.6 million improvement over the prior year. Of this amount, \$13.7 million is unassigned and available to fund ongoing activities. The unassigned fund balance of \$13.7 million represents 41.2% of 2014 general fund expenditures.
- Total capital assets increased by \$260,602 million in 2014.
- Total debt decreased by a net of \$956,503 during the current fiscal year. Outstanding bonded debt, loans, and long term contracts at year-end totaled \$45.7 million.

Using this Annual Financial Report

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

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

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

The focus of the **Statement of Net Position** is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. 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 cost of various governmental services and/or subsidy to various business-type activities. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed.

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

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

Fund Financial Statements

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

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

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

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

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

The City's main operating fund is the general fund. However, the City maintains many accounts and six subfunds within the general fund. The remaining governmental funds are combined into a single column labeled nonmajor government funds. Individual fund data for each of the nonmajor governmental funds can be found in combining statements later on 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 a basic financial statement.

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

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning a schedule of funding progress for the Firemen's Pension Trust Fund and other post-employment benefits. Additional pension benefit information is found in note 11.

Government-wide Financial Analysis

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's improving financial condition. The following tables address the financial results of the City as a whole.

The following table is a condensed version of the 2014 government-wide statement of net position with a comparison to 2013:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 30,254,266	\$ 33,128,272	\$ 23,577,079	\$ 28,621,684	\$ 53,831,345	\$ 61,749,956
Capital assets(net)	72,680,239	71,043,192	82,397,857	75,306,543	155,078,096	146,349,735
Total assets	102,934,505	104,171,464	105,974,936	103,928,227	208,909,441	208,099,691
Deferred outflows of resources	-	-	171,283	192,700	171,283	192,700
Total assets and deferred outflows of resources	102,934,505	104,171,464	106,146,219	104,120,927	209,080,724	208,292,391
Current and other liabilities	6,199,214	1,528,943	3,109,405	3,085,842	9,308,619	4,614,785
Long-term liabilities	13,400,248	17,031,190	31,816,627	32,378,562	45,216,875	49,409,752
Total liabilities	19,599,462	18,560,133	34,926,032	35,464,404	54,525,494	54,024,537
Deferred inflows of resources	159,930	169,338	72,976	82,098	232,906	251,436
Total Liability and deferred inflows of resources	19,759,392	18,729,471	34,999,008	35,546,502	54,758,400	54,275,973
NET POSITION						
Net investment in capital assets	57,181,069	61,978,358	49,313,852	51,071,627	106,494,921	113,049,985
Restricted	5,989,155	4,923,480	3,574,774	11,138,901	9,563,929	16,062,381
Unrestricted	20,004,889	18,540,155	18,258,585	6,363,897	38,263,474	24,904,052
Total net position	\$ 83,175,113	\$ 85,441,993	\$ 71,147,211	\$ 68,574,425	\$ 154,322,324	\$ 154,016,418

Analysis of Net Position

Total net position of the primary government of \$154.3 million (assets in excess of liabilities) at December 31, 2014 improved by \$306,000 or 0.2% compared to December 31, 2013. Governmental activities decreased net position by \$2.3 million and business-type activities increased net position by \$2.6 million.

The largest component of the City's net position, \$106.5 million, or 69%, is its investment in capital assets, less debt related to the acquisition or construction of those 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 \$1.7 million of the primary government's total net position are restricted for construction projects to renovate or improve the City's buildings, parks, street and utilities infrastructure. The remaining balance of net position is primarily allocated to restrictions for debt service payments, transportation improvements, and other purposes in the amount of \$7.8 million and unrestricted net position of \$38.3 million. The business-type unrestricted assets of \$18.3 million may only be spent on utility activities. Other functions of the City may access the governmental unrestricted assets of \$20 million to meet ongoing obligations to citizens and creditors. There are no restrictions, commitments, or other limitations that significantly affect the availability of resources for future use.

Unrestricted net position of the City's business-type activities, totaling \$18.3 million, represent the portion of unrestricted net position that may only be spent on activities related to one of the City's utilities (water, sewer, storm. Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, water meter reading, and the wastewater treatment plant.

Restricted governmental fund net position is \$6.0 million and are restricted for purposes such as debt service, public safety, transportation, culture and recreation, and other purposes.

The remaining, unrestricted, net position of the City may be used for functions such as general government employee salaries and supplies, park and road maintenance, and police services.

Changes in Net Position

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

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

Changes in Net Position

City of Edmonds
Changes in Net Position
December 31, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues:						
Charges for services	\$ 9,749,244	\$ 9,149,875	\$ 17,821,867	\$ 16,630,405	\$ 27,571,111	\$ 25,780,280
Operating grants and contributions	227,233	973,007	88,835	161,294	316,068	1,134,301
Capital grants and contributions	3,238,733	2,566,575	2,164,571	1,447,298	5,403,304	4,013,873
General revenues:						
Property taxes	13,767,675	13,474,665	-	-	13,767,675	13,474,665
Sales taxes	6,694,501	6,104,618	-	-	6,694,501	6,104,618
Interfund utility taxes	1,861,588	1,709,124	-	-	1,861,588	1,709,124
Utility taxes	4,721,919	4,722,333	-	-	4,721,919	4,722,333
Excise taxes	4,226,106	2,120,330	-	-	4,226,106	2,120,330
Payments from component unit	-	325,693	-	-	-	325,693
Interest and investment earnings	125,922	3,926	62,822	31,492	188,744	35,418
Miscellaneous	371,093	125,781	-	38,039	371,093	163,820
Gain on sales of capital assets	26,513	46,987	-	-	26,513	46,987
Total revenues	45,010,527	41,322,914	20,138,095	18,308,528	65,148,622	59,631,442
EXPENSES						
Governmental activities:						
General government	7,773,797	7,586,841	-	-	7,773,797	7,586,841
Public safety	19,044,595	17,604,167	-	-	19,044,595	17,604,167
Utilities and environment	1,800,507	1,502,516	-	-	1,800,507	1,502,516
Transportation	4,997,331	4,445,078	-	-	4,997,331	4,445,078
Economic environment	1,347,590	1,072,629	-	-	1,347,590	1,072,629
Mental and physical health	52,641	8,558	-	-	52,641	8,558
Culture and recreation	4,217,206	3,941,859	-	-	4,217,206	3,941,859
Interest on long-term debt	292,068	191,155	-	-	292,068	191,155
Business-Type activities:						
SEWER FUND	-	-	8,179,251	7,619,057	8,179,251	7,619,057
STORM FUND	-	-	3,106,830	2,702,097	3,106,830	2,702,097
WATER FUND	-	-	6,272,526	5,524,398	6,272,526	5,524,398
Total expenses	39,525,735	36,352,803	17,558,607	15,845,552	57,084,342	52,198,355
Change in net position before transfers	5,484,792	4,970,111	2,579,488	2,462,976	8,064,280	7,433,087
Transfers	6,702	1,067	(6,702)	(1,067)	-	-
Change in net position	5,491,494	4,971,178	2,572,786	2,461,909	8,064,280	7,433,087
Net position - beginning	85,441,993	79,697,066	68,574,425	66,431,919	154,016,418	146,128,985
Prior Period Adjustment	(6,445,506)	(109,906)	-	-	(6,445,506)	(109,906)
Adjustment for adoption of GASB 62 & 65 & 70	(1,312,868)	883,655	-	(319,403)	(1,312,868)	564,252
Net position - end of period	\$ 83,175,113	\$ 85,441,993	\$ 71,147,211	\$ 68,574,425	\$ 154,322,324	\$ 154,016,418

Analysis of the Change in Net Position

Total government-wide revenues of the primary government increased \$5.5 million or 9.3% and total expenses increased \$4.9 million or 9.4% for the prior year. These changes are discussed in more detail below.

Governmental Activities:

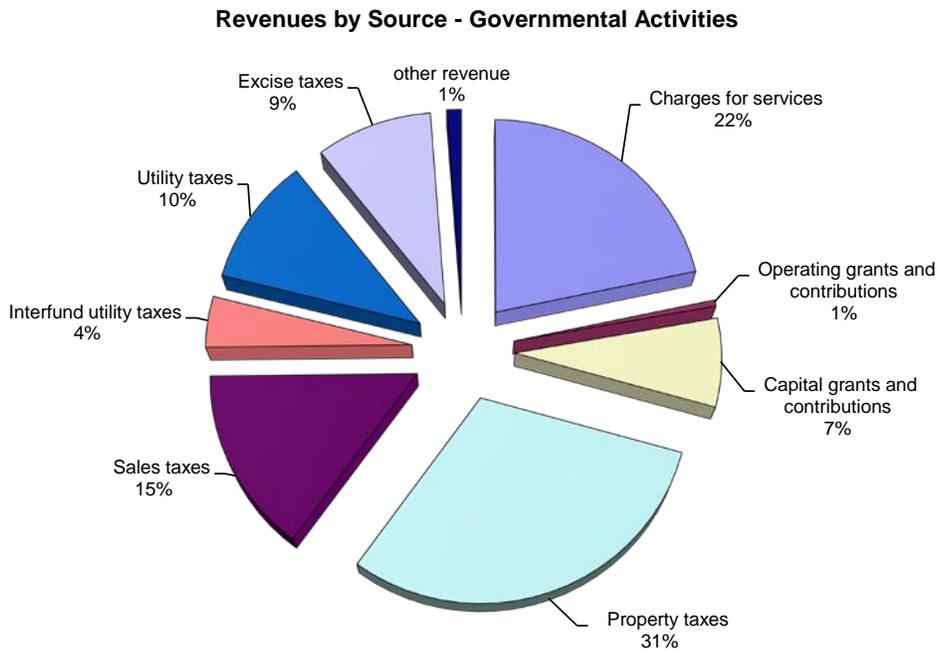
Net position for Governmental activities increased \$5.5, while the total change in net position of the primary government increased \$8.1 million. The increase is due to revenues exceeding expenses.

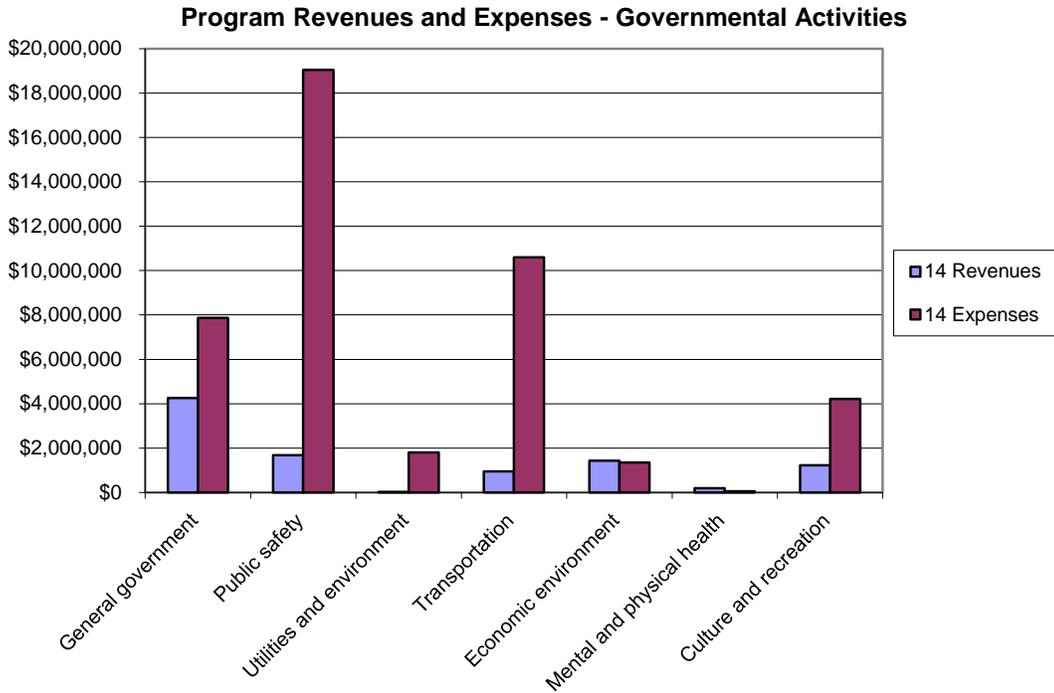
Total expenses for governmental activities increased \$3.2 million or 8.7%. The increase is mainly due to increased spending on transportation initiatives in the City. A large portion of the increased spending was offset by increases in tax revenues, development related revenues and grant revenues. Governmental activity revenues increased by \$3.7 million, or 8.9% over 2013:

- Property tax revenue increased \$293,010, or 2.2% over 2013,
- Sales tax collections increased by \$589,883, or 9.7%,
- Utility taxes increased by \$152,050 or 8.9%, and
- Charges for services increased \$599,369, or 6.6%. This increase is mainly due to increased development related revenues.

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

Revenues by Source - Governmental Activities



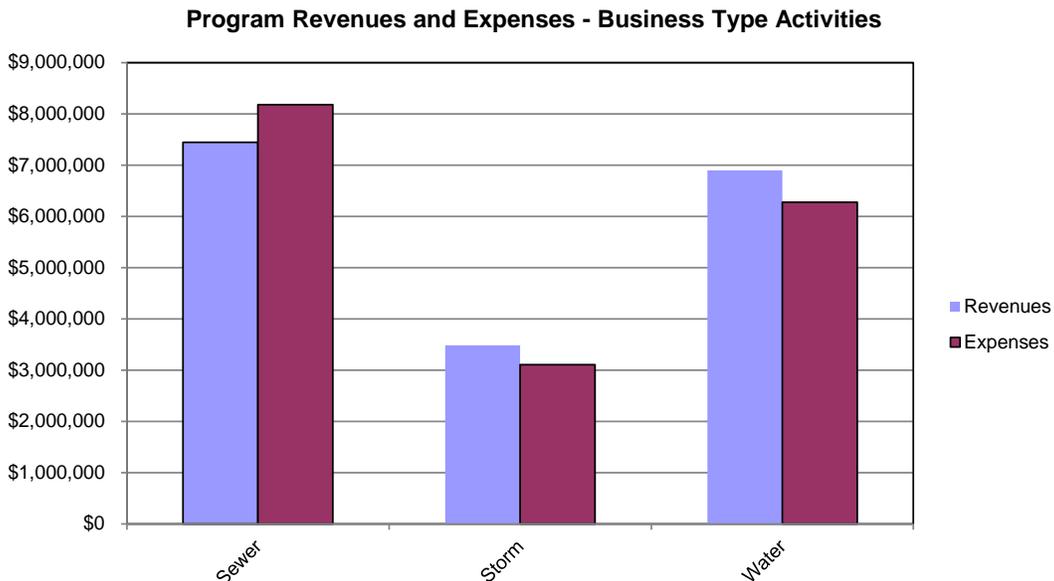


Business-type activities net position increased by \$2,572,786. Key components of this increase include:

- Net Income (before adjustments) went up by \$110,877, or 4.5% from 2013,
- Business-type activities revenues increased by \$1.8 million, or 10.0%, from 2013,
- Business-type activities expenses increased by \$1,713,055, or 10.8%, from 2013, and
- Net transfers-out totaled \$6,702. The transfers generally related to construction costs accounted for in other funds where the utility fund also incurred costs for improvements, such as a water main replacement when a street overlay occurs.

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 are not available to support the ongoing expenses of the funds.

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



Financial Analysis of Governments Funds

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

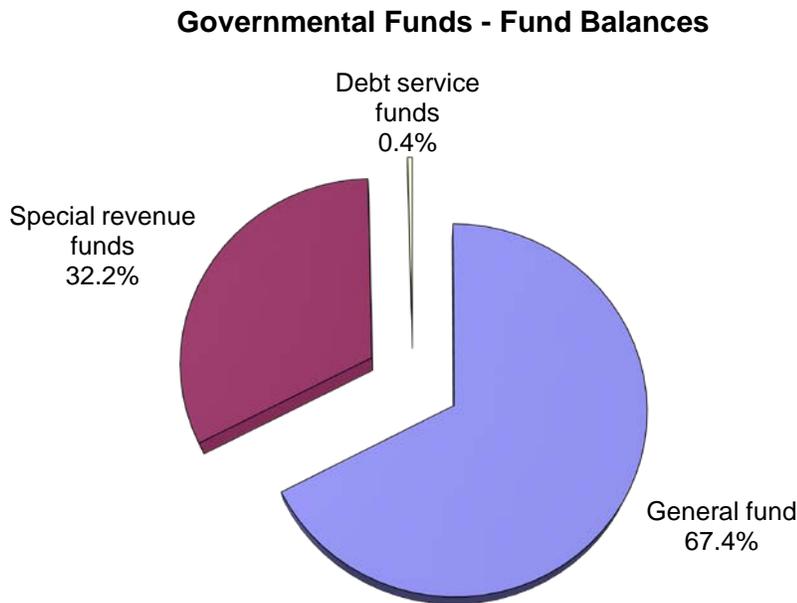
Governmental funds

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

As of December 31, 2014, the City's governmental funds had combined fund balances of \$20,256,168 an increase of \$1,608,722 or 8.6%. Approximately 67.4% or \$13.7 million of this amount constitutes unrestricted General Fund balance, which is available for spending at the City Council's discretions. 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 \$1,608,722 or 8.6%. The increase in fund balance is mainly due to an increase development related revenues and increases in property and sales tax receipts.

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



Proprietary funds

The City of Edmonds Proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the combined utility funds at the end of the year amounted to \$18.3 million. The total change in net position for the three funds was \$2.6 million increase.

General Fund Budgetary Highlights

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

The 2014 expenditure budget was amended to include an additional \$3,269,249 in appropriations. The majority of this difference was due to increasing the budget for a bond refunding.

A comparison of the actual performance of the general fund on a budgetary basis to the final budget indicates that the total revenues were more than budgeted total revenues by \$122,938. This was due to increases in sales tax and charges for development related services.

Expenditures were approximately \$1.8 million below budget, the largest savings were due to salary and benefits of \$811,796, professional services of \$587,148, and the remaining \$406,375 was due to various other expense line items.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2014 totaled \$146.6 million (net of accumulated depreciation), an increase of \$260,602 from 2013. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, and other infrastructure.

Major capital asset changes during the year include:

- Improvements were incurred during the year, resulting in an increase in Governmental Activities of \$2.8 million. The majority is due to projects related to the Five Corners Round-A-About Project.
- Improvements were incurred during the year, resulting in an increase in Business-type Activities of \$13.5 million. The majority is due to projects related to waterline and sewer line replacements.

A summary of the City's capital assets follows:

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13
Land	\$ 14,973,600	\$ 14,530,663	\$ 1,257,106	\$ 1,257,106	\$ 16,230,706	\$ 15,787,769
Building	10,438,761	11,190,598	20,173,056	20,877,327	30,611,816	32,067,925
Improvements other than buildings	12,880,495	10,065,705	54,123,137	40,632,539	67,003,632	50,698,244
Infrastructure	21,324,221	24,441,625	-	0	21,324,221	24,441,625
Machinery and Equipment	1,982,775	2,140,195	267,741	247,427	2,250,516	2,387,622
Intangible Assets	0	0	236,077	287,427	236,077	287,427
Construction in Progress	4,438,755	8,674,405	4,514,062	12,004,167	8,952,817	20,678,572
Total	\$ 66,038,607	\$ 71,043,191	\$ 80,571,179	\$ 75,305,993	\$ 146,609,786	\$ 146,349,184

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

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$38,215,000. Of this amount, \$11,155,000 is general obligation bonds for governmental activities, and \$27,060,000 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 Aa3 for councilmanic general obligation bonds.

Due to implementation of Governmental Accounting Standards Board Statement No 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, the City recorded a \$1.3 million liability for our extension of a financial guarantee for our Component Unit's 2008 bond issuance. See Note 1, section J and Note 19 for additional detail.

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

	Governmental Activities		Business-Type Activities		Total	
	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13	As of 12/31/14	As of 12/31/13
General Obligation Debt	\$ 8,282,579	\$ 11,919,474	\$ 2,872,421	\$ 3,100,526	\$ 11,155,000	\$ 15,020,000
Revenue Bonds	-	-	27,060,000	27,745,000	27,060,000	27,745,000
Capital Contracts	714,359	892,330	-	-	714,359	892,330
Public Work Trust Fund Loans	4,195,667	823,692	2,585,877	2,186,384	6,781,544	3,010,076
Total	\$ 13,192,605	\$ 13,635,496	\$ 32,518,298	\$ 33,031,910	\$ 45,710,903	\$ 46,667,406

Economic Factors

The economic conditions continue to improve, sales tax collections increased 9.7%, REET revenues increased 1.5%, Property tax increased 2.2% and Utility tax revenue collections increased 2.4%. City staff has continued to hold the line on spending and therefore the City's 2015 budget reflects no new programs and is passed in large part on the 2014 estimated actual results with minimal increases to 2014 revenue.

Economic Overview

The United States economy has continued to grow slightly in 2014, but for many Americans life has remained the same. Unemployment rates continue to improve. The National employment rates decreased to 5.6% at the end of 2014 from 6.7% at the end of 2013, Washington State employment rates decreased to 6.6% at the end of 2014 from 6.7% at the end of 2013, and the Puget Sound Unemployment rates decreased to 4.3% at the end of 2014 from 5.3% at the end of 2013.

In 2014, we saw oil and gas prices decrease due to a combination of factors, including increasing supply and decreased turmoil in some key oil producing regions.

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

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

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

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

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

Healthcare. Swedish Edmonds Hospital, which originally opened in 1964 is a full service facility licensed for 217 beds, staffed by 450+ physicians and specialists, and employs 1,400+ other staff including clinical and non-clinical personnel. The hospital is able to offer a full scope of medical and surgical services, including Level IV Trauma emergency medicine, diagnostic, treatment and

support services. Prior to joining Swedish, the Edmonds hospital (formerly known as Stevens Hospital) was governed by the Public Hospital District No. 2 of Snohomish County. The District's Board of Commissioners no longer oversees the day-to-day operations at Swedish/Edmonds, but is still involved in some of the major decisions. It also manages the Verdant Health Commission, formerly South Snohomish County Commission for Health, to promote good health in the surrounding communities. In April of 2014, Swedish opened the Swedish Cancer Institute Facility on the Edmonds Campus, and made an investment in a Robotic Assisted da Vinci® Surgical System.

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

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

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

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

Requests for Information

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



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City presents two government-wide financial statements:

The Statement of Net Position provides information all on city assets and liabilities, with the difference between the two reported as net position.

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



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City of Edmonds
Statement of Net Position
December 31, 2014

	Primary Government			Componet Unit
	Governmental Activities	Business-type Activities	Total	Edmonds Public Facilities District
ASSETS				
Current assets:				
Cash & equity in pooled investments (Note 3)	\$ 17,692,119	\$ 20,362,388	\$ 38,054,507	\$ 103,622
Deposits with trustees	14,944	-	14,944	-
Investments (Note 3)	7,985,768	-	7,985,768	-
Taxes	361,097	-	361,097	-
Customer accounts	775,816	2,656,847	3,432,663	40,827
Court receivable	579,898	-	579,898	-
Other receivable	-	-	-	41,267
Special assessments	32,593	-	32,593	-
Interest on investments	58,700	-	58,700	-
Due from other governments	2,420,862	429,797	2,850,659	58,379
Due from component unit	265,000	-	265,000	-
Inventory of materials & supplies	67,469	128,047	195,516	4,317
Prepayments	-	-	-	67,351
Total current assets	30,254,266	23,577,079	53,831,345	315,763
Noncurrent assets:				
Restricted cash and cash equivalents (Note 3)	-	1,826,677	1,826,677	45,808
Special assessments	43,722	-	43,722	-
Due from component unit - long-term	5,147,273	-	5,147,273	-
Investment in joint venture	1,450,637	-	1,450,637	-
Depreciable capital assets (net) (Note 9)	46,626,252	74,800,012	121,426,264	9,494,987
NonDepreciable capital assets	19,412,355	5,771,168	25,183,523	3,458,155
Total noncurrent assets	72,680,239	82,397,857	155,078,096	12,998,950
Total assets	102,934,505	105,974,936	208,909,441	13,314,713
Deferred outflows of resources-2011 refunding	-	170,867	170,867	-
Deferred outflows of resources-2012 refunding	-	416	416	-
Total deferred outflows of resources	-	171,283	171,283	-
Combined assets and deferred outflows of resources	102,934,505	106,146,219	209,080,724	13,314,713
LIABILITIES				
Current liabilities:				
Accounts payable	691,232	831,215	1,522,447	36,900
Accrued wages	877,054	184,523	1,061,577	47,203
Internal Balances	(179,354)	179,354	-	-
Due to other governmental units	-	165,172	165,172	-
Other current liabilities	101,211	76,566	177,777	-
Accrued bond interest payable	18,190	101,749	119,939	20,428
Deposits payable	-	5,848	5,848	13,725
Unearned Revenue	-	-	-	352,642
Due within one year (Note 14)	4,690,881	1,564,978	6,255,859	452,660
Total current liabilities	6,199,214	3,109,405	9,308,619	923,558
Noncurrent liabilities:				
Unamortized premium / discount	-	454,427	454,427	-
Net pension obligation	291,886	-	291,886	-
Net other post employment obligation	1,016,048	-	1,016,048	-
Due in more than one year (Note 14)	12,092,314	31,362,200	43,454,514	8,266,733
Total noncurrent liabilities	13,400,248	31,816,627	45,216,875	8,266,733
Total liabilities	19,599,462	34,926,032	54,525,494	9,190,291
Deferred inflows of resources-2011 refunding	-	72,976	72,976	-
Deferred inflows of resources-2012 refunding	159,930	-	159,930	-
Total deferred inflows of resources	159,930	72,976	232,906	-
Combined liabilities and deferred inflows of resources	19,759,392	34,999,008	54,758,400	9,190,291
NET POSITION				
Net investment in capital assets	57,181,069	49,313,852	106,494,921	4,244,863
Restricted for:				
Debt Service	86,412	1,826,677	1,913,089	488,616
Public Safety	55,159	-	55,159	-
Transportation	564,999	-	564,999	-
Culture and Recreation	5,062,457	-	5,062,457	-
Economic Development	180,348	-	180,348	-
Construction	-	1,742,249	1,742,249	-
Other Purpose	39,780	-	39,780	-
Customer Deposits	-	5,848	5,848	-
Unrestricted	20,004,889	18,258,585	38,263,474	(609,057)
Total net position	\$ 83,175,113	\$ 71,147,211	\$154,322,324	\$ 4,124,422

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

City of Edmonds
Statement of Activities
For the Year Ended December 31, 2014

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	\$ 7,773,797	\$ 4,251,943	\$ 1,538	\$ -
Public safety	19,044,595	1,678,154	29,529	-
Utilities and environment	1,800,507	25,539	18,000	-
Transportation	4,997,331	947,900	56,735	2,963,717
Economic environment	1,347,590	1,433,910	1,652	-
Mental and physical health	52,641	188,538	100	-
Culture and recreation	4,217,206	1,223,260	119,679	275,016
Interest on long-term debt	292,068	-	-	-
Total governmental activities	<u>39,525,735</u>	<u>9,749,244</u>	<u>227,233</u>	<u>3,238,733</u>
Business-type activities:				
Sewer Fund	8,179,251	7,444,339	-	1,279,263
Storm Fund	3,106,830	3,483,358	-	553,809
Water Fund	6,272,526	6,894,170	88,835	331,499
Total business-type activities	<u>17,558,607</u>	<u>17,821,867</u>	<u>88,835</u>	<u>2,164,571</u>
Total primary government	<u>\$57,084,342</u>	<u>\$ 27,571,111</u>	<u>\$ 316,068</u>	<u>\$ 5,403,304</u>
Component Unit:				
Edmonds Public Facilities District	2,799,897	1,232,582	747,155	-
Total component unit	<u>\$ 2,799,897</u>	<u>\$ 1,232,582</u>	<u>\$ 747,155</u>	<u>\$ -</u>

General revenues:
Property taxes
Sales taxes
Interfund utility taxes
Utility tax
Excise Taxes
Interest and investment earnings
Miscellaneous
Loss/Gain on sale of assets
Transfers (Note 7)
Total general revenues, special items, and transfers
Change in net position
Net position - beginning
Prior period adjustment (Note 20)
Adjustment for Adoption of GASB 70 (Note 1)
Net position - ending

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

Page 1 of 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Edmonds Public Facilities District
\$ (3,520,316)	\$ -	\$ (3,520,316)	\$ -
(17,336,912)	-	(17,336,912)	-
(1,756,968)	-	(1,756,968)	-
(1,028,979)	-	(1,028,979)	-
87,972	-	87,972	-
135,997	-	135,997	-
(2,599,251)	-	(2,599,251)	-
(292,068)	-	(292,068)	-
<u>(26,310,525)</u>	<u>-</u>	<u>(26,310,525)</u>	<u>-</u>
-	544,351	544,351	-
-	930,337	930,337	-
-	1,041,978	1,041,978	-
-	2,516,666	2,516,666	-
<u>(26,310,525)</u>	<u>2,516,666</u>	<u>(23,793,859)</u>	<u>-</u>
			<u>(820,160)</u>
			<u>\$ (820,160)</u>
13,767,675	-	13,767,675	-
6,694,501	-	6,694,501	492,545
1,861,588	-	1,861,588	-
4,721,919	-	4,721,919	-
4,226,106	-	4,226,106	-
125,922	62,822	188,744	263
371,093	-	371,093	-
26,513	-	26,513	(515)
6,702	(6,702)	-	-
<u>31,802,019</u>	<u>56,120</u>	<u>31,858,139</u>	<u>492,293</u>
5,491,494	2,572,786	8,064,280	(327,867)
85,441,993	68,574,425	154,016,418	4,452,289
(6,445,506)	-	(6,445,506)	-
(1,312,868)	-	(1,312,868)	-
<u>\$ 83,175,113</u>	<u>\$ 71,147,211</u>	<u>\$154,322,324</u>	<u>\$ 4,124,422</u>



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MAJOR GOVERNMENTAL FUNDS

General Fund

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

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

City of Edmonds
Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,885,387	\$ 6,207,684	\$ 12,093,071
Investments	7,985,768	-	7,985,768
Deposits with trustee	14,944	-	14,944
Property taxes	361,097	-	361,097
Customer accounts	717,803	56,821	774,624
Special assessments	-	32,593	32,593
Interest on investments	58,701	-	58,701
Due from other governments	1,655,840	763,342	2,419,182
Interfund receivable (Note 7)	179,354	-	179,354
Due from component unit	5,412,273	-	5,412,273
Inventory	361	-	361
Special assessments - non-current	-	43,722	43,722
Total assets	<u>\$22,271,528</u>	<u>\$ 7,104,162</u>	<u>\$ 29,375,690</u>
LIABILITIES			
Accounts payable	\$ 293,097	\$ 372,724	\$ 665,821
Wages and benefits payable	823,636	39,112	862,748
Due to other governmental units	802,030	-	802,030
Other current liabilities	89,309	11,902	101,211
Loans payable-LT	802,030	-	802,030
Unearned revenues	5,446,511	78,074	5,524,585
Total liabilities	<u>8,256,613</u>	<u>501,812</u>	<u>8,758,425</u>
Deferred inflows of resources - property tax	<u>361,097</u>	<u>-</u>	<u>361,097</u>
Total liabilities and deferred inflows of resources	<u>8,617,710</u>	<u>501,812</u>	<u>9,119,522</u>
FUND BALANCES (DEFICITS)			
Nonspendable	361	-	361
Restricted	-	5,989,158	5,989,158
Committed	-	613,192	613,192
Unassigned	13,653,457	-	13,653,457
Total fund balances (deficits)	<u>13,653,818</u>	<u>6,602,350</u>	<u>20,256,168</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$22,271,528</u>	<u>\$ 7,104,162</u>	<u>\$ 29,375,690</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, 2014

Total governmental fund balances as reported on this statement		\$ 20,256,168
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	\$ 14,973,600	
Construction in progress	4,438,755	
Subtotal: Non-depreciable capital assets	19,412,355	
Investment in joint venture	1,450,637	
Buildings	25,479,908	
Improvements other than buildings	20,407,339	
Infrastructure	58,556,142	
Machinery and equipment - general government	7,730,394	
Less: Accumulated depreciation	(65,547,532)	
Subtotal: Depreciable capital assets	46,626,251	
		67,489,243

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

Court receivable	579,898	
Deferred Inflow of resources - property tax	361,097	
Deferred Inflow of resources for bond refunding	(159,931)	
		781,064

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 \$1,652,408 are included in the capital asset adjustment above. Compensated absence liability of \$36,560 is included in the adjustment below,

5,629,310

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

General obligation bonds	(8,282,579)	
Compensated absences (\$36,560 attributable to internal service funds)	(2,277,722)	
Capital contracts	(714,359)	
Public works trust fund loans	(2,591,606)	
Nonexchange Financial Guarantee	(1,312,868)	
Subtotal: Long-term debt payable	(15,179,134)	
Accrued interest payable	(18,189)	
Net pension obligation	(291,886)	
Net other post employment benefit obligation	(1,016,048)	
Unearned revenues reported in the Balance Sheet - Governmental Funds are not reported in the government-wide Statement of Net Position (Note 1)	5,524,585	
		(10,980,672)

Net position of government activities as reported on the statement of net position		\$ 83,175,113
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The notes to the financial statements are an integral part of this statement.

City of Edmonds
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 27,194,895	\$ 2,586,602	\$ 29,781,497
Licenses and permits	2,176,493	116,844	2,293,337
Intergovernmental	779,497	3,915,966	4,695,463
Charges for services	5,309,297	1,260,124	6,569,421
Fines and forfeitures	558,427	541	558,968
Investment earnings	99,729	25,656	125,385
Miscellaneous	385,440	629,977	1,015,417
Total revenues	<u>36,503,778</u>	<u>8,535,710</u>	<u>45,039,488</u>
EXPENDITURES			
Current:			
General government	7,331,915	-	7,331,915
Public safety	18,788,070	54,281	18,842,351
Utilities and environment	1,654,236	146,271	1,800,507
Transportation	-	2,200,638	2,200,638
Economic environment	1,291,365	97,048	1,388,413
Mental and physical health	8,469	-	8,469
Culture and recreation	3,615,940	407,906	4,023,846
Debt service:			
Principal	218,720	1,871,545	2,090,265
Interest	102,360	209,168	311,528
Capital outlay:			
General government	145,884	-	145,884
Transportation	-	4,341,685	4,341,685
Culture and recreation	15,721	226,199	241,920
Total expenditures	<u>33,172,680</u>	<u>9,554,741</u>	<u>42,727,421</u>
Excess (deficiency) of revenues over expenditures	<u>3,331,098</u>	<u>(1,019,031)</u>	<u>2,312,067</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of refunding debt	2,763,314	-	2,763,314
Payment to escrow for debt refunding	(2,720,000)	-	(2,720,000)
Sale of fixed assets	-	3,117	3,117
Transfers in (Note 7)	-	2,636,170	2,636,170
Transfers out (Note 7)	(2,125,093)	(504,554)	(2,629,647)
Total other financing source (uses)	<u>(2,081,779)</u>	<u>2,134,733</u>	<u>52,954</u>
Net change in fund balances	1,249,319	1,115,702	2,365,021
Fund balances - beginning	13,160,798	5,486,648	18,647,446
Prior period adjustment	(756,299)	-	(756,299)
Fund balances - ending	<u>\$ 13,653,818</u>	<u>\$ 6,602,350</u>	<u>\$ 20,256,168</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, 2014

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 2,365,021
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Amount reported as change in net position in the Statement of Activities are different because:

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

Capital outlays	\$ 4,564,029	
Internal service fund - capital outlays	181,913	
Current year depreciation (includes \$338,018 for internal service fund)	(4,061,320)	
Adjustment in investment in joint venture	<u>82,472</u>	
		767,094

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

Property taxes receivable	49,718	
Deferred inflows of resources - property taxes		
Other unearned revenue	(85,194)	
Court receivable	<u>(32,918)</u>	
		(68,394)

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

Amortization of Bond Refunding	9,408	
Long-term debt repayments	<u>2,046,951</u>	
		2,056,359

Internal service funds are used by management to charge the costs of equipment rental to individual funds. The net revenue (expense) of this internal service fund is reported with governmental activities. Capital activity of \$(218,422) is included in the capital asset adjustment above.

551,324

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

Accrued interest expense	10,052	
Net pension obligation	(72,900)	
Net other post-employment benefit obligation	(274,377)	
Accrued compensating absence expense (\$2,773 attributable to internal service funds)	<u>157,315</u>	
		(179,910)

Change in net position on the Statement of Activities	<u>\$ 5,491,494</u>
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The notes to the financial statements are an integral part of this statement.

City of Edmonds
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$26,917,133	\$26,917,133	\$27,194,895	\$ 277,762
Licenses and permits	1,967,409	1,967,409	2,176,493	209,084
Intergovernmental	779,979	843,326	779,497	(63,829)
Charges for services	4,749,029	4,804,319	5,309,297	504,978
Fines and forfeitures	650,765	650,765	558,427	(92,338)
Investment earnings	98,641	98,641	99,729	1,088
Miscellaneous	1,088,123	1,099,246	385,440	(713,806)
Total revenues	<u>36,251,079</u>	<u>36,380,839</u>	<u>36,503,778</u>	<u>122,939</u>
EXPENDITURES				
Current:				
General government	8,518,102	8,397,734	7,331,915	1,065,819
Public safety	18,521,115	18,873,855	18,788,070	85,785
Utilities and environment	1,686,629	1,744,579	1,654,236	90,343
Economic environment	1,451,092	1,480,872	1,291,365	189,507
Mental and physical health	8,000	8,660	8,469	191
Culture and recreation	3,951,116	3,997,445	3,615,940	381,505
Total current	<u>34,136,054</u>	<u>34,503,145</u>	<u>32,689,995</u>	<u>1,813,150</u>
Debt service:				
Principal	218,720	218,720	218,720	-
Interest	153,371	85,400	102,360	(16,960)
Total debt service	<u>372,091</u>	<u>304,120</u>	<u>321,080</u>	<u>(16,960)</u>
Capital outlay:				
General government	32,000	155,013	145,884	9,129
Culture and recreation	-	15,721	15,721	-
Total capital outlay	<u>32,000</u>	<u>170,734</u>	<u>161,605</u>	<u>9,129</u>
Total expenditures	<u>34,540,145</u>	<u>34,977,999</u>	<u>33,172,680</u>	<u>1,805,319</u>
Excess (deficiency) of revenues over expenditures	<u>1,710,934</u>	<u>1,402,840</u>	<u>3,331,098</u>	<u>1,928,258</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of refunding debt	-	2,763,315	2,763,314	(1)
Payment to escrow for debt refunding	(855,000)	(2,720,000)	(2,720,000)	-
Transfers in (Note 7)	2,617,559	2,617,559	-	(2,617,559)
Transfers out (Note 7)	(4,171,087)	(5,137,482)	(2,125,093)	3,012,389
Total other financing source (uses)	<u>(2,408,528)</u>	<u>(2,476,608)</u>	<u>(2,081,779)</u>	<u>394,829</u>
Net change in fund balances	(697,594)	(1,073,768)	1,249,319	(1,287,551)
Fund balances - beginning	\$11,692,377	13,160,798	13,160,798	-
Prior period adjustment	-	-	(756,299)	(756,299)
Fund balances - ending	<u>\$10,994,783</u>	<u>\$12,087,030</u>	<u>\$13,653,818</u>	<u>\$ (2,043,850)</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, 2014

	Business-type Activities		Governmental Activities	
	421/422/423 Combined		Internal Service Funds	
	Utility Funds			
ASSETS				
Current assets:				
Cash and cash equivalents	\$	20,362,388	\$	5,599,049
Customer accounts		2,656,847		1,192
Due from other governments		429,797		1,680
Inventory		128,047		67,108
Total current assets		<u>23,577,079</u>		<u>5,669,029</u>
Noncurrent assets:				
Restricted cash and investment		1,826,677		-
Land		1,257,106		-
Property, plant and equipment		74,563,935		1,652,408
Construction in progress		4,514,062		-
Intangible assets (net)		236,077		-
Total noncurrent assets		<u>82,397,857</u>		<u>1,652,408</u>
Total assets		<u>105,974,936</u>		<u>7,321,437</u>
Deferred outflows of resources-2011 refunding		170,867		-
Deferred outflows of resources-2012 refunding		416		-
Total deferred outflows of resources		<u>171,283</u>		<u>-</u>
Combined assets and deferred outflows of resources		<u>106,146,219</u>		<u>7,321,437</u>
LIABILITIES				
Current liabilities:				
Accounts payable		831,215		25,411
Wages and benefits payable		184,523		14,306
Interfund payables		179,354		-
Due to other governmental units		165,172		-
Other current liabilities		82,414		-
Interest payable		101,749		-
Unamortized premium / discount		26,852		-
Loans payable - current		247,891		-
Revenue bonds payable-current		710,000		-
G.O. bonds payable - current		208,859		-
Total current liabilities		<u>2,738,029</u>		<u>39,717</u>
Noncurrent liabilities:				
Compensated absences		382,028		36,560
Unamortized premium / discount		454,427		-
Loans payable - long-term		2,337,986		-
Revenue bonds payable - long-term		26,350,000		-
G.O. bonds payable - long-term		2,663,562		-
Total noncurrent liabilities		<u>32,188,003</u>		<u>36,560</u>
Total liabilities		<u>34,926,032</u>		<u>76,277</u>
Deferred inflows of resources-2011 refunding		72,976		-
Combined liabilities and deferred inflows of resources		<u>34,999,008</u>		<u>76,277</u>
NET POSITION				
Net investment in capital assets		49,313,852		1,652,408
Restricted for:				
Debt Service		1,826,677		-
Customer Deposits		5,848		-
Construction		1,742,249		-
Unrestricted		18,258,585		5,592,752
Total net position	\$	<u>71,147,211</u>	\$	<u>7,245,160</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, 2014

	Business-type Activities	Governmental Activities
	421/422/423 Combined Utility Funds	Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 17,489,949	\$ 1,485,865
Other operating revenue	331,918	481
Total operating revenues	<u>17,821,867</u>	<u>1,486,346</u>
OPERATING EXPENSES		
Personnel services	4,217,636	286,642
Operations and maintenance	8,774,879	469,381
Professional services	916,007	882
Insurance	239,661	37,376
Depreciation	3,204,844	338,018
Total operating expenses	<u>17,353,027</u>	<u>1,132,299</u>
Operating income (loss)	<u>468,840</u>	<u>354,047</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	703,427	-
Investment earnings	62,821	20,552
Judgments and settlements	-	2,625
Gain (loss) on sale of capital assets	-	20,771
Interest expense	(205,578)	-
Total nonoperating revenues (expenses)	<u>560,670</u>	<u>43,948</u>
Income (loss) before contributions and transfers	1,029,510	397,995
Capital contributions	1,549,978	-
Transfers out (Note 7)	(6,702)	-
Change in net position	<u>2,572,786</u>	<u>397,995</u>
Total net position - beginning	<u>68,574,425</u>	<u>6,847,165</u>
Total net position - ending	<u>\$ 71,147,211</u>	<u>\$ 7,245,160</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, 2014

	Business-type Activities - Enterprise	Governmental Activities
	421/422/423 Combined Utility Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 17,572,235	\$ 1,486,347
Payments to employees	(4,293,037)	(289,838)
Payments to suppliers	(9,426,500)	(521,609)
Payment for Inventory	(19,115)	15,012
Net cash provided (used) by operating activities	<u>3,833,583</u>	<u>689,912</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grant income	703,427	-
Interfund Loan	11,555	-
Net cash provided (used) by noncapital financing activities	<u>714,982</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Gain (loss) on assets	-	20,771
Acquisition and construction of capital assests	(8,509,007)	(181,914)
Capital contributions	1,549,978	-
Proceeds from insurance settlement	-	2,625
Principal payments on debt	(1,108,257)	-
Interest payments on debt	(222,596)	-
Proceeds from capital debt	594,646	-
Transfers to other funds	(6,702)	-
Net cash provided (used) by capital and related financing activities	<u>(7,701,938)</u>	<u>(158,518)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	62,821	20,552
Net cash provided (used) by investing activities	<u>62,821</u>	<u>20,552</u>
Net increase (decrease) in cash and cash equivalents	(3,090,552)	551,946
Balances - beginning of year	25,279,617	5,047,103
Balances - end of the year	<u>\$ 22,189,065</u>	<u>\$ 5,599,049</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, 2014

	Business-type Activities - Enterprise 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	\$ 468,840	\$ 354,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,204,844	338,018
Changes in assets and liabilities:		
Accounts Payable - Supplier	178,889	(13,719)
Compensated absences	382,028	36,560
Customer Receivables	(230,831)	-
Inventory	(19,115)	15,012
Other operating receivables	(1,250)	-
Salaries & Benefits Payable	(457,430)	(39,755)
Other Liabilities	(52,165)	-
Due From Other Governmental Units	377,324	(251)
Due To Other Governmental Unit	(17,551)	-
Net cash provided (used) by operating activities	<u>\$ 3,833,583</u>	<u>\$ 689,912</u>
Noncash investing, capital and financing activities		
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>
CASH RECONCILIATION		
Actual Balance - end of year	\$ 22,189,065	\$ 5,599,049
Balance - end of year out of balance	<u>0</u>	<u>-</u>

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



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FIDUCIARY FUNDS

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

TRUST FUNDS

The Firemen's Pension Fund

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

AGENCY FUNDS

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

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

City of Edmonds
Statement of Fiduciary Net Position
December 31, 2014

	<u>Pension trust funds</u>	<u>Agency funds</u>
ASSETS		
Cash and cash equivalents	\$ 191,741	\$ 22,774
Due from other governments	-	(3,371)
Total assets	<u>191,741</u>	<u>\$ 19,403</u>
LIABILITIES		
Accounts payable	\$ -	\$ 976
Accrued expenses	2,869	-
Agency deposits	-	18,427
Total liabilities	<u>2,869</u>	<u>\$ 19,403</u>
NET POSITION		
Held in trust for pension benefits and other purposes	<u>\$ 188,872</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, 2014

	<u>Pension trust funds</u>
ADDITIONS	
Contributions:	
Employer Contributions	\$ 179
Fire insurance premiums	49,637
Investment earnings	758
Total additions	50,574
DEDUCTIONS	
Personnel services	52,716
Total deductions	52,716
Change in net position	(2,142)
Net Position -- beginning of the year	191,014
Net Position -- end of the year	\$ 188,872

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



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City of Edmonds

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Unit - The Edmonds City Council formed the Edmonds Public Facilities District (PFD) on April 24, 2001 by Ordinance. The PFD was created under the authority provided by the legislature during the 1999 State legislative session, since codified as RCW 35.57. The purpose of the PFD is to construct and operate a "regional center" in the City of Edmonds. RCW 35.57 defines a regional center as a conference, convention or special events center along with related parking.

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

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

Blended Component Unit - The Edmonds Transportation Benefit District is governed by the seven-member board appointed by the City of Edmonds Council. Although it is legally separated from the City of Edmonds, the Edmonds Transportation Benefit District is reported as if it were part of the primary government because its sole purpose is to finance and construct City of Edmonds streets.

Joint Ventures - A joint venture is an organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate activity. In addition to joint control, each participant must have either an ongoing financial interest or an ongoing financial responsibility.

The City participates in two separate joint ventures. The first is a single joint venture with Snohomish County and other local governments in the Snohomish County Emergency Radio System (SERS). The second is a single joint venture with six other cities and Snohomish County Fire District 1 in the Southwest Snohomish County Public Safety Communication Agency (SNOCOM). See note 17 for additional information.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. The City resources are allocated to, and accounted for in, individual funds according to the purpose for which they are spent and how they are controlled.

The *basis of accounting* refers to the timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

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

The Statement of Net Position presents the reporting entity's nonfiduciary assets and liabilities, 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 result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position consists of Net Position that does not meet the definition of the two preceding categories. Unrestricted Net Position often is designated to indicate that management does not consider them available for general operations. Unrestricted Net Position often has constraints on resources that are imposed by management, but can be modified or removed.

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

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

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

expenditure occurs and the eligibility requirements have been met. Non-exchange transactions, such as contributions, are recognized when the donation eligibility requirements have been satisfied. Those specific major revenue sources accrued are:

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

Major Governmental Funds - The General Fund is the general operating fund of the City and accounts for all activities not required to be accounted for in some other fund.

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

The proprietary fund statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and delivering goods in connection with principal ongoing operations. The principal operating revenues of the City's utility fund are charges to customers for sales and service. The City also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses for enterprise funds include operating and maintenance costs, employee benefit expenses, contracted services, insurance and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

Internal Service and Fiduciary Funds - The Equipment Rental Fund is an internal service fund used to account for the Fleet Maintenance Division. The Fleet Maintenance Division is responsible for maintaining the City's vehicle fleet.

Fiduciary funds are used to account for City assets held in a trustee capacity or as an agent for individuals, private organizations, and other governments. These funds share characteristics with both the government and proprietary funds and therefore, as described below, use the measurement focus and basis of accounting most appropriate to their specific operations.

The Firemen's Pension Fund accounts for a single employer defined benefit system established under state law to provide benefits to eligible firefighters. Although this pension plan has subsequently been replaced by the State Law Enforcement Officers and Firefighters pension system, firefighters hired prior to March 1, 1970 continue to be eligible for benefits under its provisions. Revenues received by the fund include proceeds of a state-imposed tax on fire insurance premiums and as needed, allocations from the City's annual property tax levy based on actuarial estimates.

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

D. BUDGET AND BUDGETARY ACCOUNTING

Scope of Budget - Budgets are adopted at the fund level and this constitutes the legal level of control where expenditures may not exceed appropriations. Purely as a management tool, budgets are broken out to departments, activities and expense types. Transfers or revisions within funds are allowed, but only the City Council can increase or decrease a fund's budget, which is done by City ordinance.

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

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

E. ASSETS, LIABILITIES, AND FUND EQUITY

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

Investments - Investments are presented in the financial statements at fair value based on quoted market prices. The City's position in the Local Government Investment Pool 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 at the end of each month on the basis of their average daily cash balance during the preceding month. Investments are also held separately by several funds with interest earned directly for each fund's benefit. The City holds most investments to maturity. For reporting, all funds' interest earnings are recognized in the accounting period in which they become available and measurable. Additional deposit and investment information is presented in Note 3.

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

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

The County Assessor establishes assessed values at 100 percent of fair market value. Beginning with the 2004 assessment for taxes payable in 2005, all property is appraised annually and updated to reflect the current market value. This will result in smaller increases in assessed value than property owners experienced in the past with the 4-year revaluation cycle. It also allows property values to be adjusted downward if there is a change in the market, instead of the value being "fixed" for a 4-year period.

Due to voter approval of Initiative 747 in November 2001, levy increases are limited to the lesser of the implicit price deflator for personal consumption expenditures for the 12-month period ending in July of each year, or 1%. 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 if the total exceeds \$10. The first half is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at 12 percent and are subject to additional penalties if not paid as scheduled. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as unearned revenue and recognized as revenue of 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.

In 2014, the City levied the following property taxes on an assessed value of \$6,102,411,700. The special levies identified in the table were approved by the voters and are not subject to the limitation listed above.

Purpose of the Levy	Levy Rate per \$1,000	Total Levy Amount
General Government	\$1.6090	\$ 9,819,162
Emergency medical service (EMS)	0.5000	3,051,206
Debt Service on voter approved general obligation bonds	0.16588	946,303
Total City Levy	\$2.2749	\$ 13,816,670

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

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

Unearned Revenues - Unearned revenues include amounts collected before revenue recognition criteria are met because under the modified accrual basis of accounting, they are measurable but not yet available. The unearned revenues consist primarily of contracts and agreements, special assessments, and amounts due from component unit.

In the proprietary funds the premium or discount of long-term debt is amortized over the life of the debt.

Restricted Assets - In accordance with the utility bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, financing the ongoing capital improvement programs of the various utilities, and other purposes. At December 31, 2014 the City had \$1,826,677 cash in the enterprise fund restricted for debt service.

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

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

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

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

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

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

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

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

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

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

Vacation Pay – Employees earn vacation based upon their years of service and may accumulate earned vacation up to a maximum of two years accrual. Unused vacation at retirement or termination is considered vested and payable to the employee.

Sick Pay – Employees may accumulate up to 1000 hours of sick leave. Up to 800 hours of unused sick leave at retirement or termination is paid based on a percentage of accumulated sick leave. Payment is based on current wage at termination.

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

F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The difference between the reacquisition price and the net carrying amount of the old debt in current refundings and advance refundings resulting in defeasance of debt are recorded as either deferred inflows or deferred outflows. They are deferred outflows of resources if the reacquisition price is greater and deferred inflows of resources otherwise.

G. FUND BALANCES

The difference between fund assets and liabilities is “Net Position” on the government-wide, proprietary, and fiduciary fund statements, and is “fund balance” on the governmental fund statements.

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

- Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making authority. This formal action is the passage of an ordinance by City Council creating, modifying, or rescinding an appropriation.
- Assigned fund balance includes fund resources that are limited by the mayor, or department directors based on delegation, for its intended use. This type of limitation can be imposed by the highest level of decision making within the entity, but little or no formal action is required to modify or eliminate those limitations.
- Unassigned fund balance is the residual amount of the general fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

The appropriated balance in the general fund is committed, and the remaining balance is unassigned. All other governmental funds are presented as restricted or committed. Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance gets spent.

H. REVENUES, EXPENDITURES AND EXPENSES

Under the *modified accrual* basis of accounting:

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

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

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

Grants are considered measurable and available to the extent that expenditures have been made. 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 sale or loss of capital assets are recognized as other financing sources.

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

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

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

Under the *accrual* basis of accounting:

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

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

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

I. ESTIMATES

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

J. CHANGES IN ACCOUNTING STANDARDS

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

The Governmental Accounting Standards Board (GASB) issued Statements No. 67 *Financial Reporting for Pension Plans* and No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB 70 applies to governments that extend financial guarantees for the obligations of another government without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

In 2008 the City's Component Unit, the Edmonds Public Facilities District (PFD) issued bonds to retire short-term debt it had issued to complete construction of the Edmonds Center for the Arts. In the event should the PFD find it is not able to meet its debt service obligation on the 2008 bonds, the City guarantees repayment of those bonds through a Contingent Loan Agreement, a nonexchange financial guarantee.

Due to this nonexchange financial guarantee and to be in compliance with this new Statement, the City recognized a liability and offsetting expense on the entity-wide statements that represents our "best estimate of the future outflows expected to be incurred as a result of the guarantee." For additional information, please refer to Note 21.

The City implemented GASB issued Statement No 67 *Financial Reporting for Pensions Plans*. (Please refer to Note 11 for additional details.)

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of contract provisions.

All funds amended expenditure budgets totaled \$95,847,350, which includes \$6,673,147 of supplemental appropriations. Funds with supplemental appropriations during 2014 and the amounts are shown below:

Fund Number	Fund Description	2014 Original Budget	2014 Supplemental Appropriations	2014 Amended Budget
001	General Fund	\$ 38,034,671	\$ 3,269,249	\$ 41,303,920
009	Leoff-Medical Ins. Reserve	503,361	-	503,361
011	Risk Management Reserve Fund	300,000	-	300,000
014	Historic Preservation Gift Fund	8,000	-	8,000
016	Building Maintenance	720,200	-	720,200
104	Drug Enforcement Fund	81,033	-	81,033
111	Street Fund	1,595,810	63,000	1,658,810
112	Combined Street Const/Improve	9,488,866	(475,200)	9,013,666
117	Municipal Arts Acquis. Fund	152,575	(3,226)	149,349
120	Hotel/Motel Tax Revenue Fund	54,000	-	54,000
121	Employee Parking Permit Fund	26,786	-	26,786
122	Youth Scholarship Fund	3,600	-	3,600
123	Tourism Promotional Fund/Arts	19,000	-	19,000
125	Park Acq/Improvement	1,377,712	215,000	1,592,712
126	Special Capital Fund	1,189,291	10,550	1,199,841
127	Gifts Catalog Fund	18,200	-	18,200
129	Special Projects Fund	4,000	9,653	13,653
130	Cemetery Maintenance/Improv	175,435	-	175,435
132	Parks Construction	2,494,000	(423,483)	2,070,517
138	Sister City Commission	4,500	842	5,342
139	Transportation Benefit District	645,000	-	645,000
211	L.I.D. Fund Control	28,600	-	28,600
231	2012 LTGO Debt Service Fund	1,022,690	604	1,023,294
232	2014 Debt Service Fund	-	966,286	966,286
421	Water Utility Fund	9,470,504	674,972	10,145,476
422	Storm Utility Fund	5,931,306	1,301,907	7,233,213
423	Sewer/WWTP Utility Fund	13,915,053	949,293	14,864,346
424	Bond Reserve Fund	840,816	-	840,816
511	Equipment Rental Fund	979,579	113,700	1,093,279
617	Firemen's Pension Fund	89,615	-	89,615
	Totals	\$ 89,174,203	\$ 6,673,147	\$ 95,847,350

NOTE 3 – DEPOSITS AND INVESTMENTS

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 weighted average of maturity of its investments to less than four years, unless an investment is matched to an anticipated future cash flow.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and the City's investment policy limits the instruments in which the City may invest. These include:

1. United States bonds.
2. United States certificates of indebtedness.
3. Bonds or warrants of the State of Washington.
4. General obligation or utility revenue bonds or warrants of its own or of any other city or town in the State.
5. Its own bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund.
6. Savings or time accounts in designated public depositories.
7. Certificates, notes or bonds of United States agencies, or corporations wholly owned by the United States.
8. Repurchase agreements.
9. Banker's acceptances.
10. Federal Home Loan Bank notes and bonds, Federal Land Bank bonds, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, or obligations of any other government sponsored corporation whose obligations are or may be eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System or any portion thereof in investment deposits as defined in RCW 39.8.010 secured by collateral in accordance with RCW 39.58.
11. Interim financing warrants of local improvement districts.
12. State and Local Government Investment Pool.

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

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

The Snohomish County Investment Pool, SCIP, is not registered with the SEC. Investments are reported at fair value to pool participants. It includes participating funds from the county's primary government and funds from the district's 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.

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 all SCIP underlying assets. Each pool participant can determine their fair value by taking their investment in SCIP times this ratio.

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 loss for the month.

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

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. 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) of the State of Washington.

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

Custodial Credit Risk – Investments. For investments, this 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 states: “No more than fifty percent (50%) of the City’s portfolio, at the time of purchase, shall be in any single financial institution” with the exception of US Treasury securities and the State Investment Pool.

A reconciliation of cash, cash equivalents (including pooled investments) and investments as shown in the government-wide and fund financial statements is as follows:

Deposits with US Bank	\$ 2,896,651
Local Government Investment Pools	22,105,635
Snohomish County Investment Pool	15,070,639
FICO Strip CPN12	998,258
Federal Home Loan Mortgage Corporation	3,982,130
Federal Farm Credit Bank	1,996,409
Federal National Mortgage Association	1,008,971
	<u>\$ 48,058,693</u>

Financial Statements

	Governmental Activities	Business-type Activities	Total Primary Govt.	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 17,692,119	\$ 20,362,388	\$ 38,054,507	\$ 191,741	\$ 38,246,249
Restricted Cash and Cash Equivalents	-	1,826,677	1,826,677	-	1,826,677
Investments	7,985,768	-	7,985,768	-	7,985,768
	<u>\$ 25,677,886</u>	<u>\$ 22,189,065</u>	<u>\$ 47,866,952</u>	<u>\$ 191,741</u>	<u>\$ 48,058,693</u>

NOTE 4 – PROPERTY TAXES

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities.

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

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as unearned revenue and recognized as revenue of 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.

The City may levy up to \$3.10 Per \$1,000 of assess valuation for general governmental services. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

The City's regular levy for 2014 was \$1.77494 per \$1,000 on an assessed valuation of \$6,102,411,700 for a total regular levy of \$13,816,670. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

Purpose of the Levy	Levy Rate per \$1,000	Total Levy Amount
General Government	\$1.6090	\$ 9,819,162
Emergency medical service (EMS)	0.5000	3,051,206
Debt Service on voter approved general obligation bonds	0.16588	946,303
Total City Levy	\$2.2749	\$ 13,816,670

NOTE 5 – RECEIVABLES AND PAYABLES

Receivables at December 31, 2014, are as follows:

	Customer Accounts	Taxes	Special Assessments	Due From Other Governments	Due from Component Units	Total
Governmental Activities						
General Fund	\$ 717,803	\$ 361,097	\$ -	\$ 1,655,840	\$ 5,412,273	\$ 8,147,013
Other Governmental Funds	56,821	-	76,315	763,342	-	896,478
Internal Service	1,192	-	-	1,680	-	2,872
Total Governmental Activities	\$ 775,816	\$ 361,097	\$ 76,315	\$ 2,420,862	\$ 5,412,273	\$ 9,046,363
Business-type Activities						
Combined Utility Fund	\$2,656,847	\$ -	\$ -	\$ 429,797	\$ -	\$ 3,086,644
Total Business-type Activities	\$2,656,847	\$ -	\$ -	\$ 429,797	\$ -	\$ 3,086,644

Payables at December 31, 2014, are as follows:

	Salaries and Benefits	Accounts Payable	Due to Other Governments	Other Current Liabilities	Total
Governmental Activities					
General Fund	\$ 823,636	\$ 293,097	\$ -	\$ 89,309	\$ 1,206,042
Other Governmental Funds	39,112	372,724	-	11,902	423,738
Internal Service	14,306	25,411	-	-	39,717
Total Governmental Activities	\$ 877,054	\$ 691,232	\$ -	\$ 101,211	\$ 1,669,497
Business-type Activities					
Combined Utility Fund	\$ 184,523	\$ 831,215	\$ 165,172	\$ 76,566	\$ 1,257,476
Total Business-type Activities	\$ 184,523	\$ 831,215	\$ 165,172	\$ 76,566	\$ 1,257,476

NOTE 6 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred Outflows of Resources at December 31, 2014, are as follows:

Deferred Outflows of Resources	Enterprise Funds
Difference between the reacquisition price and the net carrying amount of old debt in current refundings when the reacquisition price is greater.	171,283
Total	\$ 171,283

Deferred Inflows of Resources at December 31, 2014, are as follows:

Deferred Inflows of Resources - Government-wide Statement of Net Position	General Fund	Enterprise Funds
Difference between the reacquisition price and the net carrying amount of old debt in current refundings when the reacquisition price is less.	159,930	72,976
Total	\$ 159,930	\$ 72,976

Deferred Inflows of Resources - Governmental Funds Balance Sheet	General Fund	Enterprise Funds
The portion of property taxes not received within 60 days of 2015.	361,097	
Total	\$ 361,097	\$ -

NOTE 7 – INTERFUND ACTIVITY

There was one interfund balance as of December 31, 2014. It was for the transfer of utility tax revenues from the Utility Fund to the General Fund for services rendered in the amount of \$179,354.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. The City uses transfers to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The difference between the following table and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance is due to the transfer between the General Fund and the Firemen’s Pension Fund, which is not included in the table below. Interfund activity for the year is as follows:

	Transfers In	Transfers Out			Total
		General	Other Governmental	Enterprise	
General Fund	\$ -	\$ 2,124,914	\$ -	\$ -	\$ 2,124,914
Other Governmental	2,636,170	-	504,554	6,702	511,256
Enterprise	-	-	-	-	-
Total	\$ 2,636,170	\$ 2,124,914	\$ 504,554	\$ 6,702	\$ 2,636,170

NOTE 8 – RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$5,989,155 for Governmental Activities and \$3,574,774 for Business-Type Activities of restricted component of net position.

Governmental Activities Restricted for:	
Debt service restrictions	\$ 86,412
Per RCW, proceeds from seizures are limited to law enforcement activities exclusively	55,159
Restricted per RCW related to state fuel taxes, transportation benefit fees, impact fees and grant agreements	564,999
Restricted per RCW related to REET revenue and lodging tax restrictions, private donors, and grant agreements	5,062,457
Per RCW, proceeds are limited to paying the cost of tourism promotion and the Edmonds Business Improvement District	180,348
Restricted by grant agreements and private donations limited to a specific purpose, Inventory	39,780
Total Restricted Component of Net Position	\$ 5,989,155

Business-Type Activities Restricted for:	
Customer deposits	\$ 5,848
Debt service restrictions	1,826,677
Unspent capital project debt proceeds	1,742,249
Total Restricted Component of Net Position	\$ 3,574,774

NOTE 9 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2014 is as follows:

Schedule of Capital Asset Activity				
	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 14,530,663	\$ 442,937	\$ -	\$ 14,973,600
Construction in Progress	8,674,405	3,938,793	(8,174,444)	4,438,755
Total capital assets, not being depreciated:	<u>23,205,068</u>	<u>4,381,731</u>	<u>(8,174,444)</u>	<u>19,412,355</u>
Capital assets, being depreciated:				
Building	25,479,908	-	-	25,479,908
Improvements other than buildings	17,194,861	3,212,480	-	20,407,340
Infrastructure	57,951,819	4,366,981	(3,762,658)	58,556,142
Machinery and Equipment	7,386,875	506,487	(162,969)	7,730,393
Total capital assets being depreciated:	<u>108,013,462</u>	<u>8,085,948</u>	<u>(3,925,627)</u>	<u>112,173,783</u>
Less accumulated depreciation for:				
Buildings	(14,289,310)	(751,838)	-	(15,041,147)
Improvements other than buildings	(7,129,155)	(397,690)	-	(7,526,845)
Infrastructure	(33,510,194)	(4,379,053)	657,327	(37,231,921)
Machinery and Equipment	(5,246,679)	(500,939)	-	(5,747,618)
Total accumulated depreciation:	<u>(60,175,338)</u>	<u>(6,029,520)</u>	<u>657,327</u>	<u>(65,547,532)</u>
Total capital assets, being depreciated, net:	<u>47,838,124</u>	<u>2,056,429</u>	<u>(3,268,301)</u>	<u>46,626,252</u>
Governmental activities capital assets, net:	<u>\$ 71,043,192</u>	<u>\$ 6,438,159</u>	<u>\$(11,442,744)</u>	<u>\$ 66,038,607</u>

Business-type Activities

	Beginning	Increases	Decreases	Ending
Capital assets, not being depreciated:				
Land	\$ 1,257,106	\$ -	\$ -	\$ 1,257,106
Construction in Progress	12,004,167	8,851,638	(16,341,743)	4,514,062
Total capital assets, not being depreciated:	<u>13,261,273</u>	<u>8,851,638</u>	<u>(16,341,743)</u>	<u>5,771,167</u>
Capital assets, being depreciated:				
Building	36,888,321	-	-	36,888,321
Improvements other than buildings	65,913,086	16,405,483	(681,696)	81,636,874
Machinery and Equipment	958,043	55,820	-	1,013,863
Intangible Assets	1,305,260	-	-	1,305,260
Total capital assets being depreciated:	<u>105,064,711</u>	<u>16,461,303</u>	<u>(681,696)</u>	<u>120,844,317</u>
Less accumulated depreciation for:				
Buildings	(16,010,993)	(704,272)	-	(16,715,265)
Improvements other than buildings	(25,280,548)	(2,413,167)	179,978	(27,513,736)
Machinery and Equipment	(710,616)	(35,505)	-	(746,121)
Intangible Assets	(1,017,283)	(51,900)	-	(1,069,183)
Total accumulated depreciation:	<u>(43,019,440)</u>	<u>(3,204,844)</u>	<u>179,978</u>	<u>(46,044,306)</u>
Total capital assets, being depreciated, net:	<u>62,045,271</u>	<u>13,256,459</u>	<u>(501,718)</u>	<u>74,800,012</u>
Business activities capital assets, net:	<u>\$ 75,306,543</u>	<u>\$ 22,108,097</u>	<u>\$(16,843,461)</u>	<u>\$ 80,571,179</u>

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

Depreciation Expense by Function

Governmental Activities:	
General government	\$ 685,802
Public safety	298,230
Culture and recreation	327,541
Transportation	4,379,929
Internal service	338,018
Total depreciation expense - Governmental Activities	\$ 6,029,520

Business-Type Activities:	
Stormwater	\$ 449,279
Water	736,330
Sewer	783,675
Wastewater Treatment	1,235,559
Total depreciation expense - Business Type Activities	\$ 3,204,844

NOTE 10 – RECORDED VACATION AND SICK LEAVE

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

NOTE 11 – PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service

reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 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.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS 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 twelve months of that service are

earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option. PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. [1] Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Member Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Active Plan Member Non-vested	101,191
Total	368,272

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

Members Not Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21% **	9.21% **	9.21% ***
Employee	6.00% ****	4.92% ***	****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	11.71%	11.71%	11.71% **
Employer-Local Government Units*	9.21%	9.21%	9.21% **
Employee-State Agency	9.76%	9.80%	7.5% ***
Employee-Local Government Units	12.26%	12.30%	7.5% ***

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** Plan 3 defined benefit portion only.

*** Minimum rate.

Both city and the employees made the required contributions. [2] The city required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$ 33,736	\$ 855,652	\$ 109,950
2013	\$ 30,034	\$ 724,420	\$ 91,404
2012	\$ 26,031	\$ 631,650	\$ 83,572

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Terms of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

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 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. 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 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012.

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Active Plan Members Non-vested	1,600
Total	29,640

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

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 DRS' Fiscal Year 2014, the state contributed \$55.6 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	5.23%**
Employee	0.00%	8.41%
State	N/A	3.36%

*The employer rates include the employer administrative expense fee currently set at 0.18%.

**The employer rate for ports and universities is 8.59%.

Both the city and the employees made the required contributions. [2] The city's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2014	\$0	\$271,545
2013	\$0	\$269,162
2012	\$0	\$273,236

Firemen's Pension

Plan Description

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

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

This system is a closed, single-employer, defined benefit pension system. All City firefighters who served before March 1, 1970 are participants of this pension fund. Benefits are established in accordance with Revised Code of Washington (RCW) 41.18 and 41.20. At December 31, 2014, there were four retirees receiving pension benefits.

Funding Policy and Funding Status

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

Summary of Significant Accounting Policies

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

Valuation of investments - For reporting, interest earnings are recognized in the accounting period in which they become available and measurable. Investments are reported on the financial statements at fair value based on quoted market prices. At December 31, 2014, the Fire Pension Fund did not hold any investments.

The net pension liability has been recorded as a noncurrent liability on the City's government-wide statement of Net Position.

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Total Pension Liability	\$ 480,662	\$ 762,640
Pension plan fiduciary net position	\$ 188,776	\$ 191,014
Employer's net pension liability	\$ 291,886	\$ 571,626
Pension plan fiduciary net position as a percentage of the total pension liability	39.3%	25.0%

Actuarial Information

The City implemented GASB Statement 67, Financial Reporting for Pensions Plans, an amendment of GASB 25 and 50. The statement improves financial reporting by state and local governmental pension plans. On May 5, 2015, Northwest Plan Services, Inc., actuaries and consultants, completed the Firemen's Pension Fund Actuarial valuation. This valuation was updated on December 31, 2014.

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

Significant actuarial assumptions used in the valuation include:

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

Municipal Employees Benefits Trust (MEBT)

Full- and qualifying part-time City employees participate in the City-defined contribution plan. By majority vote, City employees approved the City's withdrawal from the Social Security System pursuant to 2 U.S.C.A., Sec. 418 (g) effective July 1, 1977. City employees who customarily work 1,000 or more hours per year and who otherwise would be eligible for Social Security coverage and benefits are required to participate. Both the City and participants are required to contribute an amount equal to the current Federal Insurance Contributions Act (FICA) tax rate. The City's contribution for fiscal year 2014 was \$1,018,537 which represents its full liability.

For the year ending December 31, 2014, the City's covered payroll was \$16,207,718. The City's total current year payroll for all employees is \$16,800,941. No significant benefit changes occurred in 2014.

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 hold office at the pleasure of the Mayor, elected members serve a two-year term and may be re-elected for an additional two-year term.

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

The City may amend the provisions of the plan, provided that no such amendment shall enlarge the duties or 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 by Group Insurance Policy No. SGD 605938 000 000 with Cigna Group Insurance, and 2) each participant shall, at his/her normal retirement, instruct the Trustee to (a) acquire a non-forfeitable, non-transferable annuity contract, (b) pay his/her retirement benefit from his/her account (no City or participant contributions shall be added to his account after retirement), and (c) pay a single cash sum. When a participant terminates, the Trustee shall be instructed to pay the full amount of the participant's contributions plus the vested portion credited to his account.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to providing pension benefits described under “Fireman’s Pension,” the City provides 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. Generally, benefits under the LEOFF 1 retirement benefit system are greater than or equal to the retirement benefits under the City plan. However, should the benefits under the old law exceed those under LEOFF 1 the City becomes liable for the excess benefits. As such, the laws require the payment of excess benefits only and do not require a specific contribution rate by the City. At December 31, 2014 there were 27 retirees receiving medical benefits. These benefits were paid from the LEOFF 1 Retiree Medical Reserve Fund. In accordance with RCW 41.26.150, all employees who become eligible after age 50 or become disabled while employed with at least five years of service in the LEOFF I System are eligible. Under authorization of the Disability Board, the City pays the medical insurance premiums and any additional medical expenses not covered by insurance, including long-term care. Post-employment health care benefits are being funded on a pay as you go basis. The retiree does not contribute towards the cost of his/her medical care. Post-employment health care costs of \$190,477 and long-term care costs of \$87,674 were reported in the LEOFF 1 Medical Reserve Fund 009. At December 31, 2014 there was \$539,582 of cash and cash equivalents available to pay benefits.

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

Fiscal Year Ending 12/31	Annual OPEB Cost	Contribution as a Percentage of Annual OPEB Cost	Net OPEB Obligation
2012	591,657	99%	445,956
2013	617,774	57%	712,256
2014	610,453	50%	1,016,048

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

	12/31/2012	12/31/2013	12/31/2014
Annual Normal Cost (BOY)	\$ -	\$ -	\$ -
Amortization of UAAL (BOY)	577,965	603,904	606,821
Interest to EOY [(1)+(2)]x(i)*	<u>23,119</u>	<u>24,156</u>	<u>21,239</u>
Annual Required Contribution (ARC) at EOY [(1)+(2)+(3)]	\$ 601,084	\$ 628,060	\$ 628,060
Interest on Net OPEB Obligation	17,499	17,838	28,490
Adjustment to ARC	<u>26,926</u>	<u>28,124</u>	<u>46,097</u>
Annual pension cost (APC) [(4)+(5)-(6)]	\$ 591,657	\$ 617,774	\$ 610,453
Employer Contributions**	583,173	351,474	306,661
Change in Net OPEB Obligation [(7)-(8)]	<u>8,484</u>	<u>266,300</u>	<u>303,792</u>
Net OPEB Obligation at BOY [(11) prior year]	<u>\$ 437,472</u>	<u>\$ 445,956</u>	<u>\$ 712,256</u>
Net OPEB Obligation at EOY [(9)+(10)]	\$ 445,956	\$ 712,256	\$ 1,016,048

* 'i' is the assumed interest rate that year: 4.0% in 2012, 4.0% in 2013, 3.5% in 2014.

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

Actuarial Information

GASB Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions require the disclosure of the employer liability for retiree medical subsidies and other post-employment benefits. On May 5, 2015, Northwest Plan Services, Inc., actuaries and consultants, completed an actuarial valuation as of December 31, 2014. The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future and subject to revisions. They reflect a long-term perspective.

In order to comply with reporting requirements, they computed the annual required contribution (ARC) using the Entry Age Cost Normal Actuarial Method. The ARC is equal to an amount required each year to fully fund the liability. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Liability. Since all members have already retired, the annual Normal Cost is zero. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Accrued Liability minus the actuarial value of the Fund's assets. The UAAL is amortized as a level dollar amount over a closed 30 years beginning January 1, 2007.

Significant actuarial assumptions used in the valuation include:

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

NOTE 13 – LONG-TERM DEBT

The City of Edmonds' issues general obligation and revenue bonds to finance the acquisition and construction of major capital facilities and capital programs. General obligation bonds have been issued in the past for both general government and business- type activities and are being repaid from the applicable resources. Governmental Activities long-term debt is paid from property and sales tax revenues. The revenue bonds are being repaid by the revenues generated by the related utility. On January 3, 2014, the City refinanced the City's 2003 Unlimited Tax General Obligation Bond in the amount of \$2,763,314. The bond was refinanced with a three year bank loan from Cashmere Valley Bank. In 2014 the City also entered into a business-type loan agreement with the State of Washington Department of Ecology in the amount of \$638,540. The City of Edmonds is liable for eight Public Works Trust Fund Loans; three are general obligation loans and five businesses-type loans. The notes are considered obligations of both the general government and the Utility and are being repaid from the applicable resources. The City is in compliance with all Washington State debt limitation statutes and bond indenture agreements.

General obligation bonds currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/14
Governmental Debt:					
<u>General Obligation Bonds:</u>					
2003 UTGO Ref. Bonds - Public Safety Building	12/01/2016	2.00-3.50%	\$ 7,000,000	\$ 2,720,000	\$ -
2007 LTGO Bonds - Capital Improvements	3/15/2026	3.65-3.95%	1,384,904	62,228	958,576
2012 LTGO Refunding Bonds	12/1/2031	1.75-3.00%	9,004,043	854,667	7,324,003
Total Governmental GO Bonds			17,388,947	3,636,895	8,282,579
Business-type Debt:					
<u>General Obligation Bonds:</u>					
2007 LTGO Bonds - Capital Improvements	3/15/2026	3.65-3.95%	3,845,096	172,772	2,661,424
2012 LTGO Refunding Bonds	12/1/2031	1.75-3.00%	320,957	55,333	210,997
Total Business- type GO Bonds			4,166,053	228,105	2,872,421
Total General Obligation Bonds			\$ 21,555,000	\$ 3,865,000	\$ 11,155,000

Revenue bonds currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/14
Business- type Debt:					
<u>Revenue Bonds</u>					
2011 Water/Sew er Bonds	12/1/2031	3.65-3.95%	\$ 13,720,000	\$ 525,000	\$ 12,210,000
2013 Water/Sew er Bonds	12/1/2038	4.00-5.00%	15,010,000	160,000	14,850,000
Total Revenue Bonds			\$ 28,730,000	\$ 685,000	\$ 27,060,000

Loans currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/14
Governmental Debt:					
<u>Loans:</u>					
P W Trust Fund Loan - Street Construction	6/30/2022	0.50%	\$ 340,000	\$ 18,144	\$ 145,146
P W Trust Fund Loan - Street Construction	6/30/2024	0.50%	400,000	21,176	211,765
P W Trust Fund Loan - Street Construction	5/24/2026	0.50%	624,750	32,882	394,579
Fire District One Loan	12/31/2016	0.00%	1,604,061	-	1,604,061
2014 Cashmere Bank Loan	12/1/2016	1.00-1.75%	2,763,314	923,198	1,840,116
Total Governmental Debt Loans			5,732,125	995,400	4,195,667
Business-type Debt:					
<u>Loans:</u>					
P W Trust Fund Loan - Trt. Plant/Sew er Improv.	6/30/2022	0.50%	1,347,250	71,325	570,600
P W Trust Fund Loan - Water Improvements	6/30/2024	0.50%	408,000	25,838	258,390
P W Trust Fund Loan - Storm Improvements	6/30/2024	0.50%	605,625	32,063	320,625
P W Trust Fund Loan - Sew er Improvements	6/30/2025	0.50%	1,216,902	72,296	795,247
P W Trust Fund Loan - 09 Water Improvements	7/1/2015	0%	100,000	20,000	20,000
Department of Ecology	10/31/2033	2.30%	638,540	17,525	621,015
Total Business-type Debt Loans			4,316,317	239,047	2,585,877
Total Loans			\$10,048,442	\$1,234,447	\$6,781,544

Capital Contracts currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/14
Governmental Debt:					
<u>Capital Contracts</u>					
1996 Note - Fire Station #10	01/01/2015	1.00%	\$ 1,136,115	\$ 64,654	\$ 65,296
2005 Contract - Public Safety Radio Equipment	12/01/2019	3.00-5.00%	1,595,046	113,317	649,063
Total Capital Contracts			\$ 2,731,161	\$ 177,971	\$ 714,359

Nonexchange Financial Guarantees currently outstanding are as follows:

Issue Name	Maturity Date	Interest Rates	Original Amount	Principal Installment	Balance 12/31/14
Governmental Debt					
<u>Nonexchange Financial Guarantee</u>					
Edmonds Public Facilities District	12/1/2025	0.158%	\$ 1,312,868	\$ -	\$ 1,312,868
Total Nonexchange Financial Guarantee			\$ 1,312,868	\$ -	\$ 1,312,868

Debt Limit

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

Segment 1 – General Governmental Purposes

The City can incur debt up to one and one-half percent (1.5%) of its assessed valuation solely with a vote of the legislative body (often referred to as “councilmanic” debt). To

use the remaining one percent (1%), a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election is required.

Segment 2 – City-Owned Water and Sewer Purposes

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

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

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

Debt Limit Capacity

Item	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	Without Vote		With Vote	With Vote
	(Councilmanic)	With Vote		
	1.5%	2.5%	2.5%	2.5%
Legal Limits	\$ 101,632,285	\$ 67,754,856	\$ 169,387,141	\$ 169,387,141
Net outstanding indebtedness	(16,897,427)	(1,840,116)	-	-
Margin Available	\$ 84,734,858	\$ 65,914,740	\$ 169,387,141	\$ 169,387,141

Refunded Debt

In prior years, the City has defeased several revenue bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds used to purchase U.S. Government securities that were placed in the trust funds. 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 as a liability from City financial statements.

In 2014, the City entered into a three year loan agreement with Cashmere Valley Bank to purchase the City's 2003 Unlimited Tax General Obligation Bonds. The loan, issued in the amount of \$2,763,314, was to refund \$2,720,000 of outstanding 2003 Unlimited Tax General Obligation Bonds with annual interest rates ranging from 2.00% to 3.50%. The Cashmere Valley Bank loan interest rates range from 1.00% to 1.75% per annum. The purpose of the refunding was to accomplish an interest cost savings to the City with a net present value of \$86,202 for an economic gain.

Debt Service to Maturity

The requirements to amortize the long-term debt as of December 31, 2014 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 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. (refer to Note 1 – Reporting Entity). Debt service for the UTGO bonds are covered by property tax levies that

authorized the bond issues. Debt service for the revenue bonds is paid by the Utility Fund. Debt service for the capital contracts is expended from the General Fund. In prior years the City has typically used the General Fund to liquidate long-term liabilities other than debt.

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

Year	GOVERNMENTAL ACTIVITIES			BUSINESS TYPE ACTIVITIES		
	Principal	Interest	Total	Principal	Interest	Total
2015	1,743,885	239,967	1,983,852	1,166,750	1,244,902	2,411,652
2016	1,733,273	218,273	1,951,546	1,174,715	1,213,132	2,387,847
2017	836,306	182,187	1,018,493	1,204,839	1,180,430	2,385,269
2018	868,871	161,445	1,030,316	1,238,654	1,146,571	2,385,225
2019	897,256	141,188	1,038,444	1,276,663	1,109,655	2,386,318
2020-2024	3,801,211	422,080	4,223,291	6,818,404	4,853,460	11,671,864
2025-2029	1,547,743	79,461	1,627,204	6,279,116	3,682,554	9,961,670
2030-2034	160,000	5,400	165,400	6,849,156	2,431,758	9,280,914
2035-2039	-	-	-	6,510,000	777,145	7,287,145
	\$ 11,588,545	\$ 1,450,001	\$ 13,038,546	\$ 32,518,297	\$ 17,639,607	\$ 50,157,904

At December 31, 2014 the City had \$1,826,677 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, 2014, 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.

The restricted rate stabilization fund for the utility revenue bonds was established to minimize the effect on rates of revenue fluctuations between years. By transferring cash into this stabilization fund, adjusted net revenue available for debt service, as defined, would be decreased by the amount of the transfer. Conversely, transfers out of the account would increase adjusted net revenue available for debt service.

NOTE 14 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2014	Additions	Reductions	Ending Balance 12/31/2014	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 11,919,474	\$ -	\$ (3,636,895)	\$ 8,282,579	\$ 581,141
Total bonds payable:	11,919,474	-	(3,636,895)	8,282,579	581,141
Net Pension Obligation	218,986	72,900	-	291,886	-
OPEB payable	741,671	274,377	-	1,016,048	-
Compensated absences	2,435,037	1,827,946	(1,985,261)	2,277,722	2,024,966
Capital contracts	892,330	-	(177,971)	714,359	985,665
Governmental Loans	823,692	4,367,375	(995,400)	4,195,667	979,109
Nonexchange Financial Guarantee	-	1,312,868	-	1,312,868	120,000
Governmental activity long-term liabilities	\$ 17,031,190	\$ 7,855,466	\$ (6,795,527)	\$ 18,091,129	\$ 4,690,881
Business-type activities					
Bonds Payable:					
General obligation bonds	\$ 3,100,526	\$ -	\$ (228,105)	\$ 2,872,421	\$ 208,859
Revenue bonds	27,745,000	-	(685,000)	27,060,000	710,000
Less:					
For issuance premiums	519,559	-	(27,720)	491,839	27,720
For issuance discount	(11,428)	-	868	(10,560)	(868)
On refunding	-	-	-	-	-
Total bonds payable:	31,353,657	-	(939,957)	30,413,700	945,711
Compensated absences	426,326	364,216	(408,514)	382,028	371,376
Business-type Loans	2,186,384	638,540	(239,047)	2,585,877	247,891
Business-type activity long-term liabilities	\$ 33,966,367	\$ 1,002,756	\$ (1,587,518)	\$ 33,381,605	\$ 1,564,978

Internal service funds predominately serve the governmental funds. Accordingly, the December 31, 2014 long-term liabilities for the fund are included as part of the above totals for governmental activities. At year end \$36,550 of internal service funds compensated absences are included in the above amounts.

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

NOTE 15 – CONTINGENCIES AND LITIGATIONS

The City is exposed to the risk of loss from torts, theft of or damage to assets, business interruption, errors or omissions, law enforcement actions, contractual actions, natural disasters, environmental regulations, and other third-party liabilities. The City also bears the risk of loss for 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. Refer to Note 16 for more detailed information on risk management.

There are several disputes and pending lawsuits in which the City is named. The City Attorney estimates the potential claims against the City not covered by insurance resulting from such

disputes and litigation could range from zero to \$150,000 and estimates the likelihood of this range is from reasonably possible to remote.

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

The City Council approved a guaranty of a borrowing of the Edmonds Public Facilities District for up to \$7 million. This guaranty 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 WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 175 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, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. 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 are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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

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

NOTE 17 – JOINT VENTURE

The City entered into a joint venture with Snohomish County and other local governments in the establishment and operations of the Snohomish County Emergency Radio System. Control of this joint venture is shared equitably by the controlling organizations. This entity is reported as a governmental joint venture.

The Snohomish County Emergency Radio System is considered a separate reporting entity. The City's and each participants 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.

The Snohomish County Emergency Radio System was created by agreement under the Interlocal Cooperation Act (RCW 39.34) between The City of Edmonds, Snohomish County and various other cities and political districts. The purpose of the venture is to equip and operate a radio system primarily for the use of public safety agencies. The City of Edmonds has an 8% interest in the equity and operations of the venture. The City's share of the assets and fund equity as of December 31, 2014 was \$452,585. The venture appears to be accumulating significant resources, and is not experiencing any fiscal stress that would cause an additional financial burden on the participating governments.

The City of Edmonds participates in a single joint venture with other local governments in the "Southwest Snohomish County Public Safety Communications Agency," (SNOCOM) a public non-profit corporation formed in 1971 and incorporated in 2014. The purpose of SNOCOM is to provide public safety communications, records retention and usage and other board approved functions.

SNOCOM was established via an interlocal agreement between the City of Edmonds, six other cities and Snohomish County Fire District 1 all located within the county. Each member city and the Fire District provide voting members to the SNOCOM board of directors. The purpose of SNOCOM is to provide communications and dispatching for public health and safety services in Southwest Snohomish County.

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

At December 31, 2014, the City of Edmonds owned an equity interest in the SNOCOM joint venture of \$954,235. This value has been recorded in the government wide statements as an asset for the year ended December 31, 2014.. The equity interest is adjusted to the extent of revenues and expenditure transactions occurring between the City of Mountlake Terrace and SNOCOM as recorded in the City of Mountlake Terrace's financial system. The City of Mountlake Terrace, who acts as the entity's fiscal agent under the Interlocal Agreement for Financial Services signed on November 25, 2009, prepares the unaudited financial information. Separate financial statements for the Snohomish County Public Safety Communication Agency can be obtained from the City of Mountlake Terrace, Finance Department, 6100 219th St SW, Suite 200, Mountlake Terrace, WA 98043.

The City of Edmonds participates in a third single joint venture with other local governments in the "Emergency Services Coordinating Agency" (ESCA). Ten member agencies provide the majority of operating revenue to ESCA. The method of allocating this revenue source is defined in the

Interlocal Agreement for the Emergency Services Coordinating Agency Section 4 Budgeting and Financial Participation 4.1 “Annual budget participation shall be based upon the population of each party compared to the total population of the parties. Operating payments shall be made by January 31 of each year”. Section 7 *Term and Dissolution* states, “The value of the assets shall be then apportioned between the parties to the agreement in the same proportion as their financial participation in the budget year of dissolution”. As of December 31, 2014, the City of Edmonds had a 21.15% cash equity interest in the amount of \$43,817.

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

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

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

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

Fiscal Year 7/1/XX – 6/30/XX	AHA's Total Fiscal Year Budget	Edmonds's Share of Budget	Edmonds Share as % of Total AHA Budget
2013	\$89,850	\$2,385	2.65%
2014	\$92,543	\$2,457	2.65%
2015	\$123,464	\$3,050	2.47%
2016	\$145,590	\$2,381	1.64%

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

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

NOTE 18 – COMMITMENTS

The City has several capital improvement projects in progress. As of December 31, 2014, the City's outstanding contractual obligations, which include construction and engineering contracts, are summarized below:

Contract Name	Original Amount	Expenditures to Date	Remaining Commitment
15th St. SW Walkway	233,753	186,344	47,409
15th Street SW Walkway	64,227	55,362	8,865
2012 Sanitary Sewer Replacement Project	91,971	73,134	18,837
2013 Sewerline Replacement Program	97,500	77,381	20,119
2013 Sewerline Replacement Program	49,221	35,036	14,185
2014 Citywide Drainage Replacement	177,368	96,197	81,171
2014 Citywide Drainage Replacement (N. Stream Inlet Replacement)	25,291	4,833	20,458
2014 Citywide Storm Drainage Improvements & SW Edmonds Basin #3 - 238th St. SW to Hickman Park	46,386	25,380	21,006
2014 Energy Improvements	1,206,104	101,654	1,104,451
2014 Waterline Replacement Project	193,174	170,413	22,761
2014 Watermain Replacement Program	1,474,497	178,831	1,295,666
2015 Sewerline Replacement Project	321,634	148,297	173,337
2015 Waterline Replacement Project	384,399	187,517	196,882
228th St. SW Corridor Improvement Project	641,269	572,684	68,585
238th Walkway Project	215,772	8,420	207,353
76th Ave W & 212th St. SW Intersection	518,755	384,163	134,592
ADA Curb Ramp Upgrades along 3rd Ave S	78,881	9,691	69,189
Annual Sanitary Sewer Pipe Rehab - Phase 1	1,264,941	1,157,557	107,384
Annual Sanitary Sewer Pipe Rehab - Phase 2	1,896,984	1,307,503	589,481
C411 WWTP Facility Remodel	368,849	350,617	18,231
C412 Control System Upgrade	1,579,262	233,829	1,345,433
Capital Project CM, Engineering & Inspection	463,200	170,000	293,200
Citywide Safety Improvements	55,424	51,360	4,064
Dayton Street Stormwater Pump Station	90,877	15,923	74,954
Edmonds Marsh Feasibility Study - Willow Creek Daylighting	339,698	177,712	161,986
Five Corners Roundabout	3,649,609	3,598,694	50,915
Hwy 99 Enhancements (Phase III)	80,127	75,618	4,508
LID Retrofits Perrinville Creek Stormwater Flow Reduction Project	46,999	46,980	19
Madrona School Walkway Project	65,945	15,767	50,178
Northstream Pipe Abandonment on Puget Drive	8,170	8,156	14
Perrinville Creek Stormwater Flow Reduction Retrofit Study	365,083	364,129	954
Public Works Facilities Water Quality Upgrades	80,031	80,022	9
SR104 Complete Street Corridor Analysis	138,995	39,530	99,465
Storm Drainage Improvements - 88th & 194th	8,592	3,990	4,602
Stormwater Development Review Support	48,110	12,449	35,661
Sunset Walkway Project	90,800	83,297	7,503
SW Edmonds - 105th/106th Ave W Storm Improvements	55,600	2,138	53,462
Transportation Plan Update	164,969	52,190	112,779
	\$ 16,682,466	\$ 10,162,797	\$ 6,519,669

NOTE 19 – Nonexchange Financial Guarantee –

In 2008, the City of Edmonds guaranteed the 17 year, \$4 million general obligation bond issuance of the Edmonds Public Facilities District (PFD), a legally separate district within the City, in accordance the authority provided by the Washington State Legislature and codified in Revised Code of Washington chapters 35.57 and 39.46. The bonds mature annually through December 1, 2025, with semiannual interest payments. In the event that the PFD is unable to make a payment, City of Edmonds will be required to loan the PFD proceeds so that the PFD can make the required payment. As of December 31, 2014, the City has loaned the PFD a total of \$917,273. The City of Edmonds determined that it was more likely than not that the City would be required to continue loaning portions of the PFD’s debt service payments based on this guarantee. The amount of the liability recognized is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. The City expects to recover the entire balance of current and future loans to the PFD.

The liability recognized for nonexchange financial guarantees by the City of Edmonds at December 31, 2014, is as follows:

<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
\$ -	\$ 1,312,868	\$ -	\$ 1,312,868

NOTE 20 – PRIOR PERIOD CORRECTIONS

The City received an invoice for \$1,604,061 from Fire District One as a result of a settlement between the District and the firefighter’s union for wage increases. The wage increases covered years, 2013 and 2014. The 2013 portion of the invoice was \$756,299. The Fire District amended the City’s contract allowing the City to pay the billings over 2 years.

The City recorded a prior period adjustment in the amount of \$5,601,061 for errors in recording infrastructure assets and accumulated depreciation.

The City recorded a prior period adjustment in the amount of \$88,146 to record accumulated depreciation on the City’s network system. The asset was not set-up to charge depreciation expense.

NOTE 21 – SUBSEQUENT EVENT –

On June 10th, 2015, the City sold \$18,740,000 Water and Sewer Revenue Bonds through a competitive bond sale. Net proceeds of the sales will be used to finance water, sewer, and stormwater capital projects.

The City applied to Moody’s Investors Service and the outstanding rating of the City’s Water and Sewer Bonds of “Aa3” was affirmed. The rating reflects positively on the City, City management and staff and the sound financial position of the Water & Sewer Utility. The Bonds were structured as 25 year bonds with a final maturity in 2040. The Bond debt service was “wrapped” around the City’s outstanding Water & Sewer debt service, resulting in approximately level overall debt service payments.

FIREMEN'S PENSION TRUST FUND

SCHEDULE OF FUNDING PROGRESS

(rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2010	267	774	507	34%	N/A	N/A
January 1, 2012	217	755	538	29%	N/A	N/A
January 1, 2014	189	481	292	39%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending 12/31	Medical and Long Term Care Payments	Fire Insurance Premium Taxes	Total Employer Contributions***	Annual Required Contribution	Percentage of ARC Contributed**
2009	(8,589)	42,172	33,583	40,903	82%
2010	(13,708)	44,905	31,197	40,903	76%
2011	(6,307)	78	(6,229)	38,602	-16%
2012	(2,661)	44,665	42,004	38,602	109%
2013	(53,068)	49,492	(3,576)	44,223	-8%
2014	(28,056)	49,637	21,581	44,223	49%

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

SCHEDULE OF FUNDING PROGRESS (rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2010	-	9,607	9,607	0%	N/A	N/A
January 1, 2012	-	9,576	9,576	0%	N/A	N/A
January 1, 2014	-	7,830	7,830	0%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending 12/31	Total Employer Contributions***	Annual Required Contribution	Percentage of ARC Contributed**
2009	479,076	593,330	81%
2010	523,170	593,330	88%
2011	539,097	601,084	90%
2012	583,173	601,084	97%
2013	351,474	628,060	56%
2014	306,661	628,060	49%

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

FIREMEN'S PENSION TRUST FUND

Actuarial Valuations	
Actuarial valuation date	December 31, 2014
Actuarial cost method	Entry age normal
Amortization method	30 year, closed as of January 1, 2000
Remaining amortization period	15
Asset valuation method	Fair market value
Assumptions	
Investment rate of return	3.50%
Projected salary increases	3.00%
Price inflation	2.50%
	Based upon salary increase assumptions when appropriate for Trust benefits. *
	Based upon inflation assumption for some Trust benefits and all LEOFF benefits.

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

Changes in Assumptions since Prior Valuation:

The interest rate was reduced from 4.0% to 3.5% per annum. The assumed wage increase, used to estimate future cost-of-living increases in the total pension amount paid to retirees, was reduced from 3.5% to 3.0% per annum. The mortality table was updated from RP-2000 projected to 2015 with Scale AA to RP-2000 projected to 2025 with Scale BB.

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

Actuarial Valuations	
Actuarial valuation date	December 31, 2014
Actuarial cost method	Entry age normal
Amortization method	30 year, closed as of January 1, 2007
Remaining amortization period	22
Asset valuation method	Fair market value
Assumptions	
Investment rate of return	3.50%
Medical inflation rate	6.25%, downgrading to 5.00% over nine years
Long-term care inflation	5.00%



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GENERAL FUND

The General Fund is the City's primary operating fund. All public monies 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 a 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. It is dedicated to mitigation of the risk of loss arising from potential claims and lawsuits against the City for general liability purposes as well as claims resulting from natural disasters such as earthquakes.*

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

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

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

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

City of Edmonds
Combining Balance Sheet
General Fund
December 31, 2014

Page 1 of 2

	General Fund	Leoff-Medical Ins. Reserve	Risk Management Reserve Fund
ASSETS			
Cash and cash equivalents	\$ 4,681,374	\$ 539,860	\$ 24,822
Investments	2,000,000	-	1,000,000
Deposits with trustee	14,944	-	-
Property taxes	361,097	-	-
Customer accounts	717,803	-	-
Interest on investments	-	-	-
Due from other governments	1,650,939	-	-
Interfund receivable	179,354	-	-
Due from component unit	5,412,273	-	-
Inventory	361	-	-
Total assets	<u>\$15,018,145</u>	<u>\$ 539,860</u>	<u>\$ 1,024,822</u>
LIABILITIES			
Accounts payable	\$ 261,404	\$ 816	\$ -
Wages and benefits payable	823,636	-	-
Due to other governmental units	802,030	-	-
Other current liabilities	75,057	-	-
Loans payable - long-term	802,030	-	-
Unearned revenues	5,446,511	-	-
Total liabilities	<u>8,210,668</u>	<u>816</u>	<u>-</u>
Deferred inflows of resources - property taxes	<u>361,097</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>8,571,765</u>	<u>816</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Nonspendable	361	-	-
Unassigned	6,446,019	539,044	1,024,822
Total fund balances (deficits)	<u>6,446,380</u>	<u>539,044</u>	<u>1,024,822</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$15,018,145</u>	<u>\$ 539,860</u>	<u>\$ 1,024,822</u>

Contingency Reserve Fund	Multimodal Transportation	Historic Preservation Gift Fund	Building Maintenance	Total Governmental Funds
\$ 400,868	\$ 56,023	\$ 1,066	\$ 181,374	\$ 5,885,387
4,985,768	-	-	-	7,985,768
-	-	-	-	14,944
-	-	-	-	361,097
-	-	-	-	717,803
58,701	-	-	-	58,701
-	-	-	4,901	1,655,840
-	-	-	-	179,354
-	-	-	-	5,412,273
-	-	-	-	361
<u>\$ 5,445,337</u>	<u>\$ 56,023</u>	<u>\$ 1,066</u>	<u>\$ 186,275</u>	<u>\$ 22,271,528</u>
\$ -	\$ -	\$ -	\$ 30,877	\$ 293,097
-	-	-	-	823,636
-	-	-	-	802,030
-	-	-	14,252	89,309
-	-	-	-	802,030
-	-	-	-	5,446,511
-	-	-	45,129	8,256,613
-	-	-	-	361,097
-	-	-	45,129	8,617,710
-	-	-	-	361
5,445,337	56,023	1,066	141,146	13,653,457
<u>5,445,337</u>	<u>56,023</u>	<u>1,066</u>	<u>141,146</u>	<u>13,653,818</u>
<u>\$ 5,445,337</u>	<u>\$ 56,023</u>	<u>\$ 1,066</u>	<u>\$ 186,275</u>	<u>\$ 22,271,528</u>

City of Edmonds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Year Ended December 31, 2014

Page 1 of 2

	General Fund	Leoff-Medical Ins. Reserve	Risk Management Reserve Fund
REVENUES			
Taxes	\$27,194,895	\$ -	\$ -
Licenses and permits	2,176,493	-	-
Intergovernmental	766,365	-	-
Charges for services	5,309,297	-	-
Fines and forfeitures	558,427	-	-
Investment earnings	27,446	1,726	1,627
Miscellaneous	385,440	-	-
Total revenues	<u>36,418,363</u>	<u>1,726</u>	<u>1,627</u>
EXPENDITURES			
Current:			
General government	6,736,720	278,426	-
Public safety	18,788,070	-	-
Utilities and environment	1,654,236	-	-
Transportation	-	-	-
Economic environment	1,286,881	-	-
Mental and physical health	8,469	-	-
Culture and recreation	3,615,940	-	-
Debt service:			
Principal	218,720	-	-
Interest	102,360	-	-
Capital outlay:			
General government	145,884	-	-
Transportation	-	-	-
Culture and recreation	15,721	-	-
Total expenditures	<u>32,573,001</u>	<u>278,426</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,845,362</u>	<u>(276,700)</u>	<u>1,627</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of refunding debt	2,763,314	-	-
Payment to escrow for debt refunding	(2,720,000)	-	-
Sale of fixed assets	-	-	-
Transfers in	-	375,000	636,000
Transfers out	(3,520,377)	-	-
Total other financing source (uses)	<u>(3,477,063)</u>	<u>375,000</u>	<u>636,000</u>
Net change in fund balances	368,299	98,300	637,627
Fund balances - beginning	6,834,380	440,744	387,195
Prior period adjustment	(756,299)	-	-
Fund balances - ending	<u>\$ 6,446,380</u>	<u>\$ 539,044</u>	<u>\$ 1,024,822</u>

Contingency Reserve Fund	Multimodal Transportation.	Historic Preservation Gift Fund	Building Maintenance	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 27,194,895
-	-	-	-	2,176,493
-	-	-	13,132	779,497
-	-	-	-	5,309,297
-	-	-	-	558,427
68,541	164	4	221	99,729
-	-	-	-	385,440
<u>68,541</u>	<u>164</u>	<u>4</u>	<u>13,353</u>	<u>36,503,778</u>
-	-	-	316,769	7,331,915
-	-	-	-	18,788,070
-	-	-	-	1,654,236
-	-	-	-	-
-	-	4,484	-	1,291,365
-	-	-	-	8,469
-	-	-	-	3,615,940
-	-	-	-	218,720
-	-	-	-	102,360
-	-	-	-	145,884
-	-	-	-	-
-	-	-	-	15,721
-	-	4,484	316,769	33,172,680
<u>68,541</u>	<u>164</u>	<u>(4,480)</u>	<u>(303,416)</u>	<u>3,331,098</u>
-	-	-	-	2,763,314
-	-	-	-	(2,720,000)
-	-	-	-	-
-	-	4,484	379,800	1,395,284
-	-	-	-	(3,520,377)
-	-	4,484	379,800	(2,081,779)
68,541	164	4	76,384	1,249,319
5,376,796	55,859	1,062	64,762	13,160,798
-	-	-	-	(756,299)
<u>\$ 5,445,337</u>	<u>\$ 56,023</u>	<u>\$ 1,066</u>	<u>\$ 141,146</u>	<u>\$ 13,653,818</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$26,917,133	\$26,917,133	\$27,194,895	\$ 277,762
Licenses and permits	1,967,409	1,967,409	2,176,493	209,084
Intergovernmental	689,979	753,326	766,365	13,039
Charges for services	4,749,029	4,804,319	5,309,297	504,978
Fines and forfeitures	650,765	650,765	558,427	(92,338)
Investment earnings	93,481	93,481	27,446	(66,035)
Miscellaneous	1,087,123	1,098,246	385,440	(712,806)
Total revenues	<u>36,154,919</u>	<u>36,284,679</u>	<u>36,418,363</u>	<u>133,684</u>
EXPENDITURES				
Current:				
General government	7,026,541	6,906,173	6,736,720	169,453
Public safety	18,521,115	18,873,855	18,788,070	85,785
Utilities and environment	1,686,629	1,744,579	1,654,236	90,343
Economic environment	1,443,092	1,472,872	1,286,881	185,991
Mental and physical health	8,000	8,660	8,469	191
Culture and recreation	3,951,116	3,997,445	3,615,940	381,505
Total current	<u>32,636,493</u>	<u>33,003,584</u>	<u>32,090,316</u>	<u>913,268</u>
Debt service:				
Principal	218,720	218,720	218,720	-
Interest	153,371	85,400	102,360	(16,960)
Total debt service	<u>372,091</u>	<u>304,120</u>	<u>321,080</u>	<u>(16,960)</u>
Capital outlay:				
General government	-	123,013	145,884	(22,871)
Culture and recreation	-	15,721	15,721	-
Total capital outlay	<u>-</u>	<u>138,734</u>	<u>161,605</u>	<u>(22,871)</u>
Total expenditures	<u>33,008,584</u>	<u>33,446,438</u>	<u>32,573,001</u>	<u>873,437</u>
Excess (deficiency) of revenues over expenditures	<u>3,146,335</u>	<u>2,838,241</u>	<u>3,845,362</u>	<u>1,007,121</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of refunding debt	-	2,763,315	2,763,314	(1)
Payment to escrow for debt refunding	(855,000)	(2,720,000)	(2,720,000)	-
Transfers out	(4,171,087)	(5,137,482)	(3,520,377)	1,617,105
Total other financing source (uses)	<u>(5,026,087)</u>	<u>(5,094,167)</u>	<u>(3,477,063)</u>	<u>1,617,104</u>
Net change in fund balances	(1,879,752)	(2,255,926)	368,299	877,351
Fund balances - beginning	5,875,049	6,834,380	6,834,380	-
Prior period adjustment	-	-	(756,299)	(756,299)
Fund balances - ending	<u>\$ 3,995,297</u>	<u>\$ 4,578,454</u>	<u>\$ 6,446,380</u>	<u>\$ 121,052</u>

City of Edmonds
Leoff-Medical Ins. Reserve
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Investment earnings	\$ 300	\$ 300	\$ 1,726	\$ 1,426
Total revenues	<u>300</u>	<u>300</u>	<u>1,726</u>	<u>1,426</u>
EXPENDITURES				
Current:				
General government	<u>503,361</u>	<u>503,361</u>	<u>278,426</u>	<u>224,935</u>
Total expenditures	<u>503,361</u>	<u>503,361</u>	<u>278,426</u>	<u>224,935</u>
Excess (deficiency) of revenues over expenditures	<u>(503,061)</u>	<u>(503,061)</u>	<u>(276,700)</u>	<u>226,361</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>594,646</u>	<u>594,646</u>	<u>375,000</u>	<u>(219,646)</u>
Total other financing source (uses)	<u>594,646</u>	<u>594,646</u>	<u>375,000</u>	<u>(219,646)</u>
Net change in fund balances	91,585	91,585	98,300	(443,155)
Fund balances - beginning	<u>259,972</u>	<u>440,744</u>	<u>440,744</u>	<u>-</u>
Fund balances - ending	<u>\$351,557</u>	<u>\$532,329</u>	<u>\$539,044</u>	<u>\$(443,155)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Investment earnings	\$ 60	\$ 60	\$ 1,627	\$ 1,567
Total revenues	<u>60</u>	<u>60</u>	<u>1,627</u>	<u>1,567</u>
EXPENDITURES				
Current:				
General government	300,000	300,000	-	300,000
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Excess (deficiency) of revenues over expenditures	<u>(299,940)</u>	<u>(299,940)</u>	<u>1,627</u>	<u>301,567</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	903,798	903,798	636,000	(267,798)
Total other financing source (uses)	<u>903,798</u>	<u>903,798</u>	<u>636,000</u>	<u>(267,798)</u>
Net change in fund balances	603,858	603,858	637,627	(566,231)
Fund balances - beginning	120,060	387,195	387,195	-
Fund balances - ending	<u>\$723,918</u>	<u>\$991,053</u>	<u>\$1,024,822</u>	<u>\$(566,231)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 4,800	\$ 4,800	\$ 68,541	\$ 63,741
Total revenues	4,800	4,800	68,541	63,741
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	4,800	4,800	68,541	63,741
OTHER FINANCING SOURCES (USES)				
Transfers in	522,315	522,315	-	(522,315)
Total other financing source (uses)	522,315	522,315	-	(522,315)
Net change in fund balances	527,115	527,115	68,541	(458,574)
Fund balances - beginning	5,282,878	5,376,796	5,376,796	-
Fund balances - ending	\$5,809,993	\$5,903,911	\$5,445,337	\$(458,574)

City of Edmonds
 Multimodal Transportation Fund.
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 164	\$ 164
Total revenues	-	-	164	164
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	164	164
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	164	164
Fund balances - beginning	55,859	55,859	55,859	-
Fund balances - ending	<u>\$55,859</u>	<u>\$55,859</u>	<u>\$56,023</u>	<u>\$ 164</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ -	\$ -	\$ 4	\$ 4
Miscellaneous	<u>1,000</u>	<u>1,000</u>	-	<u>(1,000)</u>
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>4</u>	<u>(996)</u>
EXPENDITURES				
Current:				
Economic environment	<u>8,000</u>	<u>8,000</u>	<u>4,484</u>	<u>3,516</u>
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>4,484</u>	<u>3,516</u>
Excess (deficiency) of revenues over expenditures	<u>(7,000)</u>	<u>(7,000)</u>	<u>(4,480)</u>	<u>2,520</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>7,000</u>	<u>7,000</u>	<u>4,484</u>	<u>(2,516)</u>
Total other financing source (uses)	<u>7,000</u>	<u>7,000</u>	<u>4,484</u>	<u>(2,516)</u>
Net change in fund balances	-	-	4	(7,028)
Fund balances - beginning	<u>1,063</u>	<u>1,062</u>	<u>1,062</u>	<u>-</u>
Fund balances - ending	<u>\$1,063</u>	<u>\$1,062</u>	<u>\$1,066</u>	<u>\$(7,028)</u>

City of Edmonds
Building Maintenance
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 13,132	\$ (76,868)
Investment earnings	-	-	221	221
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>13,353</u>	<u>(76,647)</u>
EXPENDITURES				
Current:				
General government	688,200	688,200	316,769	371,431
Total current	<u>688,200</u>	<u>688,200</u>	<u>316,769</u>	<u>371,431</u>
Capital outlay:				
General government	32,000	32,000	-	32,000
Total capital outlay	<u>32,000</u>	<u>32,000</u>	<u>-</u>	<u>32,000</u>
Total expenditures	<u>720,200</u>	<u>720,200</u>	<u>316,769</u>	<u>403,431</u>
Excess (deficiency) of revenues over expenditures	<u>(630,200)</u>	<u>(630,200)</u>	<u>(303,416)</u>	<u>326,784</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	589,800	589,800	379,800	(210,000)
Total other financing source (uses)	<u>589,800</u>	<u>589,800</u>	<u>379,800</u>	<u>(210,000)</u>
Net change in fund balances	(40,400)	(40,400)	76,384	(690,078)
Fund balances - beginning	97,496	64,762	64,762	-
Fund balances - ending	<u>\$ 57,096</u>	<u>\$ 24,362</u>	<u>\$141,146</u>	<u>\$(690,078)</u>

NON-MAJOR GOVERNMENTAL FUNDS

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

Special Revenue Funds

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

Debt Service Funds

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

City of Edmonds
Combining Balance Sheet
Nonmajor Governmental Funds
Summary by Fund Type
December 31, 2014

	Special revenue funds	Debt service funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,119,513	\$ 88,171	\$ 6,207,684
Customer accounts	56,821	-	56,821
Special assessments	-	32,593	32,593
Due from other governments	763,342	-	763,342
Special assessments - non-current	-	43,722	43,722
Total assets	<u>\$ 6,939,676</u>	<u>\$ 164,486</u>	<u>\$ 7,104,162</u>
LIABILITIES			
Accounts payable	\$ 372,724	\$ -	\$ 372,724
Wages and benefits payable	39,112	-	39,112
Other current liabilities	11,902	-	11,902
Unearned revenues	-	78,074	78,074
Total liabilities	<u>423,738</u>	<u>78,074</u>	<u>501,812</u>
FUND BALANCES (DEFICITS)			
Restricted	5,902,746	86,412	5,989,158
Committed	613,192	-	613,192
Total fund balances (deficits)	<u>6,515,938</u>	<u>86,412</u>	<u>6,602,350</u>
 Total liabilities and fund balances (deficits)	 <u>\$ 6,939,676</u>	 <u>\$ 164,486</u>	 <u>\$ 7,104,162</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, 2014

	Special revenue funds	Debt service funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 2,586,602	\$ -	\$ 2,586,602
Licenses and permits	116,844	-	116,844
Intergovernmental	3,915,966	-	3,915,966
Charges for services	1,260,124	-	1,260,124
Fines and forfeitures	-	541	541
Investment earnings	21,991	3,665	25,656
Miscellaneous	263,244	366,733	629,977
Total revenues	<u>8,164,771</u>	<u>370,939</u>	<u>8,535,710</u>
EXPENDITURES			
Current:			
Public safety	54,281	-	54,281
Utilities and environment	146,271	-	146,271
Transportation	2,200,638	-	2,200,638
Economic environment	97,048	-	97,048
Culture and recreation	407,906	-	407,906
Debt service:			
Principal	93,680	1,777,865	1,871,545
Interest	17,516	191,652	209,168
Capital outlay:			
Transportation	4,341,685	-	4,341,685
Culture and recreation	226,199	-	226,199
Total expenditures	<u>7,585,224</u>	<u>1,969,517</u>	<u>9,554,741</u>
Excess (deficiency) of revenues over expenditures	<u>579,547</u>	<u>(1,598,578)</u>	<u>(1,019,031)</u>
OTHER FINANCING SOURCES (USES)			
Sale of fixed assets	3,117	-	3,117
Transfers in	979,741	1,656,429	2,636,170
Transfers out	(475,954)	(28,600)	(504,554)
Total other financing source (uses)	<u>506,904</u>	<u>1,627,829</u>	<u>2,134,733</u>
Net change in fund balances	1,086,451	29,251	1,115,702
Fund balances - beginning	<u>5,429,487</u>	<u>57,161</u>	<u>5,486,648</u>
Fund balances - ending	<u>\$ 6,515,938</u>	<u>\$ 86,412</u>	<u>\$ 6,602,350</u>



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

The City has twenty non-major special revenue funds.

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

Street Fund (111) - *This fund accounts for the receipt and expenditure of monies 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) – *The Street Construction fund is used to account for transportation improvement projects funded by a variety of sources, including federal and state transportation grants, motor vehicle fuel taxes, impact fees, real estate excise tax, and Public Works Trust Fund loans.*

Municipal Arts Acquisition Fund (117) - *This fund is used to account 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 street 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 support City tourism promotion.*

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 children in the City of Edmonds, through private donations/contributions, who cannot participate in recreation and cultural activities/programs due to financial hardships.*

Tourism Promotional Arts Fund (123) – The City Council designated that 25% of all Hotel/Motel Tax monies 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 is used for the improvement, renovation, planning and development of Parks and other City infrastructure projects.

Real Estate Excise Tax (REET) 1 Fund (126) – This fund accounts for the first one-quarter percent (1/4%) real estate excise tax received. The monies are used for Parks acquisition projects as well as General Government purposes, such as debt service on the City Hall acquisition.

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

Special Projects Fund (129) – This fund is used to account for certain capital projects that are funded primarily by state and federal grants.

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

Parks Construction Fund (132) – This fund was created to specifically account for Parks improvement projects that would be totally or partially funded by grants and contributions.

Parks Trust Fund (136) – The purpose of this fund is to receive private donations 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, Beach Ranger program, and Yost pool.

Cemetery Maintenance Trust Fund (137) – The purpose of this fund is to provide an on-going, stable source of funding for the long-term care and capital projects of the municipal cemetery.

Sister City Commission Fund (138) – This fund is used to account for private contributions/donations for the Sister City Commission. The Commission promotes international goodwill through the exchange of people and ideas.

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

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



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City of Edmonds
Combining Balance Sheet
Nonmajor Special revenue funds
December 31, 2014

Page 1 of 4

	Drug Enforcement Fund	Street Fund	Street Construction	Municipal Arts Fund
ASSETS				
Cash and cash equivalents	\$ 47,212	\$ 350,609	\$ (32,369)	\$ 441,956
Customer accounts	-	86	56,735	-
Due from other governments	7,782	53,105	509,664	-
Total assets	<u>\$ 54,994</u>	<u>\$ 403,800</u>	<u>\$ 534,030</u>	<u>\$ 441,956</u>
LIABILITIES				
Accounts payable	\$ -	\$ 39,664	\$ 314,313	\$ 1,351
Wages and benefits payable	-	34,721	-	-
Other current liabilities	(165)	2,265	9,802	-
Total liabilities	<u>(165)</u>	<u>76,650</u>	<u>324,115</u>	<u>1,351</u>
FUND BALANCES (DEFICITS)				
Restricted	55,159	327,150	209,915	-
Committed	-	-	-	440,605
Total fund balances (deficits)	<u>55,159</u>	<u>327,150</u>	<u>209,915</u>	<u>440,605</u>
Total liabilities and fund balances (deficits)	<u>\$ 54,994</u>	<u>\$ 403,800</u>	<u>\$ 534,030</u>	<u>\$ 441,956</u>

Memorial Street Tree	Hotel/Motel Tax Revenue Fund	Employee Parking Permit Fund	Youth Scholarship Fund	Tourism Promotional Fund/Arts	Real Estate Excise Tax 2
\$ 17,772	\$ 125,517	\$ 64,344	\$ 14,452	\$ 73,987	\$ 1,454,843
-	-	-	-	-	-
-	10,974	-	-	3,658	86,097
<u>\$ 17,772</u>	<u>\$ 136,491</u>	<u>\$ 64,344</u>	<u>\$ 14,452</u>	<u>\$ 77,645</u>	<u>\$ 1,540,940</u>
\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ 9,555
-	-	-	-	-	-
-	-	-	-	-	-
-	2,500	-	-	-	9,555
17,772	133,991	-	14,452	77,645	1,531,385
-	-	64,344	-	-	-
<u>17,772</u>	<u>133,991</u>	<u>64,344</u>	<u>14,452</u>	<u>77,645</u>	<u>1,531,385</u>
<u>\$ 17,772</u>	<u>\$ 136,491</u>	<u>\$ 64,344</u>	<u>\$ 14,452</u>	<u>\$ 77,645</u>	<u>\$ 1,540,940</u>

City of Edmonds
Combining Balance Sheet
Nonmajor Special revenue funds
December 31, 2014

Page 3 of 4
Parks

	Real Estate Excise Tax 1	Gifts Catalog Fund	Special Projects Fund	Cemetery Maintenance	Construction Fund
ASSETS					
Cash and cash equivalents	\$ 1,080,857	\$ 247,886	\$ 38,078	\$ 115,707	\$ 990,994
Customer accounts	-	-	-	-	-
Due from other governments	86,097	-	-	-	5,965
Total assets	<u>\$ 1,166,954</u>	<u>\$ 247,886</u>	<u>\$ 38,078</u>	<u>\$ 115,707</u>	<u>\$ 996,959</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,073	\$ 1,823
Wages and benefits payable	-	-	-	4,391	-
Other current liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,464</u>	<u>1,823</u>
FUND BALANCES (DEFICITS)					
Restricted	1,166,954	247,886	38,078	-	995,136
Committed	-	-	-	108,243	-
Total fund balances (deficits)	<u>1,166,954</u>	<u>247,886</u>	<u>38,078</u>	<u>108,243</u>	<u>995,136</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,166,954</u>	<u>\$ 247,886</u>	<u>\$ 38,078</u>	<u>\$ 115,707</u>	<u>\$ 996,959</u>

Parks Trust Fund	Cemetery Maintenance Trust Fund	Sister City Commission	Transportation Benefit District	Business Improvement District	Total Nonmajor Special revenue funds
\$ 150,999	\$ 860,229	\$ 1,703	\$ 27,935	\$ 46,802	\$ 6,119,513
-	-	-	-	-	56,821
-	-	-	-	-	763,342
<u>\$ 150,999</u>	<u>\$ 860,229</u>	<u>\$ 1,703</u>	<u>\$ 27,935</u>	<u>\$ 46,802</u>	<u>\$ 6,939,676</u>
\$ -	\$ -	\$ -	\$ -	\$ 445	\$ 372,724
-	-	-	-	-	39,112
-	-	-	-	-	11,902
-	-	-	-	445	423,738
150,999	860,229	1,703	27,935	46,357	5,902,746
-	-	-	-	-	613,192
<u>150,999</u>	<u>860,229</u>	<u>1,703</u>	<u>27,935</u>	<u>46,357</u>	<u>6,515,938</u>
<u>\$ 150,999</u>	<u>\$ 860,229</u>	<u>\$ 1,703</u>	<u>\$ 27,935</u>	<u>\$ 46,802</u>	<u>\$ 6,939,676</u>

City of Edmonds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special revenue funds
For the Year Ended December 31, 2014

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	Drug Enforcement Fund	Street Fund	Street Construction	Municipal Arts Acquis. Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	7,125	-	-
Intergovernmental	-	675,128	3,089,235	-
Charges for services	-	637,216	202,295	44,743
Investment earnings	283	554	155	1,700
Miscellaneous	15,958	6,221	56,735	17,274
Total revenues	<u>16,241</u>	<u>1,326,244</u>	<u>3,348,420</u>	<u>63,717</u>
EXPENDITURES				
Current:				
Public safety	54,281	-	-	-
Utilities and environment	-	-	-	-
Transportation	-	1,580,376	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	89,218
Debt service:				
Principal	-	3,149	72,201	-
Interest	-	1,964	4,118	-
Capital outlay:				
Transportation	-	-	4,045,449	-
Culture and recreation	-	-	-	-
Total expenditures	<u>54,281</u>	<u>1,585,489</u>	<u>4,121,768</u>	<u>89,218</u>
Excess (deficiency) of revenues over expenditures	<u>(38,040)</u>	<u>(259,245)</u>	<u>(773,348)</u>	<u>(25,501)</u>
OTHER FINANCING SOURCES (USES)				
Gain (loss) on sale of capital assets	1,767	-	-	1,350
Transfers in	-	400,000	504,231	32,824
Transfers out	-	(28,805)	(2,122)	-
Total other financing source (uses)	<u>1,767</u>	<u>371,195</u>	<u>502,109</u>	<u>34,174</u>
Net change in fund balances	(36,273)	111,950	(271,239)	8,673
Fund balances - beginning	91,432	215,200	481,154	431,932
Fund balances - ending	<u>\$ 55,159</u>	<u>\$ 327,150</u>	<u>\$ 209,915</u>	<u>\$ 440,605</u>

Memorial Street Tree	Hotel/Motel Tax Revenue Fund	Employee Parking Permit Fund	Youth Scholarship Fund	Tourism Promotional Fund/Arts	Real Estate Excise Tax 2
\$ -	\$ 72,879	\$ -	\$ -	\$ 24,292	\$ 933,160
-	-	27,425	-	-	-
-	-	-	-	-	-
-	-	-	-	206	-
69	336	286	52	288	5,806
-	50	-	2,562	-	-
<u>69</u>	<u>73,265</u>	<u>27,711</u>	<u>2,614</u>	<u>24,786</u>	<u>938,966</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	25,086	-	-	-
-	-	-	-	-	-
-	42,010	-	2,020	17,570	255,312
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	247,869
-	-	-	-	-	5,853
-	42,010	25,086	2,020	17,570	509,034
<u>69</u>	<u>31,255</u>	<u>2,625</u>	<u>594</u>	<u>7,216</u>	<u>429,932</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	(4,000)	-	-	-	-
-	(4,000)	-	-	-	-
69	27,255	2,625	594	7,216	429,932
17,703	106,736	61,719	13,858	70,429	1,101,453
<u>\$ 17,772</u>	<u>\$ 133,991</u>	<u>\$ 64,344</u>	<u>\$ 14,452</u>	<u>\$ 77,645</u>	<u>\$ 1,531,385</u>

City of Edmonds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special revenue funds
For the Year Ended December 31, 2014

Page 3 of 4

	Real Estate Excise Tax 1	Gifts Catalog Fund	Special Projects Fund	Cemetery Maintenance	Parks Construction Fund
REVENUES					
Taxes	\$ 933,160	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	22,681	-	128,422
Charges for services	-	-	-	143,680	216,020
Investment earnings	3,472	909	108	346	2,049
Miscellaneous	-	25,149	-	99	135,000
Total revenues	<u>936,632</u>	<u>26,058</u>	<u>22,789</u>	<u>144,125</u>	<u>481,491</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	-	-
Utilities and environment	-	-	-	146,271	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Culture and recreation	-	1,349	-	-	427
Debt service:					
Principal	18,330	-	-	-	-
Interest	11,434	-	-	-	-
Capital outlay:					
Transportation	48,367	-	-	-	-
Culture and recreation	13,473	-	-	-	206,873
Total expenditures	<u>91,604</u>	<u>1,349</u>	<u>-</u>	<u>146,271</u>	<u>207,300</u>
Excess (deficiency) of revenues over expenditures	<u>845,028</u>	<u>24,709</u>	<u>22,789</u>	<u>(2,146)</u>	<u>274,191</u>
OTHER FINANCING SOURCES (USES)					
Gain (loss) on sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	40,186	2,500
Transfers out	(438,527)	(2,500)	-	-	-
Total other financing source (uses)	<u>(438,527)</u>	<u>(2,500)</u>	<u>-</u>	<u>40,186</u>	<u>2,500</u>
Net change in fund balances	406,501	22,209	22,789	38,040	276,691
Fund balances - beginning	760,453	225,677	15,289	70,203	718,445
Fund balances - ending	<u>\$ 1,166,954</u>	<u>\$ 247,886</u>	<u>\$ 38,078</u>	<u>\$ 108,243</u>	<u>\$ 995,136</u>

Parks Trust Fund	Cemetery Maintenance Trust Fund	Sister City Commission	Transportation Benefit District	Business Improvement District	Total Nonmajor Special revenue funds
\$ -	\$ -	\$ -	\$ 623,111	\$ -	\$ 2,586,602
-	-	-	-	82,294	116,844
-	-	500	-	-	3,915,966
-	15,964	-	-	-	1,260,124
590	4,973	8	-	7	21,991
75	-	4,121	-	-	263,244
<u>665</u>	<u>20,937</u>	<u>4,629</u>	<u>623,111</u>	<u>82,301</u>	<u>8,164,771</u>
-	-	-	-	-	54,281
-	-	-	-	-	146,271
-	-	-	595,176	-	2,200,638
-	-	4,940	-	92,108	97,048
-	-	-	-	-	407,906
-	-	-	-	-	93,680
-	-	-	-	-	17,516
-	-	-	-	-	4,341,685
-	-	-	-	-	226,199
-	-	4,940	595,176	92,108	7,585,224
<u>665</u>	<u>20,937</u>	<u>(311)</u>	<u>27,935</u>	<u>(9,807)</u>	<u>579,547</u>
-	-	-	-	-	3,117
-	-	-	-	-	979,741
-	-	-	-	-	(475,954)
-	-	-	-	-	506,904
665	20,937	(311)	27,935	(9,807)	1,086,451
150,334	839,292	2,014	-	56,164	5,429,487
<u>\$ 150,999</u>	<u>\$ 860,229</u>	<u>\$ 1,703</u>	<u>\$ 27,935</u>	<u>\$ 46,357</u>	<u>\$ 6,515,938</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 75	\$ 75	\$ 283	\$ 208
Miscellaneous	20,000	20,000	15,958	(4,042)
Total revenues	<u>20,075</u>	<u>20,075</u>	<u>16,241</u>	<u>(3,834)</u>
EXPENDITURES				
Current:				
Public safety	81,033	81,033	54,281	26,752
Total expenditures	<u>81,033</u>	<u>81,033</u>	<u>54,281</u>	<u>26,752</u>
Excess (deficiency) of revenues over expenditures	<u>(60,958)</u>	<u>(60,958)</u>	<u>(38,040)</u>	<u>22,918</u>
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	-	-	1,767	1,767
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>1,767</u>	<u>1,767</u>
Net change in fund balances	(60,958)	(60,958)	(36,273)	(28,819)
Fund balances - beginning	73,286	91,432	91,432	-
Fund balances - ending	<u>\$12,328</u>	<u>\$30,474</u>	<u>\$55,159</u>	<u>\$(28,819)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 7,125	\$ 3,125
Intergovernmental	645,000	645,000	675,128	30,128
Charges for services	660,000	660,000	637,216	(22,784)
Investment earnings	100	100	554	454
Miscellaneous	3,000	3,000	6,221	3,221
Total revenues	<u>1,312,100</u>	<u>1,312,100</u>	<u>1,326,244</u>	<u>14,144</u>
EXPENDITURES				
Current:				
Transportation	<u>1,561,892</u>	<u>1,624,892</u>	<u>1,580,376</u>	<u>44,516</u>
Total current	<u>1,561,892</u>	<u>1,624,892</u>	<u>1,580,376</u>	<u>44,516</u>
Debt service:				
Principal	3,149	3,149	3,149	-
Interest	<u>1,964</u>	<u>1,964</u>	<u>1,964</u>	<u>-</u>
Total debt service	<u>5,113</u>	<u>5,113</u>	<u>5,113</u>	<u>-</u>
Total expenditures	<u>1,567,005</u>	<u>1,630,005</u>	<u>1,585,489</u>	<u>44,516</u>
Excess (deficiency) of revenues over expenditures	<u>(254,905)</u>	<u>(317,905)</u>	<u>(259,245)</u>	<u>58,660</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Transfers out	<u>(28,805)</u>	<u>(28,805)</u>	<u>(28,805)</u>	<u>-</u>
Total other financing source (uses)	<u>371,195</u>	<u>371,195</u>	<u>371,195</u>	<u>-</u>
Net change in fund balances	116,290	53,290	111,950	(30,372)
Fund balances - beginning	<u>41,922</u>	<u>215,200</u>	<u>215,200</u>	<u>-</u>
Fund balances - ending	<u>\$ 158,212</u>	<u>\$ 268,490</u>	<u>\$ 327,150</u>	<u>\$(30,372)</u>

City of Edmonds
Street Construction

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Intergovernmental	\$7,340,947	\$7,400,947	\$3,089,235	\$(4,311,712)
Charges for services	105,000	105,000	202,295	97,295
Investment earnings	97	97	155	58
Miscellaneous	-	46,800	56,735	9,935
Total revenues	<u>7,446,044</u>	<u>7,552,844</u>	<u>3,348,420</u>	<u>(4,204,424)</u>
EXPENDITURES				
Debt service:				
Principal	72,203	72,203	72,201	2
Interest	4,120	4,120	4,118	2
Total debt service	<u>76,323</u>	<u>76,323</u>	<u>76,319</u>	<u>4</u>
Capital outlay:				
Transportation	9,028,500	8,550,300	4,045,449	4,504,851
Total capital outlay	<u>9,028,500</u>	<u>8,550,300</u>	<u>4,045,449</u>	<u>4,504,851</u>
Total expenditures	<u>9,104,823</u>	<u>8,626,623</u>	<u>4,121,768</u>	<u>4,504,855</u>
Excess (deficiency) of revenues over expenditures	<u>(1,658,779)</u>	<u>(1,073,779)</u>	<u>(773,348)</u>	<u>300,431</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,675,563	1,057,563	504,231	(553,332)
Transfers out	(384,043)	(387,043)	(2,122)	384,921
Total other financing source (uses)	<u>1,291,520</u>	<u>670,520</u>	<u>502,109</u>	<u>(168,411)</u>
Net change in fund balances	<u>(367,259)</u>	<u>(403,259)</u>	<u>(271,239)</u>	<u>(8,877,690)</u>
Fund balances - beginning	510,008	481,154	481,154	-
Fund balances - ending	<u>\$ 142,749</u>	<u>\$ 77,895</u>	<u>\$ 209,915</u>	<u>\$(8,877,690)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 40,150	\$ 40,150	\$ 44,743	\$ 4,593
Investment earnings	560	560	1,700	1,140
Miscellaneous	7,700	17,700	17,274	(426)
Total revenues	48,410	58,410	63,717	5,307
EXPENDITURES				
Current:				
Culture and recreation	152,575	148,525	89,218	59,307
Total current	152,575	148,525	89,218	59,307
Capital outlay:				
Culture and recreation	-	824	-	824
Total capital outlay	-	824	-	824
Total expenditures	152,575	150,173	89,218	60,955
Excess (deficiency) of revenues over expenditures	(104,165)	(91,763)	(25,501)	66,262
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	-	1,350	1,350	-
Transfers in	43,063	43,063	32,824	(10,239)
Total other financing source (uses)	43,063	44,413	34,174	(10,239)
Net change in fund balances	(61,102)	(47,350)	8,673	(65,887)
Fund balances - beginning	406,579	431,932	431,932	-
Fund balances - ending	\$345,477	\$384,582	\$440,605	\$(65,887)

City of Edmonds
 Memorial Street Tree
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 25	\$ 25	\$ 69	\$ 44
Total revenues	<u>25</u>	<u>25</u>	<u>69</u>	<u>44</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>25</u>	<u>25</u>	<u>69</u>	<u>44</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	25	25	69	44
Fund balances - beginning	<u>17,698</u>	<u>17,703</u>	<u>17,703</u>	<u>-</u>
Fund balances - ending	<u><u>\$17,723</u></u>	<u><u>\$17,728</u></u>	<u><u>\$17,772</u></u>	<u><u>\$ 44</u></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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$54,000	\$ 54,000	\$ 72,879	\$18,879
Investment earnings	140	140	336	196
Miscellaneous	-	-	50	50
Total revenues	54,140	54,140	73,265	19,125
EXPENDITURES				
Current:				
Culture and recreation	50,000	50,000	42,010	7,990
Total expenditures	50,000	50,000	42,010	7,990
Excess (deficiency) of revenues over expenditures	4,140	4,140	31,255	27,115
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,000)	(4,000)	(4,000)	-
Total other financing source (uses)	(4,000)	(4,000)	(4,000)	-
Net change in fund balances	140	140	27,255	11,135
Fund balances - beginning	86,062	106,736	106,736	-
Fund balances - ending	\$86,202	\$106,876	\$133,991	\$11,135

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Licenses and permits	\$20,238	\$20,238	\$27,425	\$ 7,187
Investment earnings	70	70	286	216
Total revenues	<u>20,308</u>	<u>20,308</u>	<u>27,711</u>	<u>7,403</u>
EXPENDITURES				
Current:				
Transportation	26,786	26,786	25,086	1,700
Total expenditures	<u>26,786</u>	<u>26,786</u>	<u>25,086</u>	<u>1,700</u>
Excess (deficiency) of revenues over expenditures	<u>(6,478)</u>	<u>(6,478)</u>	<u>2,625</u>	<u>9,103</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,478)	(6,478)	2,625	5,703
Fund balances - beginning	65,080	61,719	61,719	-
Fund balances - ending	<u>\$58,602</u>	<u>\$55,241</u>	<u>\$64,344</u>	<u>\$ 5,703</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 23	\$ 23	\$ 52	\$ 29
Miscellaneous	1,600	1,600	2,562	962
Total revenues	1,623	1,623	2,614	991
EXPENDITURES				
Current:				
Culture and recreation	3,600	3,600	2,020	1,580
Total expenditures	3,600	3,600	2,020	1,580
Excess (deficiency) of revenues over expenditures	(1,977)	(1,977)	594	2,571
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	(1,977)	(1,977)	594	(589)
Fund balances - beginning	13,873	13,858	13,858	-
Fund balances - ending	\$11,896	\$11,881	\$14,452	\$ (589)

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Taxes	\$18,000	\$18,000	\$24,292	\$ 6,292
Charges for services	100	100	206	106
Investment earnings	100	100	288	188
Total revenues	<u>18,200</u>	<u>18,200</u>	<u>24,786</u>	<u>6,586</u>
EXPENDITURES				
Current:				
Culture and recreation	19,000	19,000	17,570	1,430
Total expenditures	<u>19,000</u>	<u>19,000</u>	<u>17,570</u>	<u>1,430</u>
Excess (deficiency) of revenues over expenditures	<u>(800)</u>	<u>(800)</u>	<u>7,216</u>	<u>8,016</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(800)	(800)	7,216	5,156
Fund balances - beginning	<u>64,566</u>	<u>70,428</u>	<u>70,429</u>	<u>1</u>
Fund balances - ending	<u>\$63,766</u>	<u>\$69,628</u>	<u>\$77,645</u>	<u>\$ 5,157</u>

City of Edmonds
Real Estate Excise Tax 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$902,243	\$ 902,243	\$ 933,160	\$ 30,917
Investment earnings	2,100	2,100	5,806	3,706
Total revenues	<u>904,343</u>	<u>904,343</u>	<u>938,966</u>	<u>34,623</u>
EXPENDITURES				
Current:				
Culture and recreation	302,712	302,712	255,312	47,400
Total current	<u>302,712</u>	<u>302,712</u>	<u>255,312</u>	<u>47,400</u>
Capital outlay:				
Transportation	-	310,000	247,869	62,131
Culture and recreation	275,000	275,000	5,853	269,147
Total capital outlay	<u>275,000</u>	<u>585,000</u>	<u>253,722</u>	<u>331,278</u>
Total expenditures	<u>577,712</u>	<u>887,712</u>	<u>509,034</u>	<u>709,956</u>
Excess (deficiency) of revenues over expenditures	<u>326,631</u>	<u>16,631</u>	<u>429,932</u>	<u>744,579</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(800,000)	(500,000)	-	500,000
Total other financing source (uses)	<u>(800,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Net change in fund balances	(473,369)	(483,369)	429,932	(175,333)
Fund balances - beginning	671,794	1,101,453	1,101,453	-
Fund balances - ending	<u>\$198,425</u>	<u>\$ 618,084</u>	<u>\$1,531,385</u>	<u>\$(175,333)</u>

City of Edmonds
Real Estate Excise Tax 1
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$902,243	\$902,243	\$ 933,160	\$ 30,917
Investment earnings	2,000	2,000	3,472	1,472
Total revenues	904,243	904,243	936,632	32,389
EXPENDITURES				
Debt service:				
Principal	18,330	18,330	18,330	-
Interest	11,433	11,433	11,434	(1)
Total debt service	29,763	29,763	29,764	(1)
Capital outlay:				
Transportation	-	321,000	48,367	272,633
Culture and recreation	200,000	210,550	13,473	197,077
Total capital outlay	200,000	531,550	61,840	469,710
Total expenditures	229,763	561,313	91,604	469,709
Excess (deficiency) of revenues over expenditures	674,480	342,930	845,028	(437,320)
OTHER FINANCING SOURCES (USES)				
Transfers out	(959,528)	(438,528)	(438,527)	1
Total other financing source (uses)	(959,528)	(438,528)	(438,527)	1
Net change in fund balances	(285,048)	(95,598)	406,501	(437,319)
Fund balances - beginning	545,264	760,453	760,453	-
Fund balances - ending	\$260,216	\$664,855	\$1,166,954	\$(437,319)

City of Edmonds
 Gifts Catalog Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Investment earnings	\$ 308	\$ 308	\$ 909	\$ 601
Miscellaneous	43,400	43,400	25,149	(18,251)
Total revenues	<u>43,708</u>	<u>43,708</u>	<u>26,058</u>	<u>(17,650)</u>
EXPENDITURES				
Current:				
Culture and recreation	15,700	15,700	1,349	14,351
Total expenditures	<u>15,700</u>	<u>15,700</u>	<u>1,349</u>	<u>14,351</u>
Excess (deficiency) of revenues over expenditures	<u>28,008</u>	<u>28,008</u>	<u>24,709</u>	<u>(3,299)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,500)	(2,500)	(2,500)	-
Total other financing source (uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Net change in fund balances	25,508	25,508	22,209	(32,001)
Fund balances - beginning	220,040	225,677	225,677	-
Fund balances - ending	<u>\$245,548</u>	<u>\$251,185</u>	<u>\$247,886</u>	<u>\$(32,001)</u>

City of Edmonds
Special Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$4,000	\$4,000	\$22,681	\$18,681
Investment earnings	-	-	108	108
Total revenues	4,000	4,000	22,789	18,789
EXPENDITURES				
Capital outlay:				
Transportation	4,000	13,653	-	13,653
Total expenditures	4,000	13,653	-	13,653
Excess (deficiency) of revenues over expenditures	-	(9,653)	22,789	32,442
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(9,653)	22,789	5,136
Fund balances - beginning	5,733	15,289	15,289	-
Fund balances - ending	\$5,733	\$5,636	\$38,078	\$ 5,136

City of Edmonds
Cemetery Maintenance

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$119,700	\$119,700	\$143,680	\$23,980
Investment earnings	150	150	346	196
Miscellaneous	-	-	99	99
Contributions	100	100	-	(100)
Total revenues	<u>119,950</u>	<u>119,950</u>	<u>144,125</u>	<u>24,175</u>
EXPENDITURES				
Current:				
Utilities and environment	<u>175,435</u>	<u>175,435</u>	<u>146,271</u>	<u>29,164</u>
Total expenditures	<u>175,435</u>	<u>175,435</u>	<u>146,271</u>	<u>29,164</u>
Excess (deficiency) of revenues over expenditures	<u>(55,485)</u>	<u>(55,485)</u>	<u>(2,146)</u>	<u>53,339</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>40,186</u>	<u>40,186</u>	<u>40,186</u>	<u>-</u>
Total other financing source (uses)	<u>40,186</u>	<u>40,186</u>	<u>40,186</u>	<u>-</u>
Net change in fund balances	(15,299)	(15,299)	38,040	(4,989)
Fund balances - beginning	<u>22,157</u>	<u>70,203</u>	<u>70,203</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,858</u>	<u>\$ 54,904</u>	<u>\$108,243</u>	<u>\$ (4,989)</u>

City of Edmonds
Parks Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Intergovernmental	\$ 402,500	\$ 402,500	\$128,422	\$ (274,078)
Charges for services	100,000	112,517	216,020	103,503
Investment earnings	-	-	2,049	2,049
Miscellaneous	135,000	135,000	135,000	-
Total revenues	<u>637,500</u>	<u>650,017</u>	<u>481,491</u>	<u>(168,526)</u>
EXPENDITURES				
Current:				
Culture and recreation	-	-	427	(427)
Total current	<u>-</u>	<u>-</u>	<u>427</u>	<u>(427)</u>
Capital outlay:				
Culture and recreation	2,494,000	2,070,517	206,873	1,863,644
Total capital outlay	<u>2,494,000</u>	<u>2,070,517</u>	<u>206,873</u>	<u>1,863,644</u>
Total expenditures	<u>2,494,000</u>	<u>2,070,517</u>	<u>207,300</u>	<u>1,863,217</u>
Excess (deficiency) of revenues over expenditures	<u>(1,856,500)</u>	<u>(1,420,500)</u>	<u>274,191</u>	<u>1,694,691</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	702,500	702,500	2,500	(700,000)
Total other financing source (uses)	<u>702,500</u>	<u>702,500</u>	<u>2,500</u>	<u>(700,000)</u>
Net change in fund balances	(1,154,000)	(718,000)	276,691	(2,731,743)
Fund balances - beginning	1,435,522	718,445	718,445	-
Fund balances - ending	<u>\$ 281,522</u>	<u>\$ 445</u>	<u>\$995,136</u>	<u>\$(2,731,743)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 186	\$ 186	\$ 590	\$ 404
Miscellaneous	-	-	75	75
Total revenues	186	186	665	479
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	186	186	665	479
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	186	186	665	479
Fund balances - beginning	150,252	150,334	150,334	-
Fund balances - ending	\$150,438	\$150,520	\$150,999	\$ 479

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Charges for services	\$ 11,970	\$ 11,970	\$ 15,964	\$ 3,994
Investment earnings	1,000	1,000	4,973	3,973
Total revenues	<u>12,970</u>	<u>12,970</u>	<u>20,937</u>	<u>7,967</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>12,970</u>	<u>12,970</u>	<u>20,937</u>	<u>7,967</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	12,970	12,970	20,937	7,967
Fund balances - beginning	<u>831,595</u>	<u>839,292</u>	<u>839,292</u>	<u>-</u>
Fund balances - ending	<u><u>\$844,565</u></u>	<u><u>\$852,262</u></u>	<u><u>\$860,229</u></u>	<u><u>\$ 7,967</u></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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 500	\$ 500
Investment earnings	19	19	8	(11)
Miscellaneous	4,500	4,500	4,121	(379)
Total revenues	<u>4,519</u>	<u>4,519</u>	<u>4,629</u>	<u>110</u>
EXPENDITURES				
Current:				
Economic environment	4,500	5,342	4,940	402
Total expenditures	<u>4,500</u>	<u>5,342</u>	<u>4,940</u>	<u>402</u>
Excess (deficiency) of revenues over expenditures	<u>19</u>	<u>(823)</u>	<u>(311)</u>	<u>512</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	19	(823)	(311)	(292)
Fund balances - beginning	<u>3,596</u>	<u>2,014</u>	<u>2,014</u>	<u>-</u>
Fund balances - ending	<u>\$3,615</u>	<u>\$1,191</u>	<u>\$1,703</u>	<u>\$ (292)</u>

City of Edmonds
 Transportation Benefit District
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final Budget
REVENUES				
Taxes	\$645,000	\$645,000	\$623,111	\$(21,889)
Total revenues	<u>645,000</u>	<u>645,000</u>	<u>623,111</u>	<u>(21,889)</u>
EXPENDITURES				
Current:				
Transportation	645,000	645,000	595,176	49,824
Total expenditures	<u>645,000</u>	<u>645,000</u>	<u>595,176</u>	<u>49,824</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>27,935</u>	<u>27,935</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	27,935	(71,713)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,935</u>	<u>\$(71,713)</u>

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 of Edmonds has one outstanding general obligation issue accounted for through a debt service fund, and two special assessment related funds.

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

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

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

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

City of Edmonds
Combining Balance Sheet
Nonmajor Debt service funds
December 31, 2014

	L.I.D. Fund Control	L.I.D. Guaranty Fund	2012 Ltgo Debt Service Fund	2014 Debt Service Fund	Total Nonmajor Debt service funds
ASSETS					
Cash and cash equivalents	\$ 11,603	\$ 76,568	\$ -	\$ -	\$ 88,171
Special assessments	32,593	-	-	-	32,593
Special assessments - non-current	43,722	-	-	-	43,722
Total assets	<u>\$ 87,918</u>	<u>\$ 76,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,486</u>
LIABILITIES					
Unearned revenues	\$ 78,074	\$ -	\$ -	\$ -	\$ 78,074
Total liabilities	<u>78,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,074</u>
FUND BALANCES (DEFICITS)					
Restricted	9,844	76,568	-	-	86,412
Total fund balances (deficits)	<u>9,844</u>	<u>76,568</u>	<u>-</u>	<u>-</u>	<u>86,412</u>
 Total liabilities and fund balances (deficits)	 <u>\$ 87,918</u>	 <u>\$ 76,568</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 164,486</u>

City of Edmonds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt service funds
For the Year Ended December 31, 2014

	L.I.D. Fund Control	L.I.D. Guaranty Fund	2012 Ltgo Debt Service Fund	2014 Debt Service Fund	Total Nonmajor Debt service funds
REVENUES					
Fines and forfeitures	\$ 541	\$ -	\$ -	\$ -	\$ 541
Investment earnings	3,618	47	-	-	3,665
Miscellaneous	25,541	-	341,192	-	366,733
Total revenues	<u>29,700</u>	<u>47</u>	<u>341,192</u>	<u>-</u>	<u>370,939</u>
EXPENDITURES					
Debt service:					
Principal	-	-	854,667	923,198	1,777,865
Interest	-	-	168,624	23,028	191,652
Total expenditures	<u>-</u>	<u>-</u>	<u>1,023,291</u>	<u>946,226</u>	<u>1,969,517</u>
Excess (deficiency) of revenues over expenditures	<u>29,700</u>	<u>47</u>	<u>(682,099)</u>	<u>(946,226)</u>	<u>(1,598,578)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	28,600	681,603	946,226	1,656,429
Transfers out	<u>(28,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,600)</u>
Total other financing source (uses)	<u>(28,600)</u>	<u>28,600</u>	<u>681,603</u>	<u>946,226</u>	<u>1,627,829</u>
Net change in fund balances	1,100	28,647	(496)	-	29,251
Fund balances - beginning	8,744	47,921	496	-	57,161
Fund balances - ending	<u>\$ 9,844</u>	<u>\$ 76,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,412</u>



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FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds.

Payroll Clearing Fund (811) - accounts for receipt and disbursement of monies to a variety of other funds, governmental units, or private parties.

Claims Clearing Fund (812) - accounts for receipt and disbursement of monies to a variety of other funds, governmental units, or private parties.

All Funds Investment Fund (825) – accounts for investments of monies to a variety of other funds, governmental units, or private parties. The agency fund accounts for monies over which the City is strictly a short-term custodian.

CITY OF EDMONDS, WASHINGTON
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	BALANCE JANUARY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2014
<u>FUND 811 - PAYROLL CLEARING</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ -	\$ 24,947,827	\$ 24,947,827	\$ -
CUSTOMER ACCOUNTS	-	-	-	-
TOTAL ASSETS	\$ -	\$ 24,947,827	\$ 24,947,827	\$ -
LIABILITIES:				
WAGES AND BENEFITS PAYABLE	\$ -	\$ 24,817,945	\$ 24,817,945	\$ -
ACCOUNTS PAYABLE	-	2,229,087	2,229,087	-
TOTAL LIABILITIES	\$ -	\$ 27,047,032	\$ 27,047,032	\$ -
<u>FUND 812 - CLAIMS CLEARING</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ -	\$ 37,744,737	\$ 37,744,737	\$ -
TOTAL ASSETS	\$ -	\$ 37,744,737	\$ 37,744,737	\$ -
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 37,736,049	\$ 37,736,049	\$ -
TOTAL LIABILITIES	\$ -	\$ 37,736,049	\$ 37,736,049	\$ -
<u>FUND 825 - INVESTMENT CLEARING</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ -	\$ 142,703,600	\$ 142,703,600	\$ -
INVESTMENTS	-	8,005,653	8,005,653	-
ACCRUED INTEREST	-	114,363	114,363	-
TOTAL ASSETS	\$ -	\$ 150,823,616	\$ 150,823,616	\$ -
LIABILITIES:				
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -
<u>TOTAL AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ -	\$ 205,396,164	\$ 205,396,164	\$ -
CUSTOMER ACCOUNTS	-	-	-	-
INVESTMENTS	-	8,005,653	8,005,653	-
ACCRUED INTEREST	-	114,363	114,363	-
TOTAL ASSETS	\$ -	\$ 213,516,180	\$ 213,516,180	\$ -
LIABILITIES:				
WAGES AND BENEFITS PAYABLE	\$ -	\$ 24,817,945	\$ 24,817,945	\$ -
ACCOUNTS PAYABLE	-	39,965,136	39,965,136	-
TOTAL LIABILITIES	\$ -	\$ 64,783,081	\$ 64,783,081	\$ -

City of Edmonds
STATISTICAL SECTION
 December 31, 2014

Financial Trends Information

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

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Schedule 5	General Governmental Tax Revenues by Source.....	146

Revenue Capacity Information

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

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Debt Capacity Information

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

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Demographic and Economic Information

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

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Operating Information

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

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

Page 1 of 2

	2005	2006	2007	2008	2009
Governmental Activities					
Net investment in capital assets ²	\$ 18,521,057	\$ 51,166,559	\$ 54,021,806	\$ 57,252,149	\$ 51,991,258
Restricted	6,749,421	6,717,794	7,490,300	5,546,803	2,658,658
Unrestricted	15,503,551	11,724,719	11,895,851	9,838,608	19,805,844
Total governmental activities net position	<u>\$ 40,774,029</u>	<u>\$ 69,609,072</u>	<u>\$ 73,407,957</u>	<u>\$ 72,637,560</u>	<u>\$ 74,455,760</u>
Business-type Activities					
Net investment in capital assets	\$ 44,910,309	\$ 47,924,210	\$ 49,910,564	\$ 49,753,793	\$ 51,208,429
Restricted	699,701	686,847	2,786,695	1,269,595	699,670
Unrestricted	12,047,828	10,764,229	7,712,290	9,768,990	10,183,230
Total business-type activities net position	<u>\$ 57,657,838</u>	<u>\$ 59,375,286</u>	<u>\$ 60,409,549</u>	<u>\$ 60,792,378</u>	<u>\$ 62,091,329</u>
Primary Government					
Net investment in capital assets	\$ 63,431,366	\$ 99,090,769	\$103,932,370	\$107,005,942	\$103,199,687
Restricted	7,449,122	7,404,641	10,276,995	6,816,398	3,358,328
Unrestricted	27,551,379	22,488,948	19,608,141	19,607,598	29,989,074
Total primary government net position	<u>\$ 98,431,867</u>	<u>\$128,984,358</u>	<u>\$133,817,506</u>	<u>\$133,429,938</u>	<u>\$136,547,089</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.

² The increase in "invested in capital assets, net of related debt" from fiscal years 2005 - 2006 relates to the retrospective reporting of infrastructure assets in governmental activities, as required by GASB Statement No. 34.

Source:

Applicable years' comprehensive annual financial report.

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2010	2011	2012	2013	2014
\$ 59,961,071	\$ 61,004,928	\$ 61,259,051	\$ 61,978,358	\$ 57,181,069
1,368,707	3,288,857	3,793,023	4,923,480	5,989,155
13,703,352	12,396,957	14,644,992	18,846,105	20,004,889
<u>\$ 75,033,130</u>	<u>\$ 76,690,742</u>	<u>\$ 79,697,066</u>	<u>\$ 85,747,943</u>	<u>\$ 83,175,113</u>
\$ 53,273,296	\$ 45,783,325	\$ 55,063,391	\$ 51,071,627	\$ 49,313,852
687,447	9,096,615	7,409,482	11,138,901	3,574,774
9,906,089	10,678,887	3,959,046	6,363,897	18,258,585
<u>\$ 63,866,832</u>	<u>\$ 65,558,827</u>	<u>\$ 66,431,919</u>	<u>\$ 68,574,425</u>	<u>\$ 71,147,211</u>
\$113,234,367	\$106,788,253	\$116,322,442	\$113,049,985	\$106,494,921
2,056,154	12,385,472	11,202,505	16,062,381	9,563,929
23,609,441	23,075,844	18,604,038	25,210,002	38,263,474
<u>\$138,899,962</u>	<u>\$142,249,569</u>	<u>\$146,128,985</u>	<u>\$154,322,368</u>	<u>\$154,322,324</u>

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

Page 1 of 2

	For The Fiscal Year Ended December 31,				
	2005	2006	2007	2008	2009
Expenses:					
Governmental activities					
General government	\$ 6,105,305	\$ 6,178,971	\$ 6,748,067	\$ 7,695,483	\$ 6,867,604
Judicial	538,956	767,221	756,649	846,130	880,919
Public safety	15,268,262	17,021,180	16,765,814	18,049,555	17,823,468
Physical environment	1,664,723	1,866,080	1,697,734	1,870,405	1,150,200
Economic environment	1,027,373	1,169,306	1,088,773	1,120,777	1,830,100
Mental and physical health	9,082	8,562	7,237	9,291	12,147
Culture and recreation	3,648,189	5,822,424	3,393,130	3,976,440	4,246,268
Transportation	1,038,406	1,283,183	3,019,710	1,812,089	3,751,956
Interest and fiscal charges	666,094	531,869	512,154	492,082	470,398
Total governmental activities expenses	29,966,390	34,648,796	33,989,268	35,872,252	37,033,060
Business-type activities					
Utility Operations	11,114,516	11,528,591	12,423,508	13,210,002	13,890,882
Total business-type activities expenses	11,114,516	11,528,591	12,423,508	13,210,002	13,890,882
Program Revenues:					
Governmental activities					
Charges for services:					
General government	2,211,982	2,324,217	2,600,612	2,668,773	2,990,744
Public safety	1,444,264	1,237,307	1,034,060	1,121,939	650,257
Other	3,530,613	3,543,577	3,631,674	3,066,634	4,450,276
Operating grants and contributions	107,445	597,047	297,549	163,438	416,086
Capital grants and contributions	2,145,854	3,046,262	1,126,513	1,138,795	1,940,900
Total governmental activities program	9,440,158	10,748,410	8,690,408	8,159,579	10,448,263
Business-type activities					
Charges for services	12,553,652	12,644,769	12,754,577	13,030,325	14,275,275
Operating grants and contributions	37,898	44,350	54,116	47,654	88,983
Capital grants and contributions	775,691	512,527	490,709	610,910	688,796
Total business-type activities program	13,367,241	13,201,646	13,299,402	13,688,889	15,053,054
Net (Expense) Revenue					
Governmental activities	(20,526,232)	(23,900,386)	(25,298,860)	(27,712,673)	(26,584,797)
Business-type activities	2,252,725	1,673,055	875,894	478,887	1,162,172
Total primary government net expense	(18,273,507)	(22,227,331)	(24,422,966)	(27,233,786)	(25,422,625)
General Revenues:					
Governmental activities					
Taxes:					
Property	11,058,167	11,497,708	11,988,296	12,256,542	13,908,042
Sales	5,423,994	5,835,031	6,216,836	5,448,281	4,952,898
Utility	3,986,062	4,228,565	4,501,056	4,843,225	6,081,071
Other	4,344,893	4,570,863	4,598,407	3,120,595	3,184,300
Investment earnings	522,367	841,684	851,162	380,181	151,198
Gain on sale of capital assets	273,700	195,896	62,225	101,999	167,538
Miscellaneous	323,749	380,466	392,152	534,866	(42,050)
Transfers	157,755	157,671	487,611	404,562	-
Total governmental activities general	26,090,687	27,707,884	29,097,745	27,090,251	28,402,997
Business-type activities					
Investment earnings	324,668	516,611	645,980	280,710	136,348
Miscellaneous	16,584	24,792	-	-	-
Gain on sale of capital assets	-	-	-	-	431
Transfers	(157,755)	(157,671)	(487,611)	(404,562)	-
Total business-type activities general	183,497	383,732	158,369	(123,852)	136,779
Total primary government	26,274,184	28,091,616	29,256,114	26,966,399	28,539,776
Change in Net Position					
Governmental activities	5,564,455	3,807,498	3,798,885	(622,422)	1818,200
Business-type activities	2,436,222	2,056,787	1,034,263	355,035	1,298,951
Total primary government	\$ 8,000,677	\$ 5,864,285	\$ 4,833,148	\$ (267,387)	\$ 3,117,151

Source:

Applicable years' comprehensive annual financial report.

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For The Fiscal Year Ended December 31,					
2010	2011	2012	2013	2014	
\$ 7,327,722	\$ 8,092,028	\$ 7,860,158	\$ 7,586,841	\$ 7,773,797	
882,404	-	-	-		
17,630,352	18,037,057	17,490,480	17,298,217	19,044,595	
1,266,933	1,405,398	1,546,080	1,502,516	1,800,507	
1,643,520	1,063,894	1,011,062	1,072,629	1,347,590	
10,217	9,731	12,168	8,558	52,641	
3,984,078	4,298,852	4,237,656	3,941,859	4,217,206	
4,325,832	3,412,126	3,922,273	4,445,078	4,997,331	
446,236	781,881	760,142	191,155	292,068	
37,517,294	37,100,967	36,840,019	36,046,853	39,525,735	
13,836,220	14,140,249	15,258,298	15,845,552	17,558,607	
13,836,220	14,140,249	15,258,298	15,845,552	17,558,607	
3,097,629	4,078,403	4,624,432	4,835,459	4,251,943	
1,132,605	1,212,082	1,066,201	1,134,073	1,678,154	
3,908,424	3,088,212	3,022,741	3,180,343	3,819,147	
272,554	145,406	1,324,353	973,007	227,233	
534,066	1,771,199	1,942,259	2,566,575	3,238,733	
8,945,278	10,295,302	11,979,986	12,689,457	13,215,210	
14,347,539	15,620,997	15,970,380	16,630,405	17,821,867	
47,249	179,479	53,743	161,294	88,835	
1,246,156	498,486	1,052,305	1,445,164	2,164,571	
15,640,944	16,298,962	17,076,428	18,236,863	20,075,273	
(28,572,016)	(26,805,665)	(24,860,033)	(23,357,396)	(26,310,525)	
1,804,724	2,158,713	1,818,130	2,391,311	2,516,666	
(26,767,292)	(24,646,952)	(23,041,903)	(20,966,085)	(23,793,859)	
13,683,426	13,539,536	13,382,296	13,474,665	13,767,675	
5,002,282	5,286,262	5,637,393	6,104,618	6,694,501	
5,997,151	6,232,489	6,340,634	6,431,457	6,583,507	
3,043,813	2,388,579	2,223,771	2,446,023	4,226,106	
32,845	16,070	22,565	3,926	125,922	
983,191	36,762	(148,542)	46,987	26,513	
344,303	481,263	64,315	125,781	371,093	
62,375	482,316	565,628	1,067	6,702	
29,149,386	28,463,277	28,088,060	28,634,524	31,802,019	
25,697	15,287	22,786	31,492	62,822	
100	311	-	38,039	-	
7,357	-	-	-	-	
(62,375)	(482,316)	(565,628)	1,067	(6,702)	
(29,221)	(466,718)	(542,842)	70,598	56,120	
29,120,165	27,996,559	27,545,218	28,705,122	31,858,139	
577,370	1,657,612	3,228,027	5,277,128	5,491,494	
1,775,503	1,691,995	1,275,288	2,461,909	2,572,786	
\$ 2,352,873	\$ 3,349,607	\$ 4,503,315	\$ 7,739,037	\$ 8,064,280	

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

Page 1 of 2

	2005	2006	2007	2008	2009
General Fund					
Unreserved	\$ 7,982,694	\$ 8,089,403	\$ 7,737,979	\$ 5,188,520	\$ 6,068,906
Non-Spendable	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Subtotal General Fund	7,982,694	8,089,403	7,737,979	5,188,520	6,068,906
All Other Governmental Funds					
Reserved	152,745	276,376	165,337	72,706	56,570
Unreserved					
Special Revenue Funds	10,654,716	8,696,973	10,474,212	8,339,862	5,300,325
Capital Projects Funds	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Subtotal All Other Governmental Funds	10,807,461	8,973,349	10,639,549	8,412,568	5,356,895
Total Governmental Funds					
Reserved	152,745	276,376	165,337	72,706	56,570
Unreserved	18,637,410	16,786,376	18,212,191	13,528,382	11,369,231
Non-Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Governmental Funds	\$ 18,790,155	\$ 17,062,752	\$ 18,377,528	\$ 13,601,088	\$ 11,425,801
General Fund Percentage Change	4.4%	1.3%	-4.3%	-32.9%	17.0%
All Governmental Funds Percentage Change	14.3%	-9.2%	7.7%	-26.0%	-16.0%

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 meet the new definition for that fund type. Previous year fund balances have not been restated.

2010	2011	2012 ¹	2013	2014
\$ 6,855,108	\$ -	\$ -	\$ -	\$ -
-	460	70	686	361
-	1,927,600	-	-	-
-	7,634,578	10,686,840	13,160,112	13,653,457
6,855,108	9,562,638	10,686,910	13,160,798	13,653,818
138,126	-	-	-	-
5,678,570	-	-	-	-
-	-	-	-	-
-	3,288,397	3,793,023	4,922,794	5,989,158
-	564,989	557,351	563,854	613,192
5,816,696	3,853,386	4,350,374	5,486,648	6,602,350
138,126	-	-	-	-
12,533,678	-	-	-	-
-	460	70	686	361
-	3,288,397	3,793,023	4,922,794	5,989,158
-	2,492,589	557,351	563,854	613,192
-	7,634,578	10,686,840	13,160,112	13,653,457
\$ 12,671,804	\$ 13,416,024	\$ 15,037,284	\$ 18,647,446	\$ 20,256,168
13.0%	39.5%	11.8%	23.1%	3.7%
10.9%	5.9%	12.1%	24.0%	8.6%

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

	2005	2006	2007	2008	2009
Revenues:					
Taxes	\$ 23,543,206	\$ 24,762,811	\$ 25,865,645	\$ 24,317,982	\$ 26,285,121
Licenses and permits	1,586,265	1,595,459	1,689,760	1,570,531	1,509,008
Intergovernmental	4,780,988	6,330,512	3,883,879	3,826,622	5,169,688
Charges for services	3,183,770	3,267,307	3,551,559	3,146,918	3,934,741
Fines and forfeitures	354,383	505,402	512,529	593,121	674,634
Other revenue	1,494,301	1,867,779	1,895,889	1,528,316	1,198,053
Total revenues	34,942,913	38,329,270	37,399,261	34,983,490	38,771,245
Expenditures:					
General government	6,266,034	6,733,227	6,706,190	7,852,719	7,184,093
Security of persons and property	14,601,519	15,693,183	16,440,157	18,215,380	18,523,068
Physical environment	1,877,941	1,824,727	1,914,409	1,206,164	1,158,170
Transportation	1,170,188	1,231,251	1,349,378	1,852,790	1,800,535
Economic environment	914,881	1,156,471	1,122,502	1,127,417	1,081,381
Mental and physical health	9,082	8,562	7,237	9,291	12,147
Culture and recreation	2,711,223	2,976,815	3,121,293	3,413,231	3,462,188
Capital outlay	3,041,470	8,532,955	4,061,649	3,559,891	5,016,619
Intergovernmental and Other Payments	-	-	-	-	-
Debt service:					
Principal retirement	1,446,333	1,518,665	2,206,947	1,698,860	1,813,613
Interest and fiscal charges	1,104,200	1,059,377	1,047,651	973,894	902,965
Total Expenditures	33,142,871	40,735,233	37,977,413	39,909,637	40,954,779
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,800,042	(2,405,963)	(578,152)	(4,926,147)	(2,183,534)
Other Financing Sources (Uses)					
Proceeds of capital leases	505,000	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-
Proceeds from Long-Term Debt	279,029	751,058	1,873,467	43,745	-
Payment to refunded bonds escrow agent	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-
Bond Issuance Discount	-	-	-	-	-
Sale/Disposition of fixed assets	-	153,982	6,049	-	54,870
Insurance Recoveries	-	-	-	-	-
Transfers in	1,485,752	992,726	2,390,592	2,624,254	1,495,523
Transfers out	(1,487,997)	(1,238,139)	(2,377,180)	(2,463,023)	(1,542,146)
Total Other Financing Sources (Uses)	781,784	659,627	1,892,928	204,976	8,247
Prior period corrections	(236,584)	18,934	-	(55,269)	-
Net Change in Fund Balances	\$ 2,345,242	\$ (1,727,402)	\$ 1,314,776	\$ (4,776,440)	\$ (2,175,287)
Debt Service as a % of Noncapital Expenditures	9.3%	8.7%	10.6%	7.9%	8.2%

Source:

Published Financial Statements

Page 2 of 2

2010	2011	2012	2013	2014
\$ 26,301,857	\$ 26,323,468	\$ 27,261,948	\$ 28,221,352	\$ 29,781,497
1,662,340	1,689,146	1,711,084	1,939,998	2,293,337
2,609,033	4,021,474	4,450,230	3,383,661	4,695,463
5,028,730	5,015,834	4,814,082	6,255,426	6,569,421
624,447	756,382	598,398	640,358	558,968
996,719	549,101	633,588	1,036,167	1,140,802
37,223,126	38,355,405	39,469,330	41,476,962	45,039,488
7,692,552	7,314,502	7,184,210	7,307,136	7,331,915
17,971,060	17,805,678	17,323,625	17,706,052	18,842,351
1,280,041	1,374,856	1,511,515	1,491,972	1,800,507
1,979,650	1,423,361	1,568,930	2,009,988	2,200,638
949,685	1,035,769	1,004,150	877,813	1,388,413
10,217	9,731	12,168	8,558	8,469
3,841,888	3,750,123	3,487,581	3,790,410	4,023,846
1,861,161	2,700,549	3,038,660	2,082,011	4,729,489
-	-	250,000	180,000	-
1,789,385	1,870,414	1,965,760	1,928,747	2,090,265
837,992	783,108	758,224	389,246	311,528
38,213,631	38,068,091	38,104,823	37,771,933	42,727,421
(990,505)	287,314	1,364,507	3,705,029	2,312,067
-	-	-	-	-
-	-	-	-	2,763,314
-	-	9,004,043	-	-
-	-	(9,227,996)	-	(2,720,000)
-	-	343,536	-	-
-	-	(49,522)	-	-
981,444	25,528	2,490	-	3,117
-	-	-	13,973	-
3,497,271	2,169,172	2,176,710	1,431,423	2,636,170
(2,242,207)	(1,737,798)	(1,770,806)	(1,430,356)	(2,629,647)
2,236,508	456,902	478,455	15,040	52,954
-	-	-	-	-
\$ 1,246,003	\$ 744,216	\$ 1,842,962	\$ 3,720,069	\$ 2,365,021
7.8%	8.1%	8.5%	7.0%	6.7%

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

Fiscal Year	Property	Sales & Use	Utility	Lodging	Excise	Other ¹	Total
2005	11,146,094	5,433,086	3,976,971	66,502	2,744,083	236,469	23,603,205
2006	11,491,162	5,854,152	4,209,444	75,077	2,868,297	264,679	24,762,811
2007	12,008,487	6,232,946	4,484,946	82,907	2,772,278	284,081	25,865,645
2008	12,256,542	5,448,281	4,843,225	86,119	1,764,121	349,094	24,747,382
2009	13,908,042	4,952,898	6,081,071	70,698	1,515,433	340,909	26,869,051
2010	13,672,874	5,015,245	5,984,188	68,186	1,258,249	303,114	26,301,857
2011	13,436,557	5,210,771	6,232,489	75,492	1,087,997	280,162	26,323,467
2012	13,464,310	5,557,905	6,340,635	79,488	1,519,301	300,309	27,261,948
2013	13,564,947	6,018,989	6,485,822	85,629	1,838,330	227,635	28,221,352
2014	13,717,961	6,597,329	6,640,962	97,172	1,866,320	861,755	29,781,498

Percentage Change

In Dollars Over

10 Years

31.3%	14.8%	80.9%	45.5%	-4.8%	25.1%	33.0%
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Note:

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

Source:

Published Financial Statements

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

For the Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of The Levy		Collections in Subsequent Years	Total Collections to Date		Total Uncollected Taxes ¹	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2005	11,152,382	10,947,400	98.16%	204,964	11,152,364	100.00%	18	0.00%
2006	11,506,710	11,267,986	97.93%	238,663	11,506,649	100.00%	61	0.00%
2007	11,994,777	11,782,550	98.23%	212,010	11,994,560	100.00%	217	0.00%
2008	12,302,173	12,116,105	98.49%	185,236	12,301,341	99.99%	832	0.01%
2009	13,924,284	13,665,994	98.15%	257,352	13,923,346	99.99%	938	0.01%
2010	13,724,015	13,477,013	98.20%	241,203	13,718,216	99.96%	5,799	0.04%
2011	13,571,059	13,252,170	97.65%	310,262	13,562,432	99.94%	8,628	0.06%
2012	13,406,740	13,151,105	98.09%	224,966	13,376,072	99.77%	30,669	0.23%
2013	13,472,029	13,295,779	98.69%	121,530	13,417,309	99.59%	54,720	0.41%
2014	13,804,780	13,551,506	98.17%		13,551,506	98.17%	253,274	1.83%

Note:

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

Source:

Snohomish County Assessor's Office

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

Page 1 of 2

For the Year Ended December, 31	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Multi- Family Property
2005	4,135,907,800	702,820,600	5,514,200	2,845,200	277,035,300
2006	4,640,914,959	820,116,000	6,342,800	4,438,200	298,599,600
2007	5,749,197,973	981,659,850	6,436,300	5,958,000	341,540,684
2008	6,616,573,050	1,172,029,590	8,938,492	7,089,500	374,056,400
2009	6,602,668,250	1,254,652,032	17,139,108	7,417,700	422,899,771
2010	5,856,463,400	1,262,498,380	22,561,148	5,631,800	415,229,423
2011	5,466,782,800	1,103,632,971	19,985,828	4,282,600	350,082,538
2012	4,927,955,900	1,009,384,910	17,203,099	3,760,500	326,680,040
2013	4,635,161,665	929,683,500	15,162,100	3,539,500	348,495,200
2014	5,134,160,900	982,622,123	18,240,400	4,060,500	373,984,700

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
112,249,000	(417,080,173)	4,819,291,927	2.33	5,236,372,100	8.3%
126,461,780	(466,813,697)	5,430,059,642	2.14	5,896,873,339	12.6%
149,903,700	(622,322,592)	6,612,373,915	1.83	7,234,696,507	22.7%
171,004,832	(734,142,661)	7,615,549,203	1.62	8,349,691,864	15.4%
169,628,655	(765,196,026)	7,709,209,490	1.82	8,474,405,516	1.5%
136,686,237	(743,587,671)	6,955,482,717	1.98	7,699,070,388	-9.1%
104,160,002	(615,667,886)	6,433,258,853	2.12	7,048,926,739	-8.4%
80,202,175	(570,542,159)	5,794,644,465	2.33	6,365,186,624	-9.7%
82,874,800	(469,676,918)	5,545,239,847	2.44	6,103,970,917	-4.1%
91,054,886	(501,711,809)	6,102,411,700	2.27	6,604,123,509	8.2%

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

Year	Direct				Total	Overlapping			Total	Total Levy Rate
	City	County	State School	Local School		Library	Port	Hospital		
2005	2.33	1.57	2.79	3.99	10.67	0.46	0.06	0.24	0.76	11.43
2006	2.14	1.45	2.53	3.74	9.86	0.42	0.09	0.22	0.74	10.60
2007	1.83	1.24	2.16	3.51	8.74	0.35	0.09	0.18	0.62	9.36
2008	1.62	0.72	1.91	3.19	7.44	0.31	0.09	0.16	0.56	8.00
2009	1.82	0.72	1.91	3.19	7.64	0.31	0.09	0.16	0.56	8.20
2010	1.98	0.78	1.99	3.42	8.17	0.40	0.10	0.18	0.68	8.85
2011	2.12	0.87	2.21	4.15	9.35	0.45	0.11	0.15	0.71	10.05
2012	2.33	0.98	2.38	4.70	10.39	0.50	0.12	0.11	0.73	11.12
2013	2.44	1.08	2.43	4.97	10.92	0.50	0.12	0.11	0.73	11.66
2014	2.27	1.08	2.38	4.65	10.39	0.50	0.11	0.11	0.72	11.11

Source:

Snohomish County Assessor's Annual Reports

CITY OF EDMONDS, WASHINGTON
SCHEDULE 9
PRINCIPAL PROPERTY TAXPAYERS
 FOR FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2004

Principal Taxpayer	2014 Assessed Valuation	Percent of 2013 Total Assessed Value	2004 Assessed Valuation	Percent of 2005 Total Assessed Value
Bel Puget Holdings LLC	\$ 33,001,298	0.54%	\$ -	0.00%
Park 212 Apt LLC	24,739,000	0.41%	-	0.00%
FW WA-Aurora Marketplace LLC	18,151,000	0.30%	-	0.00%
Stephanus Paul & Barbara LLC	17,390,000	0.28%	-	0.00%
Franklin-Edmonds LLC	15,558,000	0.25%	7,576,800	0.17%
Arch ELEDMWA01 LLC	14,825,000	0.24%	-	0.00%
MGP X REIT LLC	12,616,500	0.21%	-	0.00%
Puget Sound Energy/Gas	12,078,993	0.20%	-	0.00%
Northpoint Compass Property LLC	12,029,020	0.20%	-	0.00%
Property Management NW	12,028,800	0.20%	5,054,900	0.11%
Stevens Pavillion LLC	11,817,500	0.19%	-	0.00%
Park Edmonds Apt LLC	10,640,000	0.17%	-	0.00%
Frontier Communications Northwest Inc	9,841,691	0.16%	5,543,867	0.12%
Mastgech LLC	9,836,000	0.16%	-	0.00%
HR Acquisition/Corporation	9,560,000	0.16%	-	0.00%
Carnel Properties LLC	9,544,100	0.16%	-	0.00%
Edmonds Medical Bldg Assoc LLC	8,257,300	0.14%	-	0.00%
Southeast 888 Investments LLC	8,018,800	0.13%	-	0.00%
Public Storage	6,882,100	0.11%	-	0.00%
Park 210 Apts LLC	6,300,000	0.10%	-	0.00%
Strauss Family - Park Ballinger LLC	6,264,000	0.10%	-	0.00%
Lynnwood Honda/Nelson Motors LLC	5,977,300	0.10%	-	0.00%
Edmonds Park Associates LLC	5,724,000	0.09%	4,078,900	0.09%
Hosey Harry	5,664,500	0.09%	-	0.00%
Waterfront Park Assoc	5,333,500	0.09%	-	0.00%
RH Old Mill Town Association LLC	5,319,081	0.09%	-	0.00%
PCC Natural Markets	5,270,600	0.09%	2,686,800	0.06%
Soundview 614 LLC	5,148,490	0.08%	2,536,456	0.06%
Commodore Motor Hotel Inc	5,088,600	0.08%	2,801,500	0.06%
Boo Han Plaza III LLC	4,968,200	0.08%	-	0.00%
Point Edward LLC	-	0.00%	9,275,500	0.21%
Edmonds Village LLC	-	0.00%	3,400,600	0.08%
Fairway of Edmonds LLC	-	0.00%	3,340,800	0.07%
JP Morgan Chase Bank NA	-	0.00%	3,231,200	0.07%
Uni Property LLC	-	0.00%	3,215,200	0.07%
Comcast of Washington LLC	-	0.00%	2,822,364	0.06%
Norwegian Wood LLC	-	0.00%	2,800,358	0.06%
Moeller Donna J Trustee	-	0.00%	2,725,600	0.06%
Shibayama Associates LLC	-	0.00%	2,521,000	0.06%
HASSHB LLC	-	0.00%	2,116,000	0.05%
LOJO Properties LLC	-	0.00%	2,112,600	0.05%
RYU Cody & Cindy	-	0.00%	2,092,900	0.05%
American Family Realty Trust	-	0.00%	2,034,000	0.05%
Hayre Properties LLC	-	0.00%	2,009,100	0.04%
Westgate Edmonds LLC	-	0.00%	2,000,000	0.04%
North Haven Manor LLC	-	0.00%	1,829,952	0.04%
KF SKANDI LLC	-	0.00%	1,611,500	0.04%
Bucklin Mark R & Laurence A	-	0.00%	1,471,500	0.03%
Nissen Rick S	-	0.00%	1,445,600	0.03%
Biback Kingswood LLC	-	0.00%	1,389,000	0.03%
Parker Michael & Debora	-	0.00%	1,356,000	0.03%
Mascarinas Mark S	-	0.00%	1,252,700	0.03%
Onstot Neale D Family Trust	-	0.00%	1,156,000	0.03%
Total Principal Taxpayers	317,873,373	5.21%	87,488,697	1.96%
All Other Taxpayers	5,784,538,327	94.79%	4,378,030,370	98.04%
Total	\$ 6,102,411,700	100.00%	\$ 4,465,519,067	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

	2005	2006	2007 ^(d)	2008 ^(e)	2009 ^(f)	2010	2011	2012	2013	2014
<u>BASIC SALES TAX RATES</u>										
City of Edmonds	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Snohomish County	0.15%	0.15%	0.15%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Metro	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Department of Revenue Administration Fee	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Basic Combined Sales Tax Rate	8.80%	8.80%	8.90%	9.00%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%

Notes:

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

The tax will be used for transportation purposes.

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

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

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

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

Source:

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



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

Page 1 of 2

Fiscal Year	Governmental - Activities				Business-type Activities			
	General Obligation	Capital Contracts	Governmental Loans	Total	Revenue Bonds	General Obligation Bonds	Business-type Loans	Total
	Bonds							
2005	22,661,984	2,142,255	688,436	25,492,675	7,485,000	778,541	2,045,486	10,309,027
2006	22,118,142	2,041,259	775,243	24,934,644	6,315,000	717,551	2,006,948	9,039,499
2007	21,589,831	1,853,702	1,225,662	24,669,195	4,425,000	4,404,404	1,888,238	10,717,642
2008	20,204,446	1,702,428	1,184,699	23,091,573	3,620,000	4,199,863	2,102,253	9,922,116
2009	18,719,223	1,546,238	1,112,498	21,377,959	3,255,000	3,988,916	2,944,046	10,187,962
2010	17,157,406	1,390,871	1,040,296	19,588,573	2,870,000	3,767,595	2,748,774	9,386,369
2011	15,520,201	1,229,863	968,095	17,718,159	13,720,000	3,554,800	2,563,901	19,838,701
2012	13,604,427	1,063,924	895,893	15,564,244	13,250,000	3,320,573	2,407,905	18,978,478
2013	11,919,474	892,330	823,692	13,635,496	27,745,000	3,100,526	2,186,384	33,031,910
2014	8,282,579	714,359	4,195,667	13,192,605	27,060,000	2,872,421	2,585,877	32,518,298

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

Page 2 of 2

Total Primary Government	Percentage of Personal Income	Per Capita	Population	Per Capita Income
35,801,702	2.76%	898	39,860	32,591
33,974,143	2.58%	842	40,360	32,591
35,386,837	2.57%	872	40,560	33,999
33,013,689	2.04%	810	40,760	39,792
31,565,921	1.74%	772	40,900	44,309
28,974,942	1.89%	730	39,709	38,671
37,556,860	2.44%	944	39,800	38,671
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

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

Year	Population	Assessed Value (in Thousands)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio Net Bonded Debt to AV	Net Bonded Debt per Capita
2005	39,860	5,430,060	23,440,525	-	23,440,525	0.43%	588
2006	40,360	6,612,374	22,835,693	-	22,835,693	0.35%	566
2007	40,560	7,615,549	25,994,235	-	25,994,235	0.34%	641
2008	40,760	7,709,209	24,404,309	-	24,404,309	0.32%	599
2009	40,900	6,955,483	22,708,139	-	22,708,139	0.33%	555
2010	39,709	6,433,259	20,925,001	-	20,925,001	0.33%	527
2011	39,800	5,794,644	19,075,001	-	19,075,001	0.33%	479
2012	39,800	5,545,240	16,925,000	-	16,925,000	0.31%	425
2013	40,400	6,102,412	15,020,000	-	15,020,000	0.25%	372
2014	39,950	6,102,412	11,155,000	-	11,155,000	0.18%	279

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, 2014

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Edmonds	Amount Applicable to Edmonds
City of Edmonds	\$ 48,042,910	100.00%	\$ 48,042,910
Total Direct Debt	<u>48,042,910</u>	<u>100.00%</u>	<u>48,042,910</u>
Local School	321,865	33.08%	106,475
County	498,018,280	7.68%	38,252,494
Hospital	5,160,000	30.73%	1,585,591
Port	<u>9,858,329</u>	<u>86.83%</u>	<u>8,559,603</u>
Total Overlapping Debt	513,358,474	9.45%	48,504,164
Total Direct and Overlapping Debt	\$ 561,401,384	17.20%	\$ 96,547,074

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

Source:

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

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

Page 1 of 2

	2005	2006	2007	2008
Total Taxable Property Value	\$5,430,059,642	\$6,665,146,142	\$7,615,549,203	\$7,709,209,490
(1) 2.5% Limit for General Purposes is allocated between (2) councilmanic and (8) voted	135,751,491	166,628,654	190,388,730	192,730,237
(2) <i>Up to 1.5% debt without a vote (councilmanic)</i>	81,450,895	99,977,192	114,233,238	115,638,142
(3) Less: outstanding debt	(15,510,525)	(15,400,693)	(13,999,235)	(18,104,309)
(4) Less: contracts payable	(6,510,245)	(7,361,940)	(7,373,461)	(7,224,306)
(5) Less: excess of debt with a vote	-	-	-	-
(6) Add: available assets	322,816	1,221,281	1,107,376	267,469
(7) Equals: remaining debt capacity without a vote	59,752,940	78,435,840	93,967,918	90,576,996
(8) <i>1% general purposes debt with a vote</i>	54,300,596	66,651,461	76,155,492	77,092,095
(9) Less: outstanding debt	(7,930,000)	(7,435,000)	(6,895,000)	(6,300,000)
(10) Less: contracts payable	-	-	-	-
(11) Add: available assets	-	-	-	-
(12) Equals: remaining debt capacity with a vote	46,370,596	59,216,461	69,260,492	70,792,095
(13) 2.5% Utility purpose limit, voted	135,751,491	166,628,654	190,388,730	192,730,237
(14) Less: outstanding debt	-	-	-	-
(15) Less: contracts payable	-	-	-	-
(16) Add: available assets	-	-	-	-
(17) Equals: remaining debt capacity - utility purposes, voted	135,751,491	166,628,654	190,388,730	192,730,237
(18) 2.5% Open space, park and capital facilities, voted	135,751,491	166,628,654	190,388,730	192,730,237
(19) Less: outstanding debt	-	-	-	-
(20) Less: contracts payable	-	-	-	-
(21) Add: available assets	-	-	-	-
(22) capital facilities, voted	135,751,491	166,628,654	190,388,730	192,730,237

Source:

Schedule 10 to the Financial Statements.

2009	2010	2011	2012	2013	2014
\$6,955,482,717	\$6,433,258,853	\$5,794,644,465	\$5,545,239,847	\$6,102,411,700	\$6,775,485,646
173,887,068	160,831,471	144,866,112	138,630,996	152,560,293	169,387,141
104,332,241	96,498,883	86,919,667	83,178,598	91,536,176	101,632,285
(17,048,139)	(15,935,001)	(14,800,001)	(13,405,000)	(12,300,000)	(11,155,000)
(6,199,329)	(5,564,861)	(5,969,425)	(5,730,994)	(4,814,933)	(6,103,524)
-	-	-	-	-	-
370,148	380,699	483,678	401,663	311,379	361,097
81,454,921	75,379,720	66,633,919	64,444,267	74,732,622	84,734,858
69,554,827	64,332,589	57,946,445	55,452,398	61,024,117	67,754,856
(5,660,000)	(4,990,000)	(4,275,000)	(3,520,000)	(2,720,000)	(1,840,116)
-	-	-	-	-	-
-	-	-	-	-	-
63,894,827	59,342,589	53,671,445	51,932,398	58,304,117	65,914,740
173,887,068	160,831,471	144,866,112	138,630,996	152,560,293	169,387,141
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
173,887,068	160,831,471	144,866,112	138,630,996	152,560,293	169,387,141
173,887,068	160,831,471	144,866,112	138,630,996	152,560,293	169,387,141
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
173,887,068	160,831,471	144,866,112	138,630,996	152,560,293	169,387,141

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	
2005	12,933,748	8,922,431	4,011,317	1,150,000	279,830	1,429,830	2.81%
2006	13,230,523	9,205,572	4,024,951	1,170,000	249,955	1,419,955	2.83%
2007	13,550,154	9,766,470	3,783,684	1,190,000	218,168	1,408,168	2.69%
2008	13,735,817	10,346,521	3,389,296	805,000	183,196	988,196	3.43%
2009	14,666,492	11,038,947	3,627,545	365,000	156,076	521,076	6.96%
2010	14,470,485	11,033,523	3,436,962	385,000	141,276	526,276	6.53%
2011	15,815,763	11,387,667	4,428,096	400,000	125,051	525,051	8.43%
2012	16,072,001	12,294,504	3,777,497	470,000	440,312	910,312	4.15%
2013	17,059,859	12,682,889	4,376,970	515,000	655,728	1,170,728	3.74%
2014	18,588,113	13,646,465	4,941,648	685,000	1,137,128	1,822,128	2.71%

Notes:

Bond financing requirements are that the average annual coverage is at least 1.25 times the average annual debt service for Water and Sewer revenue bonds.

¹ Includes operating and non-operating revenue.

² Excludes depreciation.

Source:

Published Financial Statements.

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

Year	Population ¹	Personal Income (thousands of dollars)	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2005	39,860	1,299,077	32,591	42.0	5,020	5.1%
2006	40,360	1,315,373	32,591	42.0	5,541	4.6%
2007	40,560	1,378,999	33,999	42.0	5,683	3.9%
2008	40,760	1,621,922	39,792	44.2	5,537	7.1%
2009	40,900	1,812,238	44,309	45.8	5,537	9.5%
2010	39,709	1,535,587	38,671	46.3	5,053	8.7%
2011	39,800	1,539,106	38,671	46.3	4,973	8.3%
2012	39,800	1,539,106	38,671	46.3	4,920	5.9%
2013	40,400	1,717,323	42,508	46.3	4,536	5.3%
2014	39,950	1,741,740	43,598	46.3	4,773	4.4%

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, 2014 AND 2007

Princial Employers	2014 Full & Part-Time Employment	Percentage of Total City Employees	2007 Full & Part-Time Employment	Percentage of Total City Employees
Swedish (Stevens) Memorial Hospital	1312	11.15%	1,030	9.92%
Edmonds School District	640	4.62%	165	4.84%
City of Edmonds	258	2.00%	330	1.95%
Aldercrest Health & Rehab Center	160	1.31%	160	1.21%
Anthony's Restaurants	141	1.15%	141	1.07%
Edmonds Family Medicine	133	1.09%		1.01%
PCC Natural Markets	115	0.94%		0.87%
Magic Toyota Scion	110	0.90%		0.83%
Fred Meyer/QFC	103	0.84%	92	0.78%
Lynnwood Honda	100	0.82%	100	0.76%
McDonalds	95	0.82%		0.72%
Safeway	90	0.79%	102	0.68%
Burlington Coat Factory	73	0.60%		0.55%
Landau Associates Inc	68	0.56%		0.51%
Scott's Bar & Grill - Restaurants Unlimit	67	0.55%		0.51%
Total Principal Employers	3465	28.13%	2,120	26.19%
Other Employers	9,767	71.87%	9,906	82.37%
Total Employment	13,232	100.00%	12,026	12,225

Note:

Information for years prior to 2007 is not available.

Source:

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
General Government										
City Council	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Mayor/City Clerk	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.5	6.5	6.5
Economic Development	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.5
Administrative Services	11.0	11.0	11.0	11.0	9.0	9.0	9.0	10.0	10.5	11.0
Facilities	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0
Equipment Rental	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0
	35.5	35.5	35.5	35.5	32.5	31.5	31.5	32.0	32.5	33.5
Judicial										
Municipal Court	7.5	7.5	8.5	8.5	8.5	8.5	7.0	7.0	7.5	7.0
Public Safety										
Police	70.0	73.0	69.0	69.0	69.0	69.0	64.0	65.0	61.0	63.0
Fire	53.0	54.0	54.0	54.0	54.0	0.0	0.0	0.0	0.0	0.0
	123.0	127.0	123.0	123.0	123.0	69.0	64.0	65.0	61.0	63.0
Physical Environment										
Development Services	28.8	26.8	27.1	27.1	16.1	16.0	15.0	14.0	14.0	15.0
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	23.0	23.0	22.9	22.9	22.9	22.0	22.0	22.0	26.5	21.0
Transportation										
Streets	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	6.0	6.0
Total Governmental Activities	227.3	229.3	226.5	226.5	212.5	156.5	149.0	149.5	149.5	147.5
Business-type Activities										
Combined Utility										
Public Works Administration	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6
Storm	7.5	7.5	7.5	7.5	7.5	7.5	8.5	8.5	7.5	8.0
Water/Sewer/Treatment Plan	34.5	34.5	34.5	34.5	34.5	34.5	33.5	33.5	31.5	32.4
Engineering	0.0	0.0	0.0	0.0	11.0	11.0	11.0	11.0	12.0	15.0
Total Business-type Activities	44.5	44.5	44.5	44.5	55.5	55.5	55.5	55.5	53.5	58.0
Grand Total	271.8	273.8	271.0	271.0	268.0	212.0	204.5	205.0	203.0	205.5

Source:

City Budget Books

CITY OF EDMONDS, WASHINGTON
SCHEDULE 19
OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST NINE FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2011	2012	2013	2014
General government services									
Finance									
General Business Licenses	1,857	1,922	1,920	2,002	1,767	1,796	1,843	1,656	1,695
Non-resident Business Licenses	950	930	982	1,127	1,031	2,896	3,192	1,099	1,381
Judicial									
Municipal Court									
Total filings (infraction, parking, criminal)	5,318	7,194	6,010	7,782	7,853	7,919	6,325	7,809	5,826
Public Safety									
Police									
Dispatched calls	23,519	23,530	23,104	22,320	21,352	21,027	22,011	21,789	22,758
Traffic citations and infractions	3,328	4,139	4,058	5,803	5,379	5,288	4,815	6,061	4,152
Adult arrests	1310	1448	1389	1565	1455	1543	1344	1414	1380
Juvenile arrests	213	208	245	219	178	172	135	125	117
Animal control incidents	1,227	1,547	1,388	1,108	1,483	1,370	1,126	1,213	1,183
Crimes per 1000 residents	36.4	35.0	26.0	25.4	25	26	27	27	30
Fire/EMS ¹									
EMS	3,691	3,522	3,669	3,555	3,470	3,979	3,789	3,870	3,877
False Alarm	286	260	229	238	236	342	154	227	208
Fire	127	143	135	104	87	92	88	76	90
Good Intent Call	631	791	747	396	523	427	338	294	272
Hazardous Condition	78	139	150	105	91	72	89	86	73
Rupture / Explosion	15	8	13	8	6	8	6	4	3
Service Call	224	285	216	264	341	251	282	241	190
Special Type	13	8	8	3	9	8	2	3	3
Other	0	15	11	0	0	0	8	3	2
Physical Environment									
Engineering & construction services									
Permits issued	1,256	1,187	1,253	1,028	920	1,072	1,136	2,156	1,296
Inspections	8,848	6,645	5,853	4,267	3,908	3,262	1,566	6,475	4,472
Economic Environment									
Community services									
Planning									
Code enforcement actions	680	619	733	577	385	371	393	411	362
Animal Services									
Adoptions	64	37	70	77	43	34	26	39	43
Returned to Owner	211	200	201	159	146	164	160	141	97
Culture and recreation									
Aquatics participants	19,147	20,582	21,584	22,047	26,759	16,474	17,687	19,374	17,770
Athletics (Adult) participants	2,246	2,422	2,184	2,294	2,188	2,337	2,307	2,055	2,106
Gymnastics participants	1,473	1,424	1,651	1,520	1,793	1,529	1,403	5,167	1,916
Fitness participants	2,184	2,108	1,853	2,548	3,013	3,242	2,367	2,377	2,216
Special Events participants	9,001	9,105	9,129	9,354	7,883	9,592	7,754	7,833	7,249
Transportation									
Number of paving projects	84	58	53	63	95	135	317	160	193
Street patching/paving (in sq ft)	5,168	5,711	3,422	8,232	4,267	3,353	12,622	3,394	4,723
Curbs and gutters replaced (in lineal ft)	67	35	35	27	38	193	4	26	2
Sidewalks replaced (in sq ft)	2,689	2,261	2,257	2,900	3,580	6,661	266	895	24
Water/Sewer									
Water									
New connections	27	11	8	20	n/a	8	24	19	36
Water main breaks	22	15	8	5	n/a	10	8	6	7
Average daily consumption (mgd) - finished water	3.2	3.3	3.1	3.0	3.0	3.5	2.9	2.8	2.9
Peak daily consumption (mgd) - finished water	3.2	4.6	n/a	n/a	n/a	n/a	5	5	6
Treated water delivered (mg)	1,162	1,192	1,138	1,122	n/a	1,085	1,054	973	1,064
Water customers served by system	1014	9,998	10,031	10,058	10,086	10,139	10,123	10,151	10,177
Sewer									
Average daily sewage treated (mg)	5.3	6.2	5.3	5.5	5.6	5.8	6.03	4.59	4.69
Sewage treated (mg)	1,945	2,249	1,938	2,022	2,043	2,112	2,208	1,675	1,712
Storm System									
New Storm Pipe in feet							320	606	3,528
Catch Basin Rehab/Replace							31	36	76
Surface Structure Rehab (Grates)							32	32	18
Overflow (Beehive) Installs							2	2	2

Note:

Information for years prior to 2005 are not available, as well as information for 2010.

¹ Figures for Fire/EMS reflect information provided under contract with Snohomish County Fire District No. 1 Effective 2010.

Sources:

Various city departments and the City Budget.

CITY OF EDMONDS, WASHINGTON
SCHEDULE 20
CAPITAL ASSET STATISTIC BY FUNCTION/PROGRAM
 LAST NINE FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2011	2012	2013	2014
Public Safety									
Police stations	1	1	1	1	1	1	1	1	1
Police vehicles	33	33	33	33	33	43	42	33	33
Fire stations	3	3	3	3	3	3	3	3	3
Fire engines (pumpers)	3	3	3	3	3	3	3	0	0
Aerial ladder trucks	1	1	1	1	1	1	1	0	0
Emergency Medical Units	5	5	5	5	5	5	5	0	0
Public safety boat	0	1	1	1	1	1	0	0	0
Transportation									
Paved streets (in miles)	128	128	128	128	128	128	133	133	133
Other Improved streets (in miles)	6	6	6	6	6	6	6	6	6
Unimproved streets (in miles)	1	1	1	1	1	1	1	1	1
Signalized intersections	20	20	20	20	20	20	22	20	20
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	46	47	47	47	47	47	47	44	44
Number of playgrounds	13	13	13	13	13	14	14	15	15
Total acreage owned/managed by City	238.1	243.7	243.7	243.7	243.7	243.7	262.0	189.0	189.0
Public swimming pool	1	1	1	1	1	1	1	1	1
Water/Sewer									
Water									
Water mains (miles)	179	179	179	179	179	179	179	179	179
Fire hydrants	1,086	1,086	1,086	1,086	1,086	1,167	1,167	1,167	1,167
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	186	186
Storm sewers (miles)	120	120	120	120	120	120	120	120	120
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 years prior to 2005 are not available, as well as information for 2010.

Sources:

Various city departments and the City Budget.



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