



The City of Marysville, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

(For the Year Ending December 31, 2016)

Comprehensive Annual Financial Report

For the Fiscal Year Ending
December 31, 2016



Sandy Langdon, CPA
Finance Director

Jan Berg
Assistant Finance Director/City Clerk

John Nield
Financial Operations Manager

Denise Gritton
Financial Planning Manager

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmission..... 3
 GFOA Certificate of Achievement 6
 Organization Chart 7
 City of Marysville Public Officials..... 8

FINANCIAL SECTION

Independent Auditors Report 9
 Management’s Discussion and Analysis 12

Basic Financial Statements

Government Wide Financial Statements
 Statement of Net Position 23
 Statement of Activities 24
 Fund Financial Statements
 Balance Sheet – Governmental Funds 25
 Reconciliation of Balance Sheet – Governmental Funds to the
 Statement of Net Position 26
 Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 27
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of
 Governmental Funds to the Statement of Activities 28
 Statement of Net Position – Proprietary Funds 29
 Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 30
 Statement of Cash Flows – Proprietary Funds 31
 Statement of Net Position – Fiduciary Funds 33
 Notes to Financial Statements 35

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 General Fund 65
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Street Maintenance 66
 Schedule of Proportionate Share of the Net Pension Liability 67
 Schedule of Employer Contributions 70
 Schedule of Funding Progress (OPEB)..... 72

Combining and Individual Fund Statements and Schedules:

Governmental Funds

Combining Balance Sheet – Non-major Governmental Funds..... 73
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Non-major Governmental Funds..... 74
 Combining Balance Sheet – Non-major Special Revenue Funds 75
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Non-major Special Revenue Funds 77
 Combining Balance Sheet – Non-major Debt Service Funds..... 81
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Non-major Debt Service Funds 82
 Combining Balance Sheet – Non-major Capital Project Funds 83
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Non-major Capital Project Funds 84

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

Drug Seizure Fund.....85
 Tribal Gaming Fund86
 Hotel/Motel Fund.....87
 KBCC Appreciation Fund88
 I/Net89

Community Development Block Grant (CDBG)	90
GMA REET I Fund.....	91
GMA REET II Fund.....	92
Transportation Benefit District.....	93
LTGO Debt Service Fund.....	94
Local Improvement District 71 (LID71).....	95
Street Construction Fund.....	96
Parks Construction Fund.....	97
Proprietary Funds	
Combining Statement of Net Position – Internal Service Funds.....	99
Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds.....	100
Combining Statement of Cash Flows – Internal Service Funds	101
Fiduciary Funds	
Combining Statement of Assets & Liabilities – Agency Funds	103
 STATISTICAL SECTION	
Statistical Section Overview	105
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years.....	106
Changes in Net Position – Last Ten Fiscal Years.....	107
Fund Balances by Governmental Funds – Last Ten Fiscal Years	108
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	109
Governmental Tax Revenues by Source – Last Ten Fiscal Years	110
Revenue Capacity:	
Water Produced, Consumed & Wastewater Treated – Last Ten Fiscal Years	111
Annual Connections – Last Ten Fiscal Years	112
Number of Water and Sewer Customers by Type – Last Ten Fiscal Years.....	113
Water and Sewer Rates – Last Ten Fiscal Years	114
Largest Water/Sewer Customers – Current Year and Ten Years Ago.....	115
Taxable Assessed Value and Estimated Actual Value of Property – Last Ten Fiscal Years	116
Property Tax Levies and Collections – Last Ten Fiscal Years.....	117
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	118
Principal Property Tax Payers – Current Year and Ten Years Ago	119
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	120
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	121
Direct and Overlapping Governmental Activities Debt – Current Year.....	122
Legal Debt Margin Information – Last Ten Fiscal Years	123
Pledged-Revenue Coverage – Last Ten Fiscal Years	124
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years.....	125
Major Employers – Current Year and Ten Years Ago.....	126
Operating Information:	
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	127
Operating Indicators by Function/Program – Last Ten Years	128
Capital Asset Statistic by Function/Program – Last Ten Years.....	129



23 June 2017

Honorable Mayor
The Marysville City Council,
Citizens of the City of Marysville:

This correspondence will formally transmit the Comprehensive Annual Financial Report (CAFR) of the City of Marysville for the year ended December 31, 2016. This submittal is in accordance with Washington State Statutes and Marysville code provisions. This report of the financial condition of the City also provides full financial disclosure in accordance with generally accepted accounting principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the State Auditor's Office. The City's financial statements have been audited by the Washington State Auditor's office. The goal of an independent audit is to provide reasonable assurance that City financial statements for the fiscal year ended December 31, 2016 are free of material misstatements. The State Auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Marysville's statements are fairly presented in conformity with GAAP. The State Auditor's report is presented at the first component of the financial section of this report.

As the recipient of federal, state, and county financial assistance if the annual receipts exceed \$750,000 the City is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). This audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. During this reporting period the receipt of federal financial assistance did not meet the threshold, so the City was not subject to a single audit.

GAAP requires that the City provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a "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's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Marysville is located 35 miles north of downtown Seattle and 4 miles north of Everett in Snohomish County. To the west of the City are Interstate 5 and the Tulalip Indian Reservation and to the east lie the city of Lake Stevens and the foothills of the Cascade Mountains. The City and the immediate area is primarily suburban and rural residential with supporting retail and commercial enterprises. Light industrial and manufacturing business are located in the northern portion of the City. On December 30, 2009, Marysville became the second largest City in the county with a current population of 64,140 when the City annexed in the remaining Urban Growth Area. Incorporated in 1891, Marysville has developed into an ideally located economic center, one that offers residents and businesses a way of life that provides opportunities to prosper, while preserving the unhurried qualities we have all come to treasure in this fast-growing region.

Marysville is approximately 20.9 square miles in size. Visitors and residents can enjoy 424 acres of recreational attractions including parks, soccer fields, nature trails, a boat launch and golf course. The City also offers visitors a number of new retail shopping areas, restaurants and a new hotel.

The City of Marysville is a non-charter code city operating under a Council-Mayor form of government. City Council elections are held every two years with Council members elected to staggered four-year terms. The Mayoral elections are held every

four years. Citizens of Marysville may run for Mayor or City Council if they are at least 18 years old and residents of the City for the previous twelve months.

The Chief Administrative Officer (CAO) along with the Mayor, are responsible for implementing the policies and goals of the City Council and provides leadership, coordination and development of City departments. The CAO is appointed by, reports directly to, and serves at the pleasure of the Mayor and City Council.

The City of Marysville provides a full range of municipal services, including police, community development, street maintenance and construction, parks and recreation, courts, fire services, and general administrative services. The City operates enterprise funds for water, sewer, stormwater, solid waste, and golf course.

The City prepares a biennial budget in accordance with the Revised Code of Washington (RCW) 35.A.34. Biennial budgets must be adopted by the City council prior to the first of each odd-numbered calendar year. This budget serves as the foundation for the City of Marysville's financial planning and control. The budget is prepared by fund and department. A budget increase or decrease to a fund must be authorized by the City Council. Appropriation changes within a fund may be authorized by the Chief Administrative Officer.

Long Term Financial Planning and Relevant Financial Policies

Because the city has been fiscally prudent in these past several post-recession years, we have a solid financial foundation from which to work. An improving economy provides its own set of challenges: investing in economic development, diversifying our employment base and providing the infrastructure to meet the needs of businesses coming our way. This high growth phase coupled with the fiscal discipline of the last several years provides the opportunity to move forward on long-term projects that the city has planned for quite some time.

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Marysville. Therefore, the establishment and maintenance of wise fiscal policies enables City officials to protect public interests and ensure public trust. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs. They address topics that include the operating and enterprise fund budgets, revenues and expenditures, cash management and investment, reserve and fund balance and debt management.

To ensure the City keeps abreast of and incorporates economic conditions into its financial plan, revenues are projected for six years and the forecast is updated annually. Operating expenses are supported by ongoing revenues per City policy. Reserve replenishment continues to be a high priority, with the objective of meeting and maintaining the reserve requirements. In 2016, Moody's upgraded the City's bond rating from A1 to Aa3.

Major Initiatives

The 2017-2018 biennial budget approved by the City Council included the following major initiatives:

- Construct a First Street Bypass allowing traffic to exist I5 south of town reducing congestion in the downtown corridor.
- Development of the Waterfront Park and new trail system to encourage livability and walkability in the downtown area.
- With the addition of five Police Officers and Sergeants, increase the patrol presence in Marysville neighborhoods, transition the Regional Property Crimes Unit from a pilot program to an ongoing unit, increase community outreach in the schools, and create a new Community Services Unit focusing on code enforcement and park security.
- Continue discussion to create a Regional Fire Authority with City of Arlington and Fire District #12.
- Evaluate options to address the needs and funding for new public safety building and other facility needs within the City.
- Create new and improved arterials, complete voter-approved Transportation Benefit District projects, continue working with WSDOT & the Tulalip Tribes on Interest 5 interchanges at SR529 & 116th, increase pedestrian safety and walkability

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marysville for its comprehensive annual financial report for the fiscal year ended December 31, 2015. The City has received the award each year starting in 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. Thank you to our department heads for understanding the importance of the financial status of this organization

and as such, worked diligently to provide quality service within our financial means. It is to their credit that the citizens of the City of Marysville can rely on this report as the definitive discussion of all City financial operations.

Respectively Submitted:

Sandy Langdon

Sandy Langdon
Finance Director



Government Finance Officers Association

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

Presented to

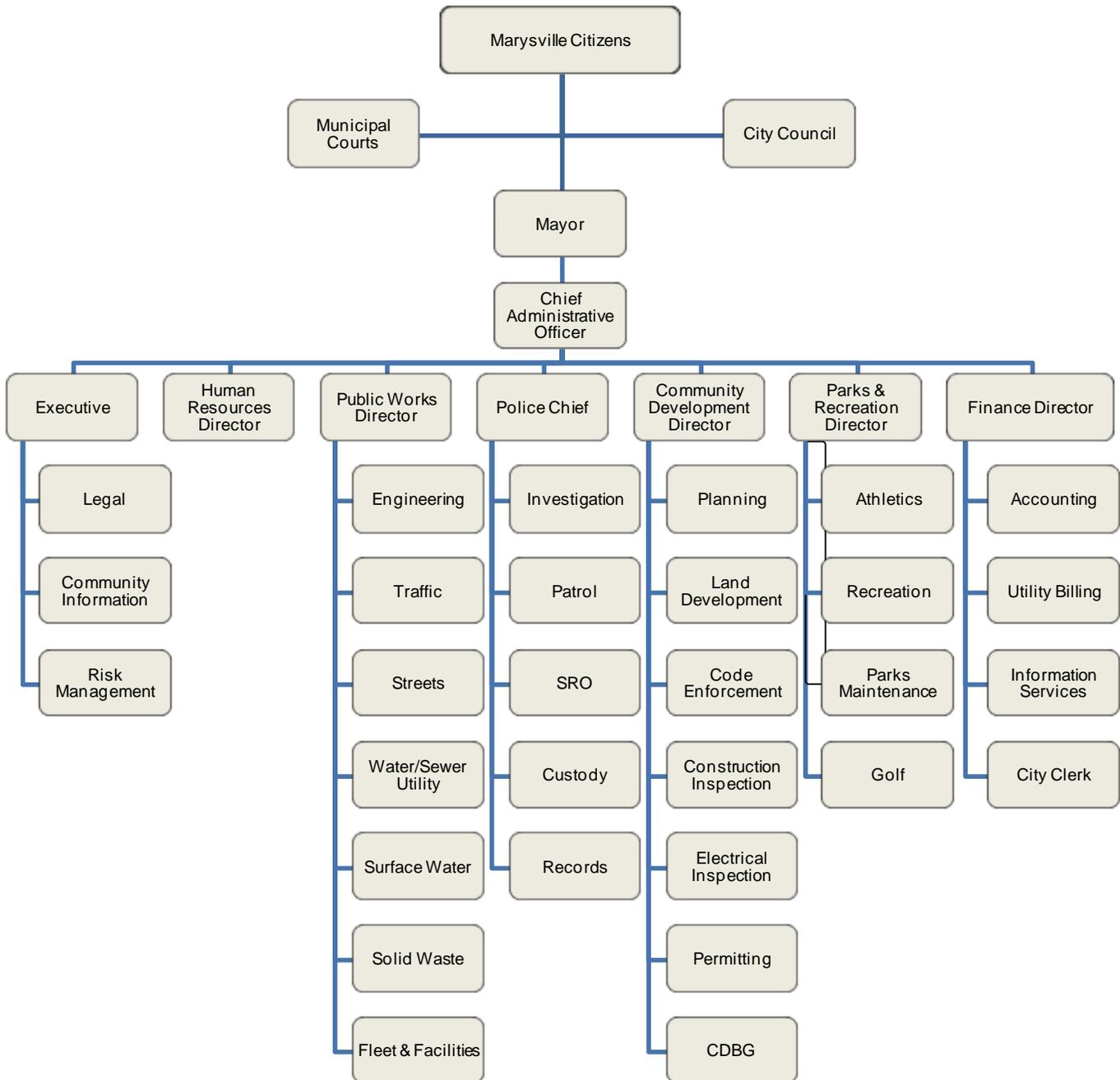
**City of Marysville
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

CITY OF MARYSVILLE ORGANIZATIONAL CHART



**CITY OF MARYSVILLE
PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2016**

ELECTED OFFICIALS

Jon Nehring	Mayor	12/31/18
-------------	-------	----------

CITY COUNCIL

Jeff Vaughan	Position 1	12/31/17
Donna Wright	Position 2	12/31/17
Jeff Seibert	Position 3	12/31/17
Michael Stevens	Position 4	12/31/17
Rob Toyer	Position 5	12/31/18
Steve Muller	Position 6	12/31/18
Kamille Norton	Position 7	12/31/18

JUDGE

Fred Gillings	12/31/17
Lori Towers	12/31/17

ADMINISTRATIVE STAFF

Gloria Hirashima	Chief Administrative Officer
Sandy Langdon	Finance Director
David Koenig	Community Development Director
Jon Walker	City Attorney
Kristie Guy	Human Resource Director
Rick Smith	Police Chief
Jim Ballew	Parks and Recreation Director
Kevin Nielsen	Public Works Director
Suzanne Elsner	Court Administrator



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 23, 2017

Mayor and City Council
City of Marysville
Marysville, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marysville, Snohomish County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Matters of Emphasis – Correction of Prior Year Misstatement

As discussed in Note 2 to the financial statements, the 2015 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 12 through 22, budgetary comparison information on pages 65 through 66, pension plan information on pages 67 through 71 and information on postemployment benefits other than pensions on page 72 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 statements and schedules on pages 73 through 104 are 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 Section are 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 June 23, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Marysville presents this discussion and analysis of its financial performance to provide an overview of the City's financial activities for fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the associated notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Marysville exceed its liabilities and deferred inflows at the close of December 31, 2016 by approximately \$ 310.6 million (net position) an increase of \$ 16.4 million or 5.6%. Of this amount, unrestricted net position totals \$ 48.1 million and may be used to meet the City's ongoing obligations to citizens and creditors. Restricted net position totals \$ 7.8 million and are subject to external restrictions on how it may be used.
- As of December 31, 2016, the City's governmental activities reported a combined ending fund balance of \$ 170.8 million, an increase of \$ 15.9 million from 2015. Approximately 14.3% of this amount (\$ 24.4 million) is available for spending at the City's discretion.
- The City's total long-term outstanding debt decreased by \$ 3.4 million during calendar year 2016. The \$ 2.3 million increase in net pension expense was offset by the \$ 6.2 reduction to principal payments and amortization of premiums.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction the City of Marysville's basic financial statements. The basic statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred in regards to interfund activity, payable and receivables.

The Statement of Net Position presents financial information on all of the City of Marysville's assets, liabilities and deferred inflows/outflow resources, with the difference reported as net position. Evaluating increases or decreases over time can serve as a useful indicator of whether the financial position of the city is improving or declining.

The Statement of Activities present information on the net cost of each governmental and business-type function during the fiscal year. The statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show the degree to which each function 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 account requiring the revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed.

In the Statement of Activities, we separate the City activities as follows:

Governmental Activities – most of the City's basic services are reported in this category, including General Government, Municipal Court, Police, Fire, Engineering, Parks/Recreation, Community Development, Street Maintenance, and General Government Debt Service. Property and sales taxes, user fees, interest income, franchise fees, and state and federal shared revenues and grants generally finance these activities.

Business-Type Activities – The City's Waterworks Utility, Solid Waste, and Golf Course Funds are reported in this category. These types of activities are funded by the City charging a fee to customers to cover all or most of the cost of certain services it provides.

Fund Financial Statements

The Fund Financial Statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report assets and liabilities, and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

The City, like other state and local governments, uses fund accounting to account for a number of funding sources and activities. In general, fund accounting provides a mechanism for separately accounting for a variety of different funding sources, and enables the City to demonstrate compliance with legal and/or contractual requirements that may be associated with these funds. Thus, the accompanying fund financial statements present individual funds, organized into one of three groups based on the nature of the activities and the purpose: Governmental, Proprietary or Fiduciary Funds. Note that the fund financial statements also include “other governmental funds” on the governmental funds, and “other enterprise funds” on the proprietary funds. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the Government-Wide Financial Statements.

Governmental Funds – Most of the City’s basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides to its citizens. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences between the results shown in the Governmental fund financial statements and those shown in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental Fund financial statement.

Proprietary Funds – When the City charges customers for the service it provides, whether to outside City customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds include two components 1) enterprise funds and 2) internal service funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the City’s enterprise funds are the same as the business-type activities reported in the governmental-wide statement, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds are used to report activities that provide supplies and services for the City’s other programs and activities – such as fleet maintenance, facility maintenance, and computer maintenance funds. Because these funds largely benefit government rather than business-type functions, they are reported with governmental activities in the government-wide financial statements.

Fiduciary Fund – The City is the trustee, or fiduciary for certain funds held on behalf of various third parties. The City’s fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These type of activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential to a full understanding of the data 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 (RSI) concerning the Schedule of Changes in the city’s Net Pension Liability, the Schedule Employer Contributions, and the funding progress for the Other Post Employments Benefits. Also included as required supplementary information are the Schedules Revenues, Expenditures and Changes in Fund Balances – Budget and Actual the general fund and major special revenue funds.

Combining Statements

The combining statements for other governmental funds, internal service funds and agency-type fiduciary funds are presented immediately following the required supplementary information.

Statistical Section

This section includes unaudited trend information and demographics.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Following is a condensed version of the government-wide statement of net position for 2016 compared to 2015:

Condensed Statement of Net Position (in thousands)						
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	43,737	31,990	34,183	37,732	77,920	69,722
Capital assets (net of accumulated depreciation)	172,633	171,442	160,857	161,346	333,490	332,788
TOTAL ASSETS	\$ 216,370	\$ 203,432	\$ 195,040	\$ 199,077	\$ 411,410	\$ 402,510
Deferred outflows	2,931	1,512	1,233	1,026	4,164	2,539
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 219,301	\$ 204,945	\$ 196,273	\$ 200,103	\$ 415,574	\$ 405,048
LIABILITIES AND DEFERRED INFLOWS						
Current and other liabilities	5,696	6,141	1,095	832	6,791	6,972
Long-term liabilities	42,472	41,781	55,289	59,424	97,761	101,205
TOTAL LIABILITIES	\$ 48,168	\$ 47,922	\$ 56,384	\$ 60,256	\$ 104,552	\$ 108,177
Deferred inflows	295	2,055	95	576	390	2,631
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 48,463	\$ 49,977	\$ 56,479	\$ 60,832	\$ 104,942	\$ 110,808
Net investment in capital assets	144,212	140,810	110,531	106,818	254,744	247,629
Restricted	2,263	3,840	5,548	5,526	7,811	9,366
Unrestricted	24,364	10,319	23,714	26,927	48,079	37,246
TOTAL NET POSITION	\$ 170,839	\$ 154,968	\$ 139,793	\$ 139,272	\$ 310,632	\$ 294,240

Governmental Activities

During the 2016 fiscal year, net position for governmental activities increased \$ 15.9 million or 10.2% from 2015. Key elements of the increase are as follows:

- Cash and investments increased by \$ 2.5 million. The result of expenses in the General Fund coming in under budget due to a push out of projects, and a number of open positions throughout the year.
- Capital assets, net of accumulated depreciation increased by \$1.2 million dollars. There were a number of property purchases during 2016 in preparation of two major street projects that will begin construction in 2018.
- Investment in joint venture increased \$ 10.4 million with the addition of the City's equitable interest in Marysville Fire District which had not previously been included in the statements.
- The increase of \$ 1.4 million in deferred outflows associated with the refunding of the City's 2007A LTGO debt issue, and an increase in the outflow related to pension were offset by a \$ 1.0 million decrease in the net pension asset.
- Current liabilities decreased by \$.4 million due to the normal fluctuations in accounts payable activity and the changes in court and property tax receivables.
- Non-current liabilities increased by \$.7 million due to the accrual of employee wages payable and changes in the net pension liability.
- The \$ 1.8 million decrease in deferred inflows is related to pensions.

Business-Type Activities

Business-type activities of the City's utilities and golf course realized a \$.5 million increase in net position. Key elements of the increase are as follows:

- Total assets and deferred outflows decreased by \$ 3.8 million due to a \$ 3.8 million reduction in cash due to utility construction activities.
- Total liabilities and deferred inflows decreased by \$ 4.3 million due to a reduction in the pension liability and debt service.

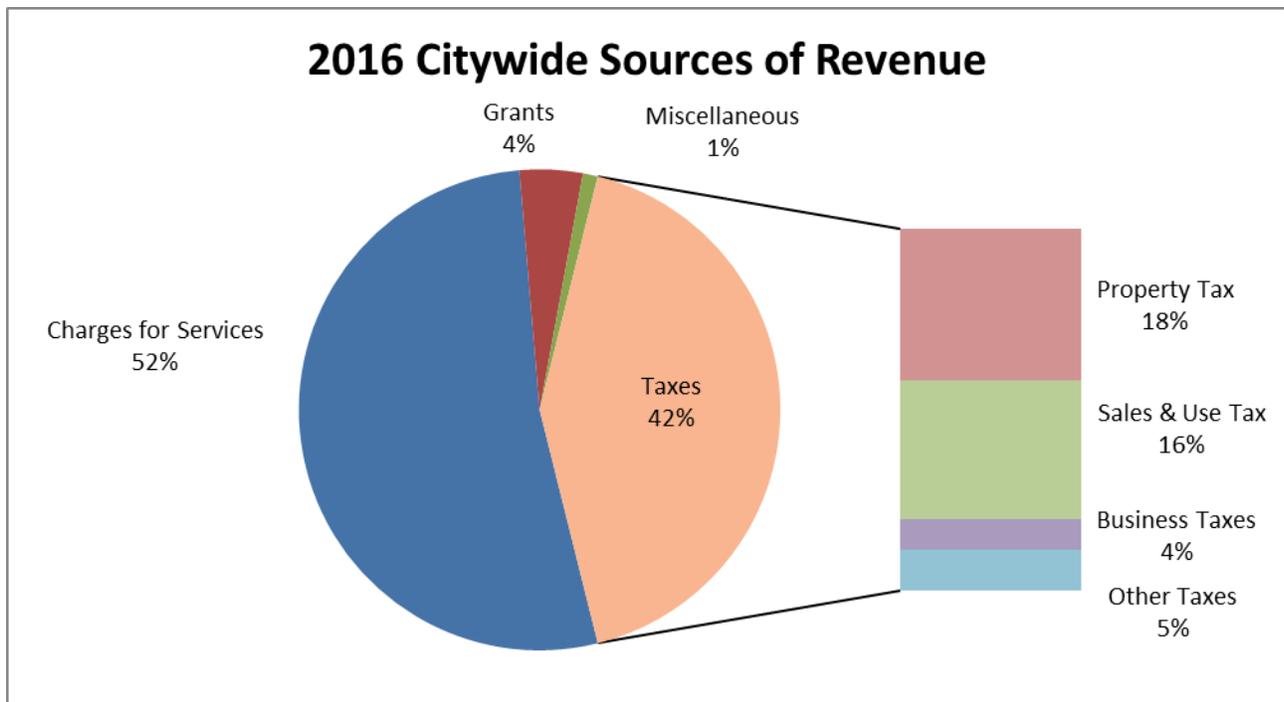
Changes in Net Position

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time. The Statement of Activities provides details on how net position changed from the beginning of the year to the end of the year and whether net position increased or decreased. Therefore the Statement of Activities provides information as to whether the City as a whole is better off financially by yearend as illustrated in the following table.

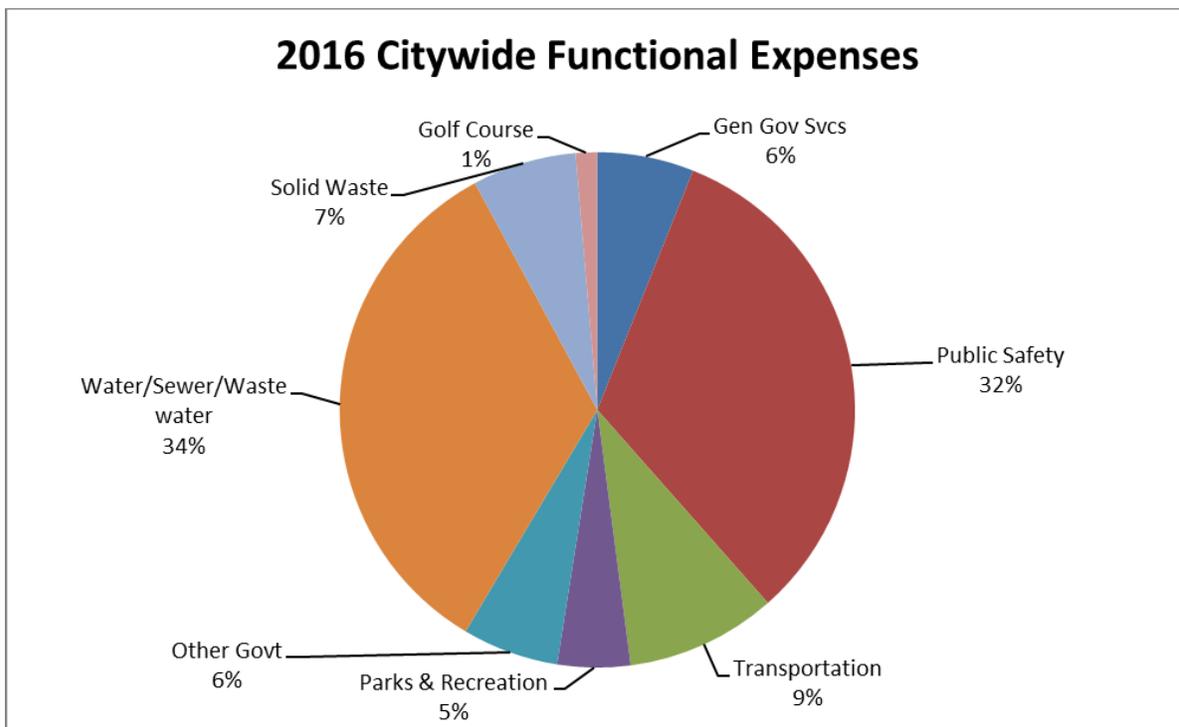
Condensed Statement of Activities
For Year Ended December 31, 2016
(in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenue:						
Charges for Services	\$ 8,156	\$ 8,830	\$ 39,029	\$ 38,359	\$ 47,184	\$ 47,189
Operating Grants and Contributions	3,027	5,958	21	70	3,047	6,029
Capital Grants and Contributions	-	273	766	771	766	1,044
General Revenues:						
Property Taxes	15,916	15,728	-	-	15,916	15,728
Sales Taxes	14,521	13,697	-	-	14,521	13,697
Other Taxes	7,488	6,647	-	-	7,488	6,647
Interest and Investment Earnings	287	180	301	108	588	288
Total Revenue	49,394	51,314	40,117	39,309	89,511	90,623
Program Expenses						
Governmental Activities						
Judicial	1,495	1,350	-	-	1,495	1,350
General Government	3,603	5,507	-	-	3,603	5,507
Public Safety	27,246	25,655	-	-	27,246	25,655
Physical Environment	1,223	1,076	-	-	1,223	1,076
Transportation	7,944	8,421	-	-	7,944	8,421
Economic Environment	2,543	2,256	-	-	2,543	2,256
Health	24	41	-	-	24	41
Culture & Recreation	3,841	3,160	-	-	3,841	3,160
Interest on Long-term Debt	1,289	1,224	-	-	1,289	1,224
Business-Type Activities						
Water/Sewer/Surface Water	-	-	28,222	23,038	28,222	23,038
Garbage & Solid Waste	-	-	5,491	5,352	5,491	5,352
Golf Course	-	-	1,135	1,195	1,135	1,195
Total Expenses	49,209	48,690	34,848	29,585	84,058	78,278
Increase in Net Position Before Transfers	184	2,623	5,269	9,724	5,453	12,346
Transfers	4,747	5,103	(4,747)	(5,103)	-	-
Increase in Net Position	4,932	7,727	521	4,621	5,453	12,346
Net Position - Beginning of Year	154,968	154,382	139,272	138,930	294,240	293,313
Changes in Accounting Principles-GASB 68	-	(7,140)	-	(4,279)	-	(11,419)
Prior Period Adjustment	10,939	-	-	-	10,939	-
Net Position - End of Year	\$ 170,839	\$ 154,968	\$ 139,793	\$ 139,272	\$ 310,632	\$ 294,240

As shown in the chart below, charges for services made up 53% of the total revenue received by the city as a whole in 2016. Taxes made up 42% of the revenue sources. Of the 42%, 18% is from property taxes, 16% from sales taxes, and the remaining from business and excise taxes.



The following chart compares the functional expenses of the City. Public Safety and the Water/Sewer Utility Fund make up two-thirds of the total City expenses.



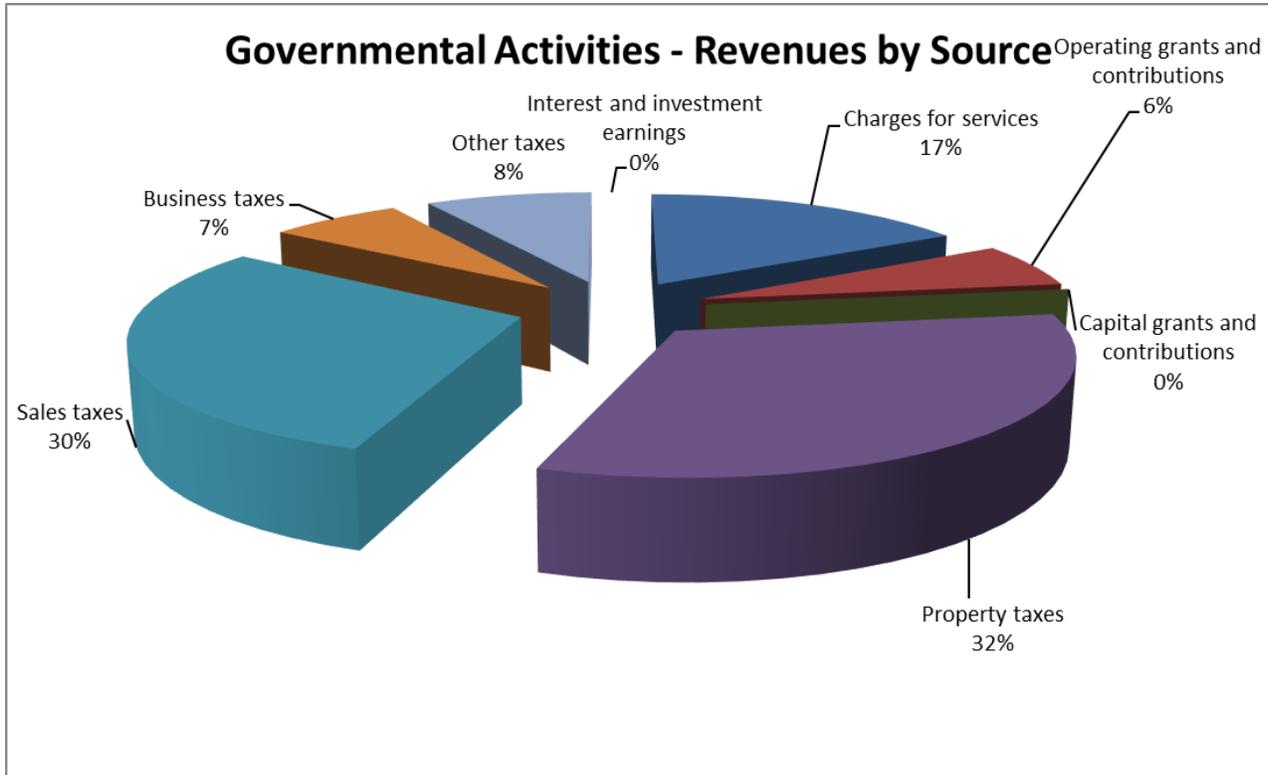
GOVERNMENTAL ACTIVITIES ANALYSIS

As shown in the Statement of Activities, the total cost of all governmental activities in 2016 was \$ 49.4 million. Of this amount \$ 11.2 million was paid either by those who directly benefited from the programs or by other governments and organizations that

subsidized certain programs with grants and contributions. The net expense (total expenses less program revenues) of \$ 38.0 million was the cost of governmental activity services paid primarily by city taxpayers.

Revenues

Total governmental activity revenue (excluding transfers) decreased by \$ 1.9 million or 3.8%. This was due to the elimination of indirect cost allocations that had not been done in the past. As the chart below depicts, the majority of governmental activity revenue, 76.8%, is from taxes. Combined taxes were up \$ 1.8 million, or 5.1% from 2015.



Sales tax increased by \$.8 million or 6.0% from 2015 which showed a slower growth than in past years, but continues to run above average. Property taxes increased \$.2 or 1.2% a result of increased assessed values, new construction, and state utilities. Other taxes increased \$.8 million or 12.6% from 2015. This category includes utility taxes assessed on utilities, such as telephone, electric and natural gas for services sold within the city limits. The increase in utility tax is the result of rate increases imposed by the utility companies.

Expenses

Total governmental activity expenses increased by \$.5 million or 1.1%, compared to 2015. Highlights of the change in governmental activity expenses are:

- Decrease of \$ 1.9 million in general government associated with the elimination of the indirect cost allocation that had not been done in the past.
- Increase of \$ 1.6 million in Public Safety due to the addition of three police officers and the funding for the vehicles and equipment needed to outfit them. Also an increase in overtime, wage increases, training and the annual fire contribution.
- Increase in Culture & Recreation due to increased activity on park improvement projects. Other increases due to staff and wage increases.

BUSINESS-TYPE ACTIVITIES ANALYSIS

Total expenses of business-type activities in 2016 were \$ 34.8 million. Program revenue covered \$ 39.8 million, with \$ 4.7 million in transfers resulting in a net gain of \$.5 million.

Revenues

Total revenues were up \$.8 million or 2.1% from the prior year. Charges for services increased \$.7 million from 2015, due to a combination of the annual 2.0% rate increase on water/sewer/surface water fees and increased usage or consumption.

Capital grants and contributions consist of infrastructure constructed by the developer and then turned over to the City. Business-type capital contributions saw a slight decrease from 2015.

In 2016, interest earnings on investments increased 178%. The majority of that increase was associated with a correction that was made in the monthly interest accrual. Even though interest rates remained low, the City had more cash to invest.

Expenses

Total business-type expenses were up \$ 5.3 million or 17.7% from 2015. Key elements of this increase are:

- Maintenance work performed on the Wastewater Treatment Plant, \$ 4.2 million.
- Increase in Solid Waste due to increases in wages and tipping fees paid to the county for offloading the sanitation trucks at the landfill.

FUND-LEVEL FINANCIAL ANALYSIS

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

Governmental Fund

The focus of the City's governmental funds is to provide information on near-term revenues/financial resources and expenditures. This information helps determine the City's financing requirements in the near future. In particular, unassigned fund balance measures the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the City's governmental funds reported a combined ending fund balance of \$ 22.4 million an increase of \$ 2.9 million from 2015. This increase was primarily in the general fund where revenues exceeded expenditures.

Revenues for the governmental funds in 2016 were \$ 52.3 million down \$3.8 million or 6.8% from 2015 and expenditures were \$ 50.5 million up \$ 4.4 million or 8.0%.

General Fund - The general fund is the main operating fund of the City through which all receipts and payments of ordinary City operations are processed, unless legally required to be accounted for in another fund. Taxes are the major revenue source. At the end of 2016, the fund balance of the General Fund was \$ 17.4 million up \$ 2.6 million from 2015. As a measure of fund's liquidity, the ending fund balance is 45.5% of the fund's 2016 expenditures. As of December 31, 2016, total revenue was \$ 43.3 million an increase of \$.3 million or .7% and total expenditures were \$ 38.1 million. Of the \$ 17.4 million fund balance, the entire amount is unassigned and is available for discretionary spending. Even though the economy is starting to show signs of recovery, and the City is starting to stabilize, the City remains committed to managing costs and balancing current year revenue and expenses to ensure the financial security of the City.

Streets Capital Improvement Fund – The Street Capital Improvement Fund accounts for the construction of transportation within the city, such as roads, streets, park and rides, and bridges. The fund reported a 42.2% decrease in fund balance due to the reduced level of grant funding for the street projects. With less grant revenue, fund reserves were used for current year activity.

Street Maintenance Fund – The Street Maintenance fund accounts for the maintenance of streets, sidewalks and right-of-ways located within the city. The fund reported a 56.9% decrease in fund balance due increased street improvement projects and other activities in support of the beautification of the downtown corridor. The fund balance was used for current year activity.

Local Improvement District 71 Fund (LID71) – The LID 71 Fund accounts for assessments related to the LID and provides payment to the Fiscal Agent for principal and interest on bonds issued in September 2014. The fund fluctuates passed off the assessments collected and the bonds called during the current year.

Other Governmental Funds – The City has nine other special revenue funds, two other debt service funds and one non-major construction fund.

Combined, the Other Governmental Funds reported total assets of \$ 3.8 million with a combined fund balance of \$ 3.8 million. This is an increase of \$ 1.4 million from 2015. Liabilities and deferred inflows decreased by \$.4 million due to the interfund loan being paid off and the normal fluctuations of accounts payable. The cash and investments increased by \$ 1.4 million. The increase was due to the push out of some of the transportation benefit districts (TBD) projects due to weather, increased REET due to an active housing market and delayed technology updates.

Revenue for the Other Government Funds in 2016 was \$ 5.6 million up \$.5 million from 2015. Increase associated with real estate excise tax and an increase in the TBD sales tax receipts.

Expenditures for the Other Government Funds in 2016 were \$ 3.4 million an increase of \$.2 million. The increase in was in the Parks Construction fund in support of a number of park improvement projects.

Proprietary Funds

The City's proprietary fund statements are similar regarding the information found in the government-wide financial statements, but more detail is provided due to the assortment of activities. These funds include the Waterworks Utility and Solid Waste as the major funds for the purpose of this report. As a result, all statements related to the enterprise funds are presented at the entity-wide level. The Cedarcrest Golf Course is the only enterprise fund that is not considered a major fund. The City does have Internal Service funds which are reported in the fund statements.

Waterworks Utility Fund – The Waterworks Utility Fund accounts for the operations, maintenance, and construction of activities related to the supplying of water, sewer, and storm drainage/surface water services to the community. The fund reported total assets and deferred outflow of \$ 188.6 million, total liabilities and deferred inflows of \$54.9 million, and net position of \$ 133.7 million, a decrease of \$.4 million or .3% increase from the prior year. Key elements for the change include:

- Cash and investments decreased \$ 4.2 million. This is associated with the \$4.2 million biosolid removal project at the Wastewater Treatment Plant.
- Capital Assets decreased by \$.4 million with depreciation offsetting the current year additions.
- Deferred outflows related to pension increased by \$.2 million in 2016.
- Liabilities and deferred inflows decreased by \$ 3.9 million due to the annual debt service payments.

Solid Waste Fund – The Solid Waste Fund accounts for the operations and maintenance of providing solid waste services to citizens within the city limits. The fund reported total assets and deferred outflows of \$ 6.2 million, total liabilities and deferred inflows of \$.4 million and net position of \$ 5.9 million, an increase of \$.4 million or 7.4% from the prior year.

Other Enterprise Funds – The City's other enterprise fund includes only one activity and that is the Cedarcrest Golf Course. The fund reported total assets and deferred outflows of \$ 1.9 million, total liabilities and deferred inflows of \$ 1.2 million, and net position of a \$.6 million an increase of \$.2 million. The increase is due to the annual debt service, and an adjustment to the pension liability removing it from the fund since there are no longer any City employees assigned to the Golf Course.

General Fund Budgetary Highlights

The City transitioned to a biennial budget during the 2015/2016 budget cycle. For the first cycle the City adopted two one-year budgets. For the next biennium the City will adopt a two year budget.

The 2015/2016 budget was adopted in November 2014 by the City Council. The operating and capital budgets retain current service levels of operations, maintaining the City's infrastructure and addresses community priorities.

Appropriation of operating funds are reviewed and amended as needed by the City Council. During 2016 the budget was amended two times. The final General Fund expenditure budget was \$ 1.2 million higher from the original budget. The amendment was to account for the addition of three new police officers and the funding required for all of the equipment and uniforms to outfit the new hires, increase in the fire contract, and increased activity associated with the revitalization of the downtown corridor.

Actual results compared to final budget

General Fund revenues exceeded the amended budget by \$.3 million or .6%. The increase due to permitting for new construction.

General Fund expenditures were under the final amended budget by \$ 1.8 million or 4.5%. The most significant under runs were \$.9 in General Government and \$.7 million in Public Safety. There were several projects that were pushed out to 2017 in the general government area, and the underrun in Public Safety was due to delays in filling the new positions and back filing other vacant positions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including construction in progress, for its governmental and business-type activities as of December 31, 2016 amounts to \$ 333.5 million (net of accumulated depreciation) a decrease of \$.7 million from 2015.

facilities, and 2.5% for utilities. Non-voted general purpose indebtedness is limited to 1.5% of assessed valuation and the combination of voted and non-voted general purpose indebtedness cannot exceed 2.5% of assessed valuation.

The City’s assessed valuation for 2016 was \$ 5.9 billion and the total amount of additional debt that the city may issue is \$ 423 million. Remaining debt capacity is categorized as follows (in thousands):

Debt Capacity Available	
<u>Item</u>	<u>Capacity</u>
General	\$ 124,965
Open Space/Park Facilities	149,420
Utilities	149,420
Total	\$ 423,805

Additional information on the City’s long-term debt can be found in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City of Marysville Council voted not to increase the regular property tax levy rate by 1% allowed under initiative 747 in 2017. Assessed values (AV) for 2017 are estimated to increase which is the fourth year in a row since 2010, prior to this AV was falling at an average rate of 9% per year. The levy rate for 2017 is \$2.161 per \$1,000 of assessed valuation, an decrease of 5% from the prior year of \$2.278. The 2017 EMS levy rate decreased from \$.404 per \$1,000 of AV to \$.387. The council did exercise the additional 1% for the EMS levy for 2017.

Total General Fund revenues for 2017 are estimated to increase by \$ 2.2 million or 4.7% from the revised 2016 budget before transfers and the total General Fund expenditures are estimated to increase by \$ 1.9 million from the revised 2016 budget before transfers. For 2017, the City continues to recover from the financial challenges in recent years, and has started to reinvest in the community. The City has also started to add staff back into areas where reductions occurred during the recession. The City is moving forward with strategic investments necessary to lay the groundwork for a prosperous future. In 2015, the City transitioned from an annual budget, to a biennial budget. By transitioning to a biennial budget it will encourage long term planning that will further enhance the financial stability of the City and allow us to better serve our community.

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 City of Marysville Finance Director, 1049 State Avenue, Marysville, Washington, 98270, (360) 363-8000.

This page left intentionally blank.



STATEMENT OF NET POSITION
DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & cash equivalents	8,320,323	8,424,809	16,745,132
Investments	14,820,190	15,109,367	29,929,557
Receivables (net)	7,251,627	5,379,529	12,631,156
Internal Balances	413,439	(413,439)	-
Inventories	174,643	134,879	309,522
Restricted Cash & Investments:			
Investment	-	5,547,716	5,547,716
Investment in joint venture	11,270,329	-	11,270,329
Capital Assets			
Land	28,140,293	13,001,519	41,141,812
Depreciable assets (net)	143,534,944	140,163,228	283,698,172
Construction in progress	957,807	7,692,095	8,649,902
Net Pension Asset	1,486,739	-	1,486,739
Total Assets	216,370,334	195,039,703	411,410,037
Deferred Outflows of resources			
Debt refunding	224,961	514,571	739,532
Related to pension	2,706,169	718,310	3,424,479
Total Deferred Outflows	2,931,130	1,232,881	4,164,011
TOTAL ASSETS AND DEFERRED OUTFLOWS	219,301,464	196,272,584	415,574,048
LIABILITIES			
Accounts payable and accrued expenses	137,616	712,958	850,574
Unearned revenue	5,393,260	25,000	5,418,260
Other current liabilities	165,060	357,281	522,341
<i>Non-Current Liabilities (see Note 10)</i>			
Due within one year	2,437,335	4,230,367	6,667,702
Due in more than one year	40,034,224	51,058,810	91,093,034
Total Liabilities	48,167,495	56,384,416	104,551,911
Deferred Inflows of resources			
Related to pension	295,346	94,912	390,258
Total Deferred Inflows	295,346	94,912	390,258
TOTAL LIABILITIES AND DEFERRED INFLOWS	48,462,841	56,479,328	104,942,169
NET POSITION			
Net investments in capital assets	144,212,253	110,531,409	254,743,662
Restricted for:			
Debt service	776,253	5,547,716	6,323,969
Related to Pension	1,486,739	-	1,486,739
Unrestricted	24,363,378	23,714,131	48,077,509
TOTAL NET POSITION	170,838,623	139,793,256	310,631,879

The accompanying notes are an integral part of this statement

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Grants & Contributions	Operating	Capital	Total
<i>Governmental Activities:</i>						
Judicial	1,494,861	631,591	-	47,139	-	(816,131)
General Government	3,603,151	3,113,252	-	153,922	-	(335,977)
Public Safety	27,246,035	859,651	-	490,395	-	(25,895,989)
Physical Environment	1,224,366	1,500	-	-	-	(1,222,866)
Transportation	7,944,384	948,281	-	1,876,398	-	(5,119,705)
Economic Environment	2,543,445	2,031,443	-	185,149	-	(326,853)
Health	23,594	-	-	-	(23,594)	(23,594)
Culture & Recreation	3,840,971	570,426	-	273,525	-	(2,997,020)
Interest on long-term debt	1,288,998	-	-	-	-	(1,288,998)
Total Governmental	49,209,805	8,156,144	3,026,528	3,047,404	766,209	(38,027,133)
<i>Business-type Activities:</i>						
Water/Sewer/Surface Water	28,221,547	30,665,035	-	-	766,209	3,209,697
Solid Waste	5,491,363	7,269,832	-	20,876	-	1,799,345
Golf Course	1,135,229	1,093,665	-	-	-	(41,564)
Total Business-Type	34,848,139	39,028,532	20,876	20,876	766,209	4,967,478
Total Government	84,057,944	47,184,676	3,047,404	3,047,404	766,209	(33,059,655)
General Revenues						
Property Taxes						15,915,807
Sales Taxes						14,520,863
Utility Taxes						3,305,925
Excise Taxes						2,917,230
Other Taxes						1,264,033
Investment Earnings						287,542
Transfers						4,747,284
Total General Revenues & Transfers						42,958,684
Change in Net Position						5,452,873
Net Position - Beginning						154,988,125
Prior Period Adjustment - Joint Venture						10,938,947
Net Position - Ending						170,838,623
Net Position - Ending						139,793,256
Total						310,631,879

The accompanying notes are an integral part of this statement

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	GENERAL FUND	STREETS CAPITAL IMPROVEMENTS	LOCAL IMPROVEMENT DISTRICT 71	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
CURRENT ASSETS						
Cash & cash equivalents	\$ 4,910,515	\$ 349,991	\$ 124,195	\$ 94,554	\$ 2,593,881	\$ 8,073,136
Investments	12,354,070	628,712	-	169,854	1,223,514	14,376,150
Receivables (net)	1,828,920	-	219,626	29,447	-	2,077,993
Special Assessment Receivable	-	-	5,173,634	-	-	5,173,634
Total Current Assets	19,093,505	978,703	5,517,455	293,855	3,817,395	29,700,913
TOTAL ASSETS	\$ 19,093,505	\$ 978,703	\$ 5,517,455	\$ 293,855	\$ 3,817,395	\$ 29,700,913
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued expense	\$ 21,044	\$ 103,029	\$ -	\$ 2,412	\$ -	\$ 126,485
Unearned revenue	392,058	-	219,626	-	-	611,684
Deposits payable	84,069	3,788	-	77,203	-	165,060
Total Current Liabilities	497,171	106,817	219,626	79,615	-	903,229
Total Liabilities	\$ 497,171	\$ 106,817	\$ 219,626	\$ 79,615	\$ -	\$ 903,229
DEFERRED INFLOW						
Property Taxes	\$ 418,986	\$ -	\$ -	\$ -	\$ -	\$ 418,986
Special Assessments	-	-	5,173,634	-	-	5,173,634
Court Receivables	817,108	-	-	-	-	817,108
Total Deferred Inflow	\$ 1,236,094	\$ -	\$ 5,173,634	\$ -	\$ -	\$ 6,409,728
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 1,733,265	\$ 106,817	\$ 5,393,260	\$ 79,615	\$ -	\$ 7,312,957
FUND BALANCE						
<i>Restricted For:</i>						
Law Enforcement	-	-	-	-	282,976	282,976
Tourism	-	-	-	-	76,982	76,982
Technology Infrastructure	-	-	-	-	312,121	312,121
REET	-	-	-	-	1,237,167	1,237,167
<i>Committed to:</i>						
Law Enforcement	-	-	-	-	38,319	38,319
Community Center	-	-	-	-	6,436	6,436
<i>Assigned to:</i>						
Street Construction & Maintenance	-	871,886	-	214,240	1,177,303	2,263,429
Parks Construction Projects	-	-	-	-	34,033	34,033
Debt Service	-	-	124,195	-	652,058	776,253
<i>Unassigned</i>	17,360,240	-	-	-	-	17,360,240
TOTAL FUND BALANCES	17,360,240	871,886	124,195	214,240	3,817,395	22,387,956
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 19,093,505	\$ 978,703	\$ 5,517,455	\$ 293,855	\$ 3,817,395	\$ 29,700,913

The accompanying notes are an integral part of this statement

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total governmental fund balance		\$ 22,387,956
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current period financial resources and therefore are not reported in the funds.		165,079,987
These assets consist of:		
Land	\$ 28,140,293	
Depreciable Assets (including Infrastructure)	168,434,603	
Construction in Progress	957,807	
Less: Accumulated Depreciation	(32,452,716)	
The investment in joint ventures is not reported at the fund financial reporting level but is reported on the statement of net position.	SERS Marysville Fire District	331,382 10,938,947
Other long term assets used in governmental activities are not current period financial resources and therefore are not reported in the funds		1,878,797
Net Pension Asset	1,486,739	
Current Property Taxes	236,349	
Court Receivable	155,709	
Deferred Inflow - Court Receivables		817,108
Deferred Inflow - Prior Years Property Taxes		418,986
Deferred Outflow - Related to Pension		2,556,436
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(41,785,103)
Compensated Absences	(1,963,177)	
General Obligation/Special Assessment Bonds	(28,645,752)	
Net Pension Obligation - (OPEB)	(1,247,763)	
Net Pension Liability	(9,928,411)	
Deferred Outflow- Related to Refunding		224,962
Deferred Inflow - Related to Pension		(270,486)
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the statement of net position.		8,259,651
Internal service funds-total fund position	\$ 7,846,212	
Add back: amount allocated to internal balances - business-type activities	413,439	
Net position of governmental activities		\$ 170,838,623

The accompanying notes are an integral part of this statement

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	GENERAL FUND	STREETS CAPITAL IMPROVEMENTS	LOCAL IMPROVEMENT DISTRICT 71	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	\$ 34,824,899	\$ -	\$ -	\$ -	\$ 4,859,574	\$ 39,684,473
Licenses & Permits	2,197,180	-	-	48,278	-	2,245,458
Intergovernmental	1,868,354	392,271	-	1,484,127	423,923	4,168,675
Charges for Services	3,129,950	900,003	-	84,196	166,753	4,280,902
Fines & Forfeitures	435,560	-	-	-	81,444	517,004
Investment Earnings	224,348	15,685	2,478	829	37,963	281,303
Rents & Leases	557,530	4,590	-	-	29,382	591,502
Special Assessments	-	-	451,718	-	-	451,718
Miscellaneous Revenues	43,342	-	-	56,147	2,000	101,489
Total Revenues	43,281,163	1,312,549	454,196	1,673,577	5,601,039	52,322,524
EXPENDITURES						
Current:						
Judicial	1,439,991	-	-	-	-	1,439,991
General Government	3,340,531	-	-	14,199	45,874	3,400,604
Public Safety	26,889,658	-	-	-	18,393	26,908,051
Physical Environment	1,187,622	-	-	-	-	1,187,622
Transportation	-	740,299	-	5,189,720	3,797	5,933,816
Health & Human Services	23,594	-	-	-	-	23,594
Economic Environment	2,367,751	-	-	-	167,993	2,535,744
Culture & Recreation	2,837,576	-	-	-	762,166	3,599,742
Capital Outlay						
Public safety	9,884	-	-	-	-	9,884
Transportation	-	1,938,135	-	-	-	1,938,135
Culture & Recreation	30,391	-	-	-	-	30,391
Debt Service						
Principal	-	-	857,846	-	1,357,662	2,215,508
Interest & fiscal charges	-	-	199,558	-	1,089,440	1,288,998
Total Expenditures	38,126,998	2,678,434	1,057,404	5,203,919	3,445,325	50,512,080
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	5,154,165	(1,365,885)	(603,208)	(3,530,342)	2,155,714	1,810,444
OTHER FINANCING SOURCES (USES)						
Transfers in	849,730	1,608,590	-	3,247,581	2,482,384	8,188,285
Transfers out	(3,400,326)	(880,475)	-	-	(2,886,769)	(7,167,570)
Refunding bonds issued	-	-	-	-	5,207,805	5,207,805
Payment to refunding bond escrow agent	-	-	-	-	(5,109,961)	(5,109,961)
Total other financing sources (uses)	(2,550,596)	728,115	-	3,247,581	(306,541)	1,118,559
Net change in fund balances	2,603,569	(637,770)	(603,208)	(282,761)	1,849,173	2,929,003
Fund balances--beginning	14,756,671	1,509,656	727,403	497,001	1,968,222	19,458,953
FUND BALANCES - ENDING	\$ 17,360,240	\$ 871,886	\$ 124,195	\$ 214,240	\$ 3,817,395	\$ 22,387,956

The accompanying notes are an integral part of this statement

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Net changes in fund balances for governmental funds \$ 2,929,003

Amounts reported for governmental activities 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 are allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlays plus adjustments exceeded depreciation in the current period. (604,465)

This is comprised of:

Capital Outlays	\$ 1,978,410
Depreciation	(2,582,730)
NBV of retired assets	(145)

Governmental funds do not report the change in the investment in the joint venture the change is reported on the statement of activity (45,278)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

This is comprised of:

Current Property Taxes	7,523
Court Receivables	(20,936)
Special Funding - LEOFF 2	227,337

Deferred Outflows - Prior Years Property Taxes	(41,799)
Deferred Outflows - Prior Years Court Receivables	(154,134)

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.

This is comprised of:

Debt of special assessment bonds	(5,207,805)
GO debt retired	2,215,508
Payment to escrow agent	5,109,961
Unamortized premium	93,526

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 the governmental funds.

This is comprised of:

Accrued Compensated Absences	(224,246)
Net Pension Obligation - OPEB	(261,465)
Net Pension Expense - GASB 68 Adjustments	(488,412)

Internal service funds are used by management to charge the cost of equipment, maintenance of the facilities and computer costs to individual funds. The net revenue (expense) of this internal service fund is reported with governmental activities

This is comprised of:

Interest revenue allocated from internal service funds to governmental activities	\$ 6,239	1,397,233
Net expense allocated from internal service funds to governmental activities	532,912	
Transfer Out	858,082	

Change in net position of governmental activities \$ 4,931,551

The accompanying notes are an integral part of this statement

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2016

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL ENTERPRISE FUNDS	
ASSETS					
CURRENT ASSETS:					
Cash & cash equivalents	\$ 6,681,664	\$ 1,741,545	\$ 1,600	\$ 8,424,809	\$ 247,187
Investments	11,980,908	3,128,459	-	15,109,367	444,040
Receivables (net)	4,117,092	1,262,437	-	5,379,529	-
Inventories	76,311	-	58,568	134,879	174,643
Total Current Assets	22,855,975	6,132,441	60,168	29,048,584	865,870
NONCURRENT ASSETS					
Restricted Cash & Investments:					
Investments	5,547,716	-	-	5,547,716	-
Capital Assets					
Land	12,183,507	-	818,012	13,001,519	-
Depreciable assets (net)	139,188,129	-	975,099	140,163,228	7,553,057
Construction in progress	7,692,095	-	-	7,692,095	-
Total Noncurrent Assets	164,611,447	-	1,793,111	166,404,558	7,553,057
Total Assets	187,467,422	6,132,441	1,853,279	195,453,142	8,418,927
Deferred outflow of resources:					
Debt refunding	504,173	-	10,398	514,571	-
Related to pension	642,047	76,263	-	718,310	149,733
Total Deferred Outflows	1,146,220	76,263	10,398	1,232,881	149,733
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 188,613,642	\$ 6,208,704	\$ 1,863,677	\$ 196,686,023	\$ 8,568,660
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued exp.	\$ 266,574	\$ 158	\$ 3,514	\$ 270,246	\$ 11,131
Accrued interest payable	419,465	-	23,247	442,712	-
Compensated absences	143,107	18,288	-	161,395	49,731
Bonds, notes, loans payable	3,750,757	-	318,215	4,068,972	-
Unearned revenue	25,000	-	-	25,000	-
Deposits payable	5,647	-	3,500	9,147	-
Other current liabilities	290,900	-	57,234	348,134	-
Total Current Liabilities	4,901,450	18,446	405,710	5,325,606	60,862
NONCURRENT LIABILITIES:					
Bonds, notes, loans payable (net)	45,941,753	-	829,279	46,771,032	-
Net Pension Liability	3,825,177	301,206	-	4,126,383	586,996
Compensated absences	143,107	18,288	-	161,395	49,730
Total Noncurrent Liabilities	49,910,037	319,494	829,279	51,058,810	636,726
Total Liabilities	54,811,487	337,940	1,234,989	56,384,416	697,588
Deferred inflows of resources					
Related to pension	82,155	12,757	-	94,912	24,860
Total Deferred Inflows	82,155	12,757	-	94,912	24,860
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 54,893,642	\$ 350,697	\$ 1,234,989	\$ 56,479,328	\$ 722,448
NET POSITION					
Net investment in capital assets	109,875,394	-	656,015	110,531,409	7,553,057
Restricted for debt service	5,547,716	-	-	5,547,716	-
Unrestricted	18,296,890	5,858,007	(27,327)	24,127,570	293,155
TOTAL NET POSITION	\$ 133,720,000	\$ 5,858,007	\$ 628,688	\$ 140,206,695	\$ 7,846,212

The net effect of activities allocated from internal service funds is presented as an internal balance on the statement of net position (413,439)

Net position of business-type activities **\$ 139,793,256**

The accompanying notes are an integral part of this statement

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	BUSINESS TYPE ACTIVITIES				TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF			
OPERATING REVENUES:						
<i>Charges for Services:</i>						
Water/Sewer/Surface Water	\$ 25,976,164	\$ -	\$ -	\$ 25,976,164	\$ -	
Golf	-	-	1,033,176	1,033,176	-	
Garbage & Solid Waste	-	7,269,832	-	7,269,832	-	
Other Services	-	-	-	-	3,792,288	
Total Operating Revenues	25,976,164	7,269,832	1,033,176	34,279,172	3,792,288	
OPERATING EXPENSES:						
Maintenance & operations	14,768,174	5,277,292	986,338	21,031,804	2,250,840	
Taxes	2,914,911	1,251,778	5,137	4,171,826	-	
Depreciation	6,193,784	-	65,551	6,259,335	730,124	
Total Operating Expenses	23,876,869	6,529,070	1,057,026	31,462,965	2,980,964	
Operating income (loss)	2,099,295	740,762	(23,850)	2,816,207	811,324	
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental	-	20,876	-	20,876	-	
Investment earnings	259,606	41,203	319	301,128	6,239	
Miscellaneous nonoperating revenue	4,688,871	-	60,489	4,749,360	(966)	
Interest expense	(1,306,772)	-	(80,936)	(1,387,708)	-	
Miscellaneous nonoperating expenses	(5,143,398)	-	-	(5,143,398)	-	
Total Non-Operating Revenues (Expenses)	(1,501,693)	62,079	(20,128)	(1,459,742)	5,273	
Income (Loss) Before Capital Contributions & Transfers	597,602	802,841	(43,978)	1,356,465	816,597	
Capital contributions	766,209	-	-	766,209	-	
Transfers in	-	-	288,415	288,415	858,082	
Transfers (out)	(1,816,014)	(351,198)	-	(2,167,212)	-	
	(1,049,805)	(351,198)	288,415	(1,112,588)	858,082	
CHANGE IN NET POSITION	(452,203)	451,643	244,437	243,877	1,674,679	
NET POSITION-BEGINNING	134,172,203	5,406,364	384,251	139,962,818	6,171,533	
NET POSITION-ENDING	\$ 133,720,000	\$ 5,858,007	\$ 628,688	\$ 140,206,695	\$ 7,846,212	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: 277,445

Change in net position of business-type activities \$ 521,322

The accompanying notes are an integral part of this statement

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL	
Cash Flows From Operating Activities:					
Cash received from customers	\$ 25,988,556	\$ 7,269,832	\$ 1,040,102	\$ 34,298,490	\$ -
Cash received from interfund charges					3,792,288
Cash received from other sources	98,615	-	59,635	158,250	-
Cash paid to suppliers for goods and services	(9,298,286)	(4,265,117)	(586,495)	(14,149,898)	(824,810)
Cash paid to employees for services	(6,124,179)	(1,100,470)	(424,072)	(7,648,721)	(1,494,690)
Cash paid for taxes	(2,914,911)	(1,251,778)	(5,137)	(4,171,826)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,749,795	\$ 652,467	\$ 84,033	\$ 8,486,295	\$ 1,472,788
Cash Flows From Non-Capital Financing Activities:					
Proceeds from federal, state and local grants	283,846	20,876	854	305,576	-
Transfer in from other funds	-	-	288,415	288,415	858,082
Transfer (out) to other funds	(1,816,014)	(351,198)	-	(2,167,212)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ (1,532,168)	\$ (330,322)	\$ 289,269	\$ (1,573,221)	\$ 858,082
Cash Flows From Capital and Related Financing Activities:					
Acquisition/Construction-capital	(10,142,969)	-	-	(10,142,969)	(2,542,301)
Procees from sale of assets and insurance recoveries	25,659	-	-	25,659	16,081
Capital Contribution	4,722,344	-	-	4,722,344	-
Payments on debt principal	(3,655,757)	-	(299,974)	(3,955,731)	-
Payment on debt interest	(1,596,655)	-	(73,647)	(1,670,302)	-
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	\$ (10,647,378)	\$ -	\$ (373,621)	\$ (11,020,999)	\$ (2,526,220)
Cash Flows From Investing Activities:					
Purchase of Investments	(4,032,304)	(1,135,559)	-	(5,167,863)	(126,576)
Proceeds from Sale of Investments	2,131,197	-	-	2,131,197	71,832
Interest on Investments	259,606	41,203	319	301,128	6,239
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ (1,641,501)	\$ (1,094,356)	\$ 319	\$ (2,735,538)	\$ (48,505)
Net Increase (Decrease) in Cash & Equivalents	(6,071,252)	(772,211)	-	(6,843,463)	(243,855)
Cash and Equivalents January 1, 2016	12,752,916	2,513,756	1,600	15,268,272	491,042
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 6,681,664	\$ 1,741,545	\$ 1,600	\$ 8,424,809	\$ 247,187
Unrestricted cash and cash equivalents	6,681,664	1,741,545	1,600	8,424,809	247,187
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 6,681,664	\$ 1,741,545	\$ 1,600	\$ 8,424,809	\$ 247,187

The accompanying notes are an integral part of this statement

Page 1 of 2

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL	ACTIVITIES- INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 2,099,295	\$ 740,762	\$ (23,850)	\$ 2,816,207	\$ 811,324
Adjustments to Reconcile Operating Income to Net					
Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	6,193,784	-	65,551	6,259,335	730,124
Other Non-Operating Receipts	98,615	-	59,635	158,250	-
Changes in Assets and Liabilities:					
(Increase)/Decrease in Inventories	-	-	(3,585)	(3,585)	(13,457)
(Increase)/Decrease in Receivables	43,200	22,256	-	65,456	-
Increase (Decrease) in Net Pension - Contra	(626,058)	22,562	(19,067)	(622,563)	(29,029)
Increase (Decrease) in Accounts Payable	(5,159)	(133,113)	(2,367)	(140,639)	(26,174)
Increase (Decrease) in Other Current Liabilities	(53,882)	-	7,716	(46,166)	-
TOTAL ADJUSTMENTS	5,650,500	(88,295)	107,883	5,670,088	661,464
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,749,795	\$ 652,467	\$ 84,033	\$ 8,486,295	\$ 1,472,788
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital assets contributed by private developers	766,209	-	-	766,209	-
Gain (losses) on sale of capital asset (NBV)	-	-	-	-	(52,383)
Increase (decrease) in fair value of investments	(27,283)	-	-	(27,283)	-
TOTAL NON-CASH ACTIVITIES	\$ 738,926	\$ -	\$ -	\$ 738,926	\$ (52,383)

The accompanying notes are an integral part of this statement

Page 2 of 2

STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2016

	AGENCY FUNDS
ASSETS	
Cash & cash equivalents	\$ 47,199
Total Assets	\$ 47,199
LIABILITIES	
Accounts payable and accrued expenses	\$ 28,860
Other liabilities	\$ 18,339
Total Liabilities	\$ 47,199

The accompanying notes are an integral part of this statement

This page left intentionally blank.



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 1 - Summary of Significant Accounting Policies 36

NOTE 2 – Accounting and Reporting Changes 41

NOTE 3 – Deposits and Investments 42

NOTE 4 – Property Taxes 43

NOTE 5 – Capital Assets and Depreciation..... 45

NOTE 6 – Pension Plans..... 46

NOTE 7 – Risk Management..... 55

NOTE 8 – Long-Term Debt 57

NOTE 9 – Leases 59

NOTE 10 – Changes in Long Term Liabilities 60

NOTE 11 – Contingencies and Litigation..... 60

NOTE 12 – Interfund Transactions and Balances 61

NOTE 13 – Joint Ventures and Operations 61

NOTE 14 – Pollution Remediation Obligation..... 64

NOTE 15 – Other Disclosures 64

- Net Investment in Capital Assets Calculation

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The City of Marysville was incorporated on March 20, 1891 and operates under the laws of the State of Washington applicable to a non-charter code city with a mayor-council form of government. The accounting and reporting policies of the city conform to generally accepted accounting principles (GAAP) of local governments.

The city is a general-purpose government and provides public safety, road improvement, parks and recreation, judicial administration and general governmental services. In addition, the city owns and operates a water/sewer/surface water utility, a golf course and provides garbage collection and recycling services. The accompanying statements include all funds, agencies and boards controlled by or dependent on the city. The financial statements include as well the assets and liabilities of all funds for which the city has a custodial or trust responsibility. The financial statements do not include the financial position or results of operations of the Marysville School District, which is a separate municipal corporation.

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. For the most part, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to 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 or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. The fiduciary funds presented are agency funds. These funds use the accrual basis of accounting; however, because they only report assets and liabilities they do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the city.

The city reports the following major government funds:

- The General Fund is the city's operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. The general fund includes police, parks, culture and recreation, community development, courts, executive, finance, human resources, legal and fire services.
- The Street Capital Improvement fund accounts for the design and construction of the city's infrastructure. Revenues come from traffic mitigation fees, real estate excise taxes and state and federal grants.
- The Street Maintenance fund accounts for the operation and maintenance of the city streets, right-of-ways, and sidewalks. Revenues come from state shared fuel taxes, permitting fees, and a portion of the sales tax revenue that is receipted into the General Fund and is then transferred to the Street Maintenance fund.
- The Local Improvement District (LID) #71 accounts for assessments related to the LID and provides payment to the fiscal agent for principal and interest on bonds issued in September 2014.

The city reports the following major proprietary funds:

- The Waterworks Utility operating fund accounts for the distribution and filtration of water, the collection and treatment of wastewater, as well as the collection and treatment of sewage, and the design and construction of all water/sewer/surface water capital projects. Also included in the waterworks utility fund are all debt service payments.
- The Solid Waste fund accounts for the collection of commercial and residential solid waste as well as curb side recycling program.

Additionally, the government reports the following fund types:

- Special revenue funds account for the proceeds of specific revenue sources to finance specific activities as required by law or administrative regulations.
- Debt service funds account for the accumulation of resources and the payment of general long-term debt principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.
- Capital project funds account for the design and construction of city parks and recreational facilities.
- Internal service funds account for the city's fleet management, facility services and information services provided to other departments on a cost reimbursement basis.
- Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operation.

As a general rule, the effect of interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The city has allocated certain indirect costs that are included in the program expense reported for individual functions and activities.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

The proprietary statements are reported using the economic resources measurement focus and full-accrual basis of account. Revenues are recorded when liability is incurred regardless of the timing of cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks Utility Fund, Solid Waste Fund, Golf Fund, and the internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available to use, it is the City of Marysville's policy to use restricted resources first, and then unrestricted resources as needed.

D. Budgetary Information

Scope of Budget

In accordance with the Revised Code of Washington (RCW) 35A.34, the City budgets for all operating funds. These budgets are prepared in accordance with generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for annually budgeted governmental funds only.

The City transitioned to a biennial budget for the 2015/2016 budget cycle. For the first year, the City adopted two one year budgets. The appropriated budgets are adopted at the fund level where expenditures may not exceed appropriations. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for all funds lapse at year-end.

Amending the Budget

The City Administrative Officer is authorized to transfer appropriations between programs within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the City Council. When City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a simple majority. The budget was amended by ordinance two (2) times during 2016.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

There have been no material violations of finance-related legal or contractual provisions.

E. Assets, Liabilities, Fund Balances and Net Position

Cash and Cash Equivalents

The City of Marysville invests all short-term cash surpluses. Monies from all City funds are internally pooled for investment purposes. The interest earned from the pooled investments is prorated to individual funds at the end of each month based on the cash balance in each fund at the end of the month. 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.

For purposes of the Statement of Cash Flows, the city considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments (see note 3 – Deposits and Investments)

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

Receivables

Taxes receivable consists of property taxes, related interest and penalties (see note 4-Property Taxes). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recoded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. As of December 31, 2016, \$6,130 of special assessments receivable were delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consists of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

Amounts Due to and from Other Funds; Interfund Loans and Advances Receivable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Separate schedules of interfund loans, amounts due to and from other funds and advances are furnished in Note 12 – Interfund Transactions and Balances.

Amounts Due to and from Other Governmental Units

These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services.

Special Assessments

Special assessments are amounts levied against benefited properties to recover costs associated with the construction of local improvement district (LID) projects. A lien is recorded against benefited properties until the assessment has been paid. Special assessments receivable represent all outstanding assessment amounts including current assessments billed but not collected, unpaid delinquent assessments, and special assessment amounts due in future years, which are recorded in a deferred inflow of resources account. Since special assessments are secured by liens against related properties, no allowance for uncollectible amounts is made.

Inventories

Inventories in proprietary funds are valued by the FIFO method, which approximates the market value.

Restricted Assets and Liabilities

Constraints imposed by debt covenants and laws and regulations of other governments require that the City maintain cash accounts, investments and receivables for certain purposes. These accounts contain resources to ensure compliance with the revenue debt bond covenants. Specific debt service reserve requirements are described in note 8 – Long-Term Debt.

Capital Assets (see note 5 – Capital Assets and Depreciation)

The City began prospective reporting of general infrastructure assets in January 1, 2005 and incorporated the retrospective values in 2007.

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. Infrastructure assets are capitalized when cost equals or exceeds \$300,000. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets purchased, constructed, or leased by a governmental fund type are recorded as expenditures in that fund at the time the related expenditures are incurred. The associated capital assets are capitalized in the Governmental Activities column

on the Government Wide Statement of Net Position. Capital assets of internal service funds are reported with governmental assets.

Costs of normal maintenance and repair for general capital 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.

All project costs are included in construction in progress in the government-wide statement of net position. At completion, capital costs are reclassified to the appropriate capital asset account. In the governmental fund financial statements, lease and contract payments are reported as expenditures.

Property, plant and equipment of the primary government, are depreciated using the straight line method over the following estimated useful lives:

ESTIMATED SERVICE LIFE	
Buildings & Structures	25-50 Years
Infrastructure	13-100 Years
Improvement Other Than Buildings	5-50 Years
Machinery & Equipment	2-20 Years

Other Post-Employment Benefits (see note 6 – Pension Plans)

Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contributions is reported in the Statement of Net Position. Actual medical costs are reported as expenditures in the general fund in the year they are incurred.

Compensated Absences

Employees may accumulate up to 180 days of sick leave. However, since the city does not have a policy to pay any amounts when employees separate from service with the government, there is no liability recorded for unpaid accumulated sick leave. Sick leave pay is recorded as an expense/expenditure upon usage. Eligible employees accumulate 10 to 25 days of vacation annually depending upon the employee's length of service, but may not accumulate more than two full years of earned accrual. At the time of retirement or separation from the City, employees will be compensated for any unpaid accumulated vacation leave up to 240 hours.

Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

Unearned Revenues

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

Deferred Outflow of Resources

Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's controls. Deferred outflows of resources presented in this manner on the accompanying financial statements are related to outstanding debt, pension, property taxes and court receivables.

Long-term Debt (see note 8-Long-Term Debt)

Liabilities for long-term debt are recorded in the government-wide statement of net position and in the proprietary funds balance sheet. The liabilities include bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

For governmental funds financial statements, bond issuance costs are expended at the time of issuance. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as a

debt service expenditure. The nature of debt in the governmental activity is specific to a program and, therefore; debt service costs are not an allocated expenditure.

Deferred Inflow of Resources

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a new decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred inflow of resources presented in this manner on the accompanying financial statements are related to outstanding debt and pension.

Net Position and Fund Balance

Net Position is segregated into three categories on the government-wide statement of net position: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. The flow assumption of the City is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital.

Fund balances, with the implementation of GASB 54, presented in the governmental fund financial statements represent the difference between assets and liabilities reported within the government fund. Fund balance is classified into the following categories:

Non-spendable – items that cannot be spent due to form; inventories, prepaid amounts, long-term loan receivables, or amounts that must be maintained intact legally.

Spendable - amounts are further segregated into categories based on the degree to which the uses of resources are constrained. When an expenditure is incurred for which restricted and unrestricted amounts are available, the City considers restricted amounts to be used first, followed by committed, then assigned, and lastly, unassigned amounts.

Restricted – amounts constrained for specific purposes imposed by external parties, such as those resulting from federal and state legislation, grant awards, bond covenants, and inter-local service agreements.

Committed – fund balance constrained by ordinance or resolution is adopted by City council and requires the same action to remove the constraint. In Washington State, ordinances and resolutions carry the same force of law.

Assigned – constraints that are neither restricted or committed, are considered assigned. Assignments are adopted by City Council through the budget ordinance. Special revenue funds typically report the majority of assigned fund balance and are created through ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted or committed, include transfers from other funds, investment interest not constrained by contract or covenant, fees for services and rents.

Unassigned – any remaining fund balance in the general fund not classified as non-spendable, restricted, committed or assigned is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. Also, the City's financial policies require a minimum of 10% of General Funds budgeted revenues (less beginning fund balance) be held in reserve. The reserves can be used for anything that council feels is necessary and therefore is reported as unassigned. Any and all expenditures from the reserve require a super majority vote by the entire City Council.

Pensions

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

NOTE 2 – ACCOUNTING AND REPORTING CHANGES**New Accounting Standards**

In 2016, the City implemented GASB Statement No. 72, "Fair Value Measurement and Application". This statement provides guidance for determining a fair value measurement and guidance for applying fair value to certain investments and disclosures.

GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments” was reviewed for impacts on the financial statements.

Also in 2016, the City reviewed GASB Statement No. 77, “Tax Abatement Disclosures”. This statement provides the financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The City currently has three programs that are eligible for tax abatements, but no participants. The City will continue to monitor these programs and disclose as necessary.

Prior Period Adjustment

A prior period adjustment reported on the government-wide statement of activities is associated with the joint venture between the City of Marysville and Snohomish County Fire Protection District 12. This joint venture had not been reported in the past and is now being included in the financials. Additional information regarding this agreement can be found in Note 13-Joint Ventures and Operations.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

The City’s deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

As required by state law, all investments of the City’s funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, the State of Washington Local Government Investment Pool, or certificates of deposit with Washington State Banks.

The Washington Local Government Investment Pool (LGIP) is unrated and operates in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost, which approximates fair value, to report net assets and compute share prices.

Credit Risk - Safety of principal is the foremost objective of the City’s investment program. City investments are undertaken in a conservative manner that seeks to ensure the preservation of the portfolio’s capital. The City holds investments in government agencies all of which hold AAA ratings from Standard & Poor’s and Aaa from Moody’s Investor Services. The City does not have a specific credit risk policy.

Custodial Credit Risk is the risk that in the event of a bank failure, the City’s investments may not be recovered. All City securities are held for safekeeping by US Bank. The City does not have a specific custodial credit risk policy.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. Safety of the principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City does not have a specific concentration of risk policy.

Investments that are not measured at fair value

As of December 31, 2016, the City had the following investments at amortized cost reported as cash equivalents:

Investment Type	Maturities	Total
CD – Bank of America	6/30/2017	\$ 11,650
Deposit Account – Opus Bank	-	5,150,277
State Pool	-	8,537,395
Total deposits		\$ 13,699,322

Investments measured at fair value

Investments and maturities

Investment Type	Fair Value	Less Than 1 Year	1 to 4 Years
Federal Farm Credit Bank	\$ 3,016,963	\$ 999,412	\$ 2,017,551
Federal Home Loan Bank	10,953,235	-	10,953,235
US Treasury Securities	21,507,075	8,996,190	12,510,885
Total Investments	\$ 35,477,273	\$ 9,995,602	\$ 25,481,671

The City measures and reports investments at fair value using the valuation input hierarchy established by generally accepted account principles as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 – Unobservable inputs for an asset or liability

Investment Type	Fair Value	Quotes Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)
Federal Agency Securities	\$ 13,970,198	\$ -	\$ 13,970,198
US Treasury Securities	21,507,075	21,507,075	-
Total Investments	\$ 35,477,273	\$ 21,507,075	\$ 13,970,198

NOTE 4 - PROPERTY TAXES:

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at/after the end of each month. Properties listed on the County tax rolls as of May 31 are included in the annual tax levy January 1. New construction through August 31 is included in the annual tax levy the following January 1.

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

Property tax revenues are recognized in the year levied. At year-end, property tax revenues are recognized for collections to be distributed by the County Treasurer within sixty days and an adjustment to taxes receivable and deferred revenue is made to account for delinquent taxes. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

- a. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction.
- b. The Washington State Constitution limits the total regular property taxes to 1 percent of all assessed valuation of \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The City's regular levy for 2016 was \$2.6813 per \$1,000 on an assessed valuation of \$5,976,816,814.

Purpose of Levy	Levy Rate Per \$1,000	Total Levy Amount
General Government	2.2776	\$ 13,612,886
Emergency Medical Service (EMS)	.4037	2,413,028
Total City Levy	2.6813	\$ 16,025,914

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

A summary of changes in governmental capital assets follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE 01/01/2016	ADDITIONS	DELETIONS	ENDING BALANCE 12/31/2016
Capital assets, not being depreciated:				
Land	27,218,361	921,932	-	28,140,293
Construction in progress	4,245,247	4,772,092	(8,059,532)	957,807
Total capital assets not being depreciated	31,463,608	5,694,024	(8,059,532)	29,098,100
Capital assets, being depreciated:				
Buildings and Structures	10,223,519	273,877	-	10,497,396
Improvements other than buildings	7,854,999	-	-	7,854,999
Infrastructure	145,399,847	8,059,532	(4,029,766)	149,429,613
Machinery and Equipment	13,576,558	2,617,911	(859,983)	15,334,486
	177,054,923	10,951,320	(4,889,749)	183,116,494
Less accumulated depreciation for:				
Buildings	(3,249,076)	(194,595)	-	(3,443,671)
Improvements other than buildings	(2,675,119)	(301,208)	-	(2,976,327)
Infrastructure	(23,548,616)	(2,053,439)	-	(25,602,055)
Machinery and Equipment	(7,603,339)	(763,612)	807,454	(7,559,497)
Total accumulated depreciation	(37,076,150)	(3,312,854)	807,454	(39,581,550)
Total assets being depreciated, net	139,978,773	7,638,466	(4,082,295)	143,534,944
Governmental activities capital assets, net	171,442,381	13,332,490	(12,141,827)	172,633,044

A summary of changes in business-type capital asset follows:

BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE 01/01/16	ADDITIONS	DELETIONS	ENDING BALANCE 12/31/16
Capital assets, not being depreciated:				
Land	12,405,376	596,143	-	13,001,519
Construction in progress	3,701,582	3,990,513	-	7,692,095
Total capital assets not being depreciated	16,106,958	4,586,656	-	20,693,614
Capital assets, being depreciated:				
Buildings and Structures	9,144,412	275,934	-	9,420,346
Improvements other than buildings	225,590,307	766,209	-	226,356,516
Machinery and Equipment	4,832,589	141,826	(55,074)	4,919,341
	239,567,308	1,183,969	(55,074)	240,696,203
Less accumulated depreciation for:				
Buildings	(3,371,516)	(165,470)	-	(3,536,986)
Improvements other than buildings	(87,904,156)	(6,008,540)	-	(93,912,696)
Machinery and Equipment	(3,053,042)	(85,325)	55,074	(3,083,293)
Total accumulated depreciation	(94,328,714)	(6,259,335)	55,074	(100,532,975)
Total assets being depreciated, net	145,238,594	(5,075,366)	-	140,163,228
Business-type activities capital assets, net	\$161,345,552	\$ (488,710)	\$ -	\$ 160,856,842

Depreciation

Depreciation expense was charged to the following functions/programs of the primary government as follows:

<u>Governmental Activities</u>	
General Government Services	\$ 166,936
Protection of Persons & Property	63,045
Transportation	2,169,556
Culture & Recreation	183,193
Internal Service	<u>730,124</u>
Total Depreciation-Governmental Activities	<u>\$ 3,312,854</u>
 <u>Business-type Activities</u>	
Waterworks Utility	\$ 6,193,784
Golf	<u>65,551</u>
Total Depreciation-Business-Type Activities	<u>\$ 6,259,335</u>

Construction Commitments

As of December 31, 2016, the City had other outstanding contractual commitments, which include construction and engineering contracts for capital projects currently in progress. The City’s outstanding contract obligations are summarized below:

Project	Expended To Date	Remaining Commitment
Parks Construction	\$ 239,541	\$ 28,299
Street Construction	2,571,208	355,586
Utility Construction	3,202,759	6,101,407
Total	\$ 6,013,508	\$ 6,485,292

NOTE 6 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2016:

Aggregate Pension Amounts – All Plans	
Pension liabilities	(14,641,789)
Pension assets	1,486,739
Deferred outflows of resources	3,424,479
Deferred inflows of resources	(390,258)
Pension expense/expenditures	1,891,921

State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380

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

Public Employees’ Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership

purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

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

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

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

The City's actual contributions to the plan were \$ 26,311 for the year ended December 31, 2016.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

Contributions

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

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	-
Administrative Fee	.18%	-
Employee PERS Plan 3	-	Varies
TOTAL	11.18%	6.12%

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

The City's actual PERS plan contributions were \$ 718,477 to PERS Plan 1 UAAL and \$ 877,314 to PERS Plan 2/3 for the year ended December 31, 2016.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and

administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2016 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
PSERS Plan 2	6.59%	6.59%
PERS Plan 1 UAAL	4.77%	-
Administrative Fee	0.18%	-
Total	11.54%	6.59%

The City's actual contributions to the plan were \$ 37,633 PERS Plan 1 UAAL and \$ 53,412 to PSERS Plan 2 for the year ended December 31, 2016.

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

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

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

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

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

Contributions

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

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

Contributions

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

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

The City's actual contributions to the plan were \$373,246 for the year ended December 31, 2016.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2016, the state contributed \$60,375,158 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$1,325,167.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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

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

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 8,370,097	\$ 6,940,958	\$ 5,711,096
PERS 2/3	13,984,831	7,595,581	(3,953,938)
PSERS 2	457,011	105,250	(145,311)
LEOFF 1	(95,624)	(160,972)	(216,830)
LEOFF 2	3,717,818	(1,325,767)	(5,127,166)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2016, the City reported a total pension liability of \$ 14,641,789 and a total pension asset of (\$ 1,486,739) for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 6,940,958
PERS 2/3	7,595,581
PSERS 2	105,250
LEOFF 1	(160,972)
LEOFF 2	(1,325,767)

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

	LEOFF 1	LEOFF 2
Employer's proportionate share	(160,972)	(1,325,767)
State's proportionate share of the net pension liability/(asset) associated with the employer	(1,088,810)	(864,304)
TOTAL	(1,249,782)	(2,190,071)

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

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	.129963%	.129243%	(.000720%)
PERS 2/3	.153107%	.150858%	(.002249%)
PSERS 2	.306379%	.247658%	(.058721%)
LEOFF 1	.015457%	.015624%	.000167%
LEOFF 2	.222857%	.227940%	.005083%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

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

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

Pension Expense

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

	Pension Expense
PERS 1	\$ (21,145)
PERS 2/3	1,414,757
PSERS 2	94,547
LEOFF 1	(22,493)
LEOFF 2	426,255
TOTAL	1,891,921

Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	174,762	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	377,319	-
TOTAL	552,081	-

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	404,459	(250,743)
Net difference between projected and actual investment earnings on pension plan investments	929,480	-
Changes of assumptions	78,507	-
Changes in proportion and differences between contributions and proportionate share of contributions	59,168	(70,966)
Contributions subsequent to the measurement date	451,915	-
TOTAL	1,923,529	(321,709)

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	35,851	-
Net difference between projected and actual investment earnings on pension plan investments	21,707	-
Changes of assumptions	409	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(5,700)
Contributions subsequent to the measurement date	26,450	-
TOTAL	84,417	(5,700)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	16,363	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	16,363	-

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	181,666	-
Net difference between projected and actual investment earnings on pension plan investments	476,401	-
Changes of assumptions	4,999	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(62,849)
Contributions subsequent to the measurement date	185,023	-
TOTAL	848,089	(62,849)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3	PSERS 2	LEOFF 2	LEOFF 1
2017	(43,030)	7,847	6,078	(20,125)	(3,381)
2018	(43,030)	7,847	6,078	(20,125)	(3,381)
2019	160,500	698,426	19,451	379,992	14,171
2020	100,322	436,082	15,025	257,367	8,954
2021	-	-	6,231	3,109	-
Thereafter	-	-	(596)	-	-
Total	174,762	1,150,203	52,267	600,217	16,363

Other Post-Employment Medical Benefits

Plan Description

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for 9 LEOFF 1 retirees. The City provides medical insurance and reimbursements for all necessary hospital, medical, and nursing care expenses not payable by worker’s compensation, social security, insurance provided by another employer, other pension plan, or any other similar source. Medical insurance for the retirees is provided by the City’s employee medical insurance program. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions.

The City provides health coverage for LEOFF 1 retirees through a medical plan purchased through the Association of Washington Cities (AWC) Employees Benefit Trust. In addition, the City pays or reimburses eligible retired LEOFF 1 police officers the necessary usual and customary medical expenses in excess of those covered by the applicable insurance plan. The City also purchases a long-term care insurance plan for eligible LEOFF 1 members. Dental costs and dependents are not covered.

Funding Policy

Funding for LEOFF 1 retiree healthcare costs is provided by the City as required by RCW. These medical benefits are funded on a pay-as-you-go basis through the General Fund and paid out of the Police Department budget. Health insurance premiums are paid monthly and long-term care insurance is paid annually. Other medical services are paid as billings are presented for reimbursement. The City reimbursed 100 percent of the amount of validated claims for medical costs incurred by these individuals. Amounts paid from 2014 through 2016 by the City out of the General Fund are as follows:

	2016	2015	2014
AWC medical premiums	\$ 69,862	\$ 68,013	\$ 72,172
Reimbursement of other eligible costs	19,469	21,191	16,905
Long-term care insurance premiums	22,485	22,485	22,485
Total	\$ 111,816	\$ 111,689	\$ 111,562
Average cost per retiree	\$ 12,424	\$ 12,410	\$ 12,396

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount calculated using the alternative measurement method in accordance with the parameters of GASB Statement 45 for employers in plans with fewer than one hundred total plan members utilizing the interactive tool developed by the Office of the State Actuary OSA for use by local government. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded accrued actuarial liabilities (UAAL) over a period of twenty years as of December 31, 2016. The following table shows the components of the City’s annual OPEB cost for the year, and the amount actually contributed. The net OPEB obligation is included as a noncurrent liability on the Statement of Net Position.

	<u>12/31/2016</u>
Annual required contribution	\$ 422,539
Interest on net OPEB obligation	39,452
Adjustment to annual required contribution	<u>(88,709)</u>
Annual OPEB cost (expense)	373,282
Contributions made	<u>(111,817)</u>
Change in NPO	261,465
Net OPEB Obligation - Beginning of Year	<u>986,298</u>
Net OPEB Obligation - End of Year	<u>\$ 1,247,763</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2016 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2014	298,291	37.4%	721,419
12/31/2015	376,569	29.7%	986,298
12/31/2016	373,282	29.9%	1,247,763

Funding Status and Funding Progress

As of December 31, 2016, the actuarial accrued liability (AAL) for benefits was \$4,697,950 all of which was unfunded. The covered payroll (total annual amount for active LEOFF Plan 1 members) was \$0, as there were no active members, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 0 percent.

The projection of future benefit payments of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The City has used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 55.3 was assumed for all active members for the purpose of determining the AAL and normal cost. Retirement, disablement, termination and mortality rates were assumed to follow the LEOFF 1 rates in the June 30, 2014 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2013. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit method. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation. The interest rate is 5.0%. The amortization period is 20 years (closed) and the medical inflation factor was plus or minus 1%.

NOTE 7 – RISK MANAGEMENT

The City of Marysville is a member of the Washington Cities Insurance Authority (WCIA). Over the past three years settlements have not exceeded the City's coverage limits.

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 168 members.

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

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 coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, 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 the 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 8 – LONG-TERM DEBT

Advanced Refunding

In 2016, the City of Marysville issued \$4,990,000 in limited tax general obligation refunding bonds with an interest rate of 2.0% to advance refund \$4,885,000 of outstanding 2007(A) limited tax general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition prices exceeded the net carrying amount of the old debt by \$224,960. This amount is being amortized over 10 years. This refunding was undertaken to reduce total debt service payments over the next ten years by \$740,344 and to obtain an economic gain of \$647,466.

The city issues general obligation bonds to finance the purchase, acquisition, and construction of significant capital assets. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. Federal obligation bonds are direct obligations and pledge the full faith and credit of the government.

General government obligation bonds outstanding at December 31, 2016 are as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
Governmental Activities						
LTGO Refunding Bonds 2013	10/16/13	12/01/23	3.00-5.00	6,315,000	970,000	5,345,000
LTGO Bonds Series 2007A	05/01/07	12/01/27	4.00-5.50	8,045,000	7,655,000	390,000
LTGO Bonds Series 2016 Refunding	09/01/14	12/01/27	2.00	4,990,000	-	4,990,000
LTGO Bonds 2010	10/01/10	12/01/34	2.00-5.00	4,990,000	455,000	4,535,000
LTGO Bonds 2013	10/16/13	12/01/30	3.00-5.00	9,005,000	1,155,000	7,850,000
Total Governmental Activities				\$ 33,345,000	\$ 10,235,000	\$ 23,110,000
Business Activities						
Golf Course	05/17/07	12/01/17	3.90-5.30	2,120,000	1,240,000	880,000
Pro-Shop/Restaurant Remodel	08/06/03	08/01/18	5.25	1,740,982	1,472,522	268,460
Total Business Activities				3,860,982	2,712,522	1,148,460
Special Assessments						
LID 71 - 156th Street Overpass	09/23/14	06/01/36	2.05-4.15	6,022,846	1,772,846	4,250,000
Total Special Assessments				6,022,846	1,772,846	4,250,000
TOTAL GENERAL OBLIGATION BONDS				\$ 43,228,828	\$ 14,720,368	\$ 28,508,460

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING	GOVERNMENTAL ACTIVITIES			BUSINESS - TYPE ACTIVITIES			SPECIAL ASSESSMENT		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2017	1,330,000	850,325	2,180,325	318,215	56,957	375,172	-	170,335	170,335
2018	1,635,000	800,225	2,435,225	275,245	40,006	315,251	-	170,335	170,335
2019	1,700,000	731,825	2,431,825	175,000	29,137	204,137	-	170,335	170,335
2020	1,840,000	660,625	2,500,625	185,000	19,949	204,949	-	170,335	170,335
2021	1,900,000	597,125	2,497,125	195,000	10,238	205,238	-	170,335	170,335
2022-2026	8,430,000	1,979,149	10,409,149	-	-	-	-	851,675	851,675
2027-2031	4,960,000	799,963	5,759,963	-	-	-	-	851,675	851,675
2032-2036	1,315,000	106,600	1,421,600	-	-	-	4,250,000	851,675	5,101,675
TOTAL	\$ 23,110,000	\$ 6,525,837	\$ 29,635,837	\$ 1,148,460	\$ 156,287	\$ 1,304,747	\$ 4,250,000	\$ 3,406,700	\$ 7,656,700

Business-type Long-Term Debt

The City issues revenue bonds to finance construction projects for the City’s utilities. Revenue bonds are payable from revenues generated by the user fees, and are backed by the Waterworks Utility fund. Revenue debt outstanding as of December 31, 2016 is as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT		DEBT OUTSTANDING
				ORIGINALLY ISSUED	REDEMPTION TO DATE	
Water Revenue Bonds	05/31/05	04/01/28	3.750-5.125	48,355,000	48,355,000	-
Water Revenue Bonds	05/29/14	04/01/28	2.00-5.00	39,945,000	2,795,000	37,150,000
TOTAL REVENUE BONDS				\$ 88,300,000	\$ 51,150,000	\$ 37,150,000

Annual debt service requirements to maturity for revenue bonds are as follows:

YEAR ENDING	BUSINESS-TYPE ACTIVITY			
	12/31	PRINCIPAL	INTEREST	TOTAL
2017		2,420,000	1,431,450	3,851,450
2018		2,505,000	1,345,050	3,850,050
2019		2,610,000	1,122,300	3,732,300
2020		2,730,000	1,242,750	3,972,750
2021		2,865,000	982,425	3,847,425
2022-2026		16,550,000	2,696,200	19,246,200
2027-2028		7,470,000	225,750	7,695,750
TOTAL		\$ 37,150,000	\$ 9,045,925	\$ 46,195,925

The City’s governmental activities includes the Snohomish County LTGO bonds for the City of Marysville’s portion of the 800 MHz project. This represents the City’s liability to Snohomish County.

The City’s business type activities consist of multiple Public Works Trust Funds Loans and a Drinking Water Revolving Fund Loan used to update the Wastewater Treatment Plant and to construct a new filtration plant.

Other Business-type long-term debt outstanding as of December 31, 2016 is as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT		DEBT OUTSTANDING
				ORIGINALLY ISSUED	REDEMPTION TO DATE	
Governmental Activities						
800 MHZ	10/01/99	12/01/19	4.75-6.00	\$ 1,013,033	\$ 1,013,033	\$ -
800 MHZ (Refunded)	08/27/15	12/01/19	5.00	\$ 381,842	\$ 142,933	\$ 238,909
Total Governmental Activities				1,394,875	1,155,966	238,909
PWTFL-WWTP	10/22/01	07/01/21	0.50	1,000,000	736,842	263,158
PWTFL-WWTP	02/04/02	07/01/22	0.50	10,000,000	6,823,530	3,176,470
PWTFL-WWTP Phase II	05/13/04	07/01/24	0.50	10,000,000	5,789,474	4,210,526
DWRFL-Stilly Well	12/12/03	10/01/23	1.50	4,080,000	2,523,216	1,556,784
Total Other Long Term Obligations				25,080,000	15,873,062	9,206,938
TOTAL BUSINESS-TYPE LONG TERM OBLIGATIONS				\$ 26,474,875	\$ 17,029,028	\$ 9,445,847

Annual debt service requirement to maturity for other long term debt is as follows:

YEAR ENDING 12/31	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2017	76,017	11,945	87,962	1,330,757	61,603	1,392,360
2018	79,369	8,145	87,514	1,330,757	52,725	1,383,482
2019	83,523	4,176	87,699	1,330,756	43,846	1,374,602
2020	-	-	-	1,330,756	34,969	1,365,725
2021	-	-	-	1,330,754	26,091	1,356,845
2022-2024	-	-	-	2,553,158	28,445	2,581,603
TOTAL	\$ 238,909	\$ 24,266	\$ 263,175	\$ 9,206,938	\$ 247,679	\$ 9,454,617

At December 31, 2016, the City has \$ 776,253 available in governmental debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$ 5,547,716 in sinking funds and reserves as required by bond indentures.

NOTE 9 – LEASES

Lease Revenue

The City entered into a lease with option to purchase agreement with the Boys and Girls Club of Snohomish County leasing a portion of the City facility located at 1010 Beach Avenue. The lease agreement began on January 1, 2010 and will terminate on December 31, 2024, with the option to extend an additional five years. The option to purchase the facility cannot be exercised prior to the termination of the lease period. This asset has a cost of \$ 1,777,533, accumulated depreciation of \$83,696 and a carrying value of \$1,693,837. Non-cancelable lease provides for a minimum annual payment as follows:

Year Ending December 31	Minimum Future Rent
2017	28,529
2018	28,529
2019	28,529
2020	28,529
2021	28,529
2022-2024	85,588
Total	\$ 228,233

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 24,290,000	\$ 4,990,000	\$ (6,170,000)	\$ 23,110,000	\$ 1,330,000
For issuance premiums	922,563	217,805	(93,526)	1,046,842	-
Total bonds Payable	25,212,563	5,207,805	(6,263,526)	24,156,842	1,330,000
800Mhz Project	311,571	-	(72,662)	238,909	76,017
Special Assessment	5,107,846	-	(857,846)	4,250,000	-
Pension Liabilities	8,320,087	2,195,320	-	10,515,407	-
Other post-employment benefits	986,298	261,465	-	1,247,763	-
Compensated absences	1,842,367	2,062,638	(1,842,367)	2,062,638	1,031,318
Governmental activity long-term liabilities:	\$ 41,780,732	\$ 9,727,228	\$ (9,036,401)	\$ 42,471,559	\$ 2,437,335
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 1,448,434	\$ -	\$ (299,974)	\$ 1,148,460	\$ 318,215
Revenue Bond	39,475,000	-	(2,325,000)	37,150,000	2,420,000
For issuance discounts	(1,932)	965	-	(967)	-
For issuance premiums	3,638,804	-	(303,233)	\$ 3,335,571	-
Total bonds Payable	44,560,306	965	(2,928,207)	41,633,064	2,738,215
Public Works Trust Fund Loans	10,537,695	-	(1,330,757)	9,206,938	1,330,757
Pension Liabilities	4,004,708	121,675	-	4,126,383	-
Compensated absences	321,058	322,790	(321,058)	322,790	161,395
Business-type activity long-term liabilities:	\$ 59,423,767	\$ 445,430	\$ (4,580,022)	\$ 55,289,175	\$ 4,230,367

1) *The general fund has been used to liquidate other post employment benefits*

Since internal service funds predominantly serve the governmental funds, their long-term liabilities are included as part of the above totals for governmental activities. At year end \$ 99,461 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are generally liquidated by the general fund.

Arbitrage

Arbitrage occurs when the City invests funds borrowed at tax-exempt rates of interest in higher yielding securities. These interest earnings in excess of interest expense must be remitted to the federal government. At the fund level, the City recognizes this liability only when it is due and payable. The City had no arbitrage excess earnings liability in 2016.

NOTE 11 - CONTINGENCIES AND LITIGATION

The city participates in a number of federal and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that any such potential disallowances, if any, would be immaterial.

The City of Marysville is the defendant in certain legal actions. At this time the City Attorney is unable to determine the probability of the outcomes in these cases. However, in all cases of legal actions against the city, the City Attorney believes there are meritorious defenses to the plaintiffs' claims, and that both separately and collectively the alleged damages in these cases are within the coverage limits of the city's insurance policies. Therefore, the city believes that the costs of defending these claims, and any awards, if any, will not be material to the city's financial position.

NOTE 12 - INTERFUND TRANSACTIONS AND BALANCES

Loans between funds are classified as interfund loans receivable and payable, or advances to and from other funds depending on the time period for which the loan was made. Advances to other funds are typically loans that are not expected to be repaid within one year from the date of the financial statements. Interfund loans receivable and payable are used primarily to meet short-term cash flow requirements while waiting for other financing instruments to be put in place.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods, or services in return. 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, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund activity for the year is as follows:

Fund	Total Transfer Out	Transfer In							
		General	Street Construction	Street Maintenance	Nonmajor Governmental	Waterworks Utility	Solid Waste	Nonmajor Enterprise	Internal Services
General Fund	3,400,326	-	-	1,472,622	1,504,922	-	-	278,415	144,367
Street Construction	880,475	-	-	-	880,475	-	-	-	-
Street Maintenance	-	-	-	-	-	-	-	-	-
Nonmajor Governmental Funds	2,886,769	82,026	1,608,590	1,089,166	96,987	-	-	10,000	-
Waterworks Utility	1,816,014	767,704	-	685,793	-	-	-	-	362,517
Solid Waste	351,198	-	-	-	-	-	-	-	351,198
Total Transfer In	\$ 9,334,782	\$ 849,730	\$ 1,608,590	\$ 3,247,581	\$ 2,482,384	\$ -	\$ -	\$ 288,415	\$ 858,082

Current year transfers were to fund street maintenance, street construction, debt service, and vehicle purchases. The General fund provides an annual subsidy to the Golf Course, and the Waterworks Utility provides annual funding to Street Maintenance for surface water activities.

NOTE 13 – JOINT VENTURES

Snohomish County Fire Protection District 12

Effective January 1, 1992, Snohomish County Fire Protection District 12 entered into an interlocal agreement with the City of Marysville (City) to create the Marysville Fire District. The interlocal agreement provides for the joint operation of the Marysville Fire District administered by a six member governing board consisting of three Fire Protection District 12 Commissioners and three City of Marysville Council members. The board administers and manages the operations of the Marysville Fire District to provide fire protection and emergency medical response services in the City and District 12. Financial contribution by the City of Marysville for the 2016 calendar year was an amount equal to the prior year’s contribution multiplied by the percent change (rounded to the nearest tenth) in levy amount calculated as if the City and District 12 were combined. The calculation will begin with the combining of the prior year levy amounts for the City and District 12, as determined by the Snohomish County Assessor, to determine the “base amount”. The base amount was increased by 1%. In addition, new construction and state assessed property increase will be included with the assessed values for new construction multiplied by the prior year agreement levy rate and the current year’s state assessed property value less last year’s state assessed property value with the remainder multiplied by the prior year agreement levy rate. The City’s financial contribution for year ended December 31, 2015 was \$9,734,442. Separate financial statements for the joint venture may be obtained from Snohomish County Fire Protection District 12, Finance Department, 1094 Cedar Ave, Marysville, WA 98270.

An equity interest exists for the City of Marysville. Ending Cash and Investments for Fire District 12 as of December 31, 2016 were \$13,979,484. As of December 31, 2016, the City of Marysville has a 78.25% share of the equity. The City reports its share of equity interest as an investment in joint venture in the government-wide state of net position.

The following is condensed financial information:

MARYSVILLE FIRE DISTRICT FUNDS ONLY
Fund Resources and Uses Arising From Cash Transactions
For the Year Ended December 31, 2016

	Total Marysville Fire
Beginning Cash and Investments	15,004,334
Total Revenues	15,490,728
Total Expenditures	16,457,168
Excess (Deficiency) Revenues over Expenditures:	(966,440)
Total Other Increases in Fund Revenues:	455,317
Total Other Decreases in Fund Resources:	513,726
 Increase (Decrease) in Cash and Investments	 (1,024,849)
 Total Ending Cash and Investments	 13,979,484
 City of Marysville's Equity %	 78.25%
City of Marysville's Equity Interest	10,938,947

On July 30, 2015 the City of Marysville sent notice of termination to Fire District 12, beginning a three-year termination period per the interlocal agreement.

On March 14, 2016 the Marysville City Council approved an amendment, submitted by Fire District 12, to the agreement with Fire District 12 to accelerate the termination of the existing interlocal agreement from the initial three-year period to December 31, 2016. The City is currently in negotiations with Fire District 12 and other local entities to establish a Regional Fire District (RFA). The City anticipates the formation be complete with the next two years.

Snohomish County Emergency Radio System

The **Snohomish County Emergency Radio System (SERS)**, a nonprofit corporation pursuant to chapter 24.06 RCW and IRC 501(c) (3), was established via an interlocal agreement in 1999 with Snohomish County, SNOCOM, SNOPAC, and the Cities of Brier, Edmonds, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, and Woodway. The purpose of SERS is to design, develop, finance, acquire, install, operate, maintain, repair and replace the county's public safety communications service. The governing board consists of ten directors, one appointed by each City and County member, with the authority to take all actions on behalf of SERS. As of December 31, 2016, an equity interest in the SERS joint venture of \$ 331,382 was recorded in governmental activities on the statement of net position. Separate financial statements for the joint venture may be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

SNOPAC 911 Emergency Communications

The City and other Police and Fire entities (currently 37) operate jointly the Snohomish County Police Staff and Auxiliary Service Center, (SNOPAC). SNOPAC, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOPAC is with an 11 member Board of Directors which is specified in the Interlocal Agreement. SNOPAC takes 911 calls, and performs emergency dispatch services for local governmental agencies include police, fire and medical aid.

In the event of the dissolution of SNOPAC, any money in the possession of SNOPAC or the Board of Directors after payment of all costs, expenses and charges validly incurred under this agreement shall be returned to the parties to this agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the city's share was \$1,678,518 on December 31, 2016. Complete financial statements for SNOPAC can be obtained from SNOPAC's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

Alliance of Housing Affordability

In September 2013, the City of Marysville joined the cities of Everett, Granite Falls, Lake Stevens, Lynnwood, Mill Creek, Mountlake Terrace, Mukilteo, Snohomish, the Town of Woodway and Snohomish County to establish the Alliance of 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 the AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to prove 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 of the members. 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 of Snohomish County. Fiscal agent duties are performed by the City of Mountlake Terrace.

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

Year	AHA Budget	Marysville's share	% of Budget
2013	\$ 89,850	\$ 3,613	4.0%
2014	92,543	3,721	4.0%
2015	123,464	3,702	3.0%
2016	145,590	3,675	2.5%
2017	97,934	5,513	5.6%

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 the Finance Director, City of Mountlake Terrace, 6100 219th Street SW, Mountlake Terrace, WA 98043 or from Kristina Gallant, Housing Analyst, Alliance for Housing Affordability, 12625 4th Ave W., Suite 200, Everett, WA 98204.

AWC Employee Benefit Trust

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust. As of December 31, 2016, 281 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

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

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

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable account standards established by the Governmental Account Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 14- POLLUTION REMEDIATION OBLIGATION

On December 20, 2016, the City purchased the WELCO Lumber company property located at 1218 1st Street, Marysville, WA. At the time of purchase, the City recognized that the property would require hazardous substance clean-up. In 2017, studies will be conducted to determine the type of hazardous substances present and to estimate the liability with regard to pollution remediation at this site.

NOTE 15- OTHER DISCLOSURES

NET INVESTMENT IN CAPITAL ASSETS CALCULATION

	Governmental Activity	Business Activity
Net Capital Assets	172,633,044	160,856,842
Less Noncurrent Debt	(26,192,893)	(43,436,427)
Less Current Debt Principal	(1,406,017)	(4,068,972)
Less Debt Premium	(1,046,842)	(3,334,605)
Plus Deferred Outflow Related to Debt	224,961	514,571
 Net investments in capital assets	 144,212,253	 110,531,409

REQUIRED SUPPLEMENTARY INFORMATION



**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 34,769,394	\$ 34,861,394	\$ 34,824,899	\$ (36,495)
Licenses & Permits	1,830,554	1,830,554	2,197,180	366,626
Intergovernmental	1,198,086	1,811,396	1,868,354	56,958
Charges for Services	3,179,822	3,179,822	3,129,950	(49,872)
Fines & Forfeitures	524,837	524,837	435,560	(89,277)
Investment Earnings	189,596	189,596	224,348	34,752
Rents & Leases	257,248	279,248	557,530	278,282
Miscellaneous Revenues	280,985	280,985	43,342	(237,643)
Total Revenues	42,230,522	42,957,832	43,281,163	323,331
EXPENDITURES				
Current:				
Judicial	1,462,667	1,456,620	1,439,991	16,629
General Government	3,947,634	4,265,520	3,340,531	924,989
Public Safety	26,981,293	27,598,535	26,889,658	708,877
Physical Environ	1,257,173	1,251,957	1,187,622	64,335
Health & Human Services	41,400	41,400	23,593	17,807
Economic Environment	2,428,713	2,565,259	2,367,751	197,508
Culture & Recreation	2,585,676	2,727,269	2,837,576	(110,307)
Capital Outlay				
Public safety	-	-	9,884	(9,884)
Culture & recreation	-	-	30,391	(30,391)
Total Expenditures	38,704,556	39,906,560	38,126,997	1,779,563
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	3,525,966	3,051,272	5,154,166	2,102,894
OTHER FINANCING SOURCES (USES)				
Transfers in	864,255	879,255	849,730	(29,525)
Transfers out	(4,162,142)	(4,398,142)	(3,400,326)	997,816
Total other financing sources (uses)	(3,297,887)	(3,518,887)	(2,550,596)	968,291
Net change in fund balances	228,079	(467,615)	2,603,570	3,071,185
Fund balances--beginning	13,672,782	13,672,782	14,756,671	1,083,889
FUND BALANCES - ENDING	\$ 13,900,861	\$ 13,205,167	\$ 17,360,241	\$ 4,155,074

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 101 - STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Licenses & Permits	\$ 50,000	\$ 50,000	\$ 48,278	\$ (1,722)
Intergovernmental	1,269,528	1,269,528	1,484,127	214,599
Charges for Services	-	-	84,196	84,196
Investment Earnings	-	-	829	829
Miscellaneous Revenues	10,000	10,000	56,147	46,147
TOTAL REVENUES	1,329,528	1,329,528	1,673,577	344,049
EXPENDITURES				
Current:				
General Government	35,595	35,595	14,199	21,396
Transportation	5,881,370	5,881,370	5,189,720	691,650
Capital Outlay	46,000	46,000	-	46,000
TOTAL EXPENDITURES	5,962,965	5,962,965	5,203,919	759,046
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(4,633,437)	(4,633,437)	(3,530,342)	1,103,095
OTHER FINANCING SOURCES (USES):				
Transfers In	4,633,437	4,633,437	3,247,581	(1,385,856)
Transfers Out	-	-	-	-
Total other financing sources (uses)	4,633,437	4,633,437	3,247,581	(1,385,856)
Net change in fund balances	-	-	(282,761)	(282,761)
Fund balances - beginning	-	-	497,001	497,001
FUND BALANCES - ENDING	\$ -	\$ -	\$ 214,240	\$ 214,240

The city's budget is adopted on a GAAP basis

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

**Public Employees' Retirement System - Plan 1
As of June 30, 2016
Last 2 Fiscal Years**

	<u>2015</u>	<u>2016</u>
Employer's proportion of the net pension liability (asset)	0.129963%	0.129243%
Employer's proportionate share of the net pension liability	\$ 6,798,274	\$ 6,940,958
Employer's covered employee payroll*	\$14,122,963	\$ 15,267,909
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	48.14%	45.46%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%

**Public Employees' Retirement System - Plan 2/3
As of June 30, 2016
Last 2 Fiscal Years**

	<u>2015</u>	<u>2016</u>
Employer's proportion of the net pension liability (asset)	0.153107%	0.150858%
Employer's proportionate share of the net pension liability	\$ 5,470,600	\$ 7,595,581
Employer's covered employee payroll	\$13,645,668	\$ 14,200,149
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.09%	53.49%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%

The City currently does not have 10 years of pension data available

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Safety Employees' Retirement System - Plan 2
As of June 30, 2016
Last 2 Fiscal Years

	<u>2015</u>	<u>2016</u>
Employer's proportion of the net pension liability (asset)	0.306379%	0.247658%
Employer's proportionate share of the net pension liability	\$ 55,920	\$ 105,250
Employer's covered employee payroll	\$ 888,526	\$ 803,986
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	6.29%	13.09%
Plan fiduciary net position as a percentage of the total pension liability	95.08%	90.41%

Law Enforcement Officers' and Fire Fighters' Retirement-Plan 1
As of June 30, 2016
Last 2 Fiscal Years

	<u>2015</u>	<u>2016</u>
Employer's proportion of the net pension asset	(0.015457%)	(0.015624%)
Employer's proportionate share of the net pension asset	\$ (186,291)	\$ (160,972)
LEOFF 1 employers only - State's proportionate share of the net pension asset associated with the employer	-	\$ (1,249,782)
TOTAL		
Employer's covered employee payroll	-	-
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	127.36%	123.74%

LEOFF 1 is closed and no longer accepts contributions

The City currently does not have 10 years of pension data available

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Law Enforcement Officers' and Fire Fighters' Retirement-Plan 2
As of June 30, 2016
Last 2 Fiscal Years

	2015	2016
Employer's proportion of the net pension asset	(0.222857%)	(0.227940%)
Employer's proportionate share of the net pension Asset	\$ (2,290,524)	\$ (1,325,767)
LEOFF 2 employers only - State's proportionate share of the net pension liability (asset) associated with the employer	\$ (1,514,498)	\$ (2,190,071)
TOTAL	\$ (3,805,022)	\$ (3,515,838)
Employer's covered employee payroll	\$ 6,467,801	\$ 6,905,245
Employer's proportionate share of the net pension asset as a percentage of covered employee payroll	35.41%	19.20%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	106.04%

The City currently does not have 10 years of pension data available

SCHEDULE OF EMPLOYER CONTRIBUTIONS

**Public Employees' Retirement System - Plan 1
As of December 31, 2016
Last 2 Fiscal Years**

	<u>2015*</u>	<u>2016</u>
Statutorily or contractually required contributions	\$ 665,362	\$ 744,788
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (665,362)</u>	<u>\$ (744,788)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 15,082,608	\$ 15,418,859
Contributions as a percentage of covered employee payroll	4.41%	4.83%

**Public Employees' Retirement System - Plan 2/3
As of December 31, 2016
Last 2 Fiscal Years**

	<u>2015*</u>	<u>2016</u>
Statutorily or contractually required contributions	\$ 817,579	\$ 877,097
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (817,579)</u>	<u>\$ (877,097)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 14,116,258	\$ 14,394,571
Contributions as a percentage of covered employee payroll	5.79%	6.09%

The City currently does not have 10 years of pension data available

SCHEDULE OF EMPLOYER CONTRIBUTIONS

**Public Safety Employees' Retirement System - Plan 2
As of December 31, 2016
Last 2 Fiscal Years**

	<u>2015*</u>	<u>2016</u>
Statutorily or contractually required contributions	\$ 55,473	\$ 53,412
Contributions in relation to the statutorily or contractually required contributions	\$ (55,473)	\$ (53,412)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 838,497	\$ 788,947
Contributions as a percentage of covered employee payroll	6.62%	6.77%

**Law Enforcement Officers & Fire Fighters' Retirement System
Plan 2
As of December 31, 2016
Last 2 Fiscal Years**

	<u>2015</u>	<u>2016</u>
Statutorily or contractually required contributions	\$ 350,634	\$ 373,246
Contributions in relation to the statutorily or contractually required contributions	\$ (350,634)	\$ (373,246)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 6,721,887	\$ 7,136,631
Contributions as a percentage of covered employee payroll	5.22%	5.23%

Notes to Schedule:

*In the 2015 RSI, the statutorily required contributions were not distributed correctly between PERS1, PERS 2-3, and PSERS. The 2015 numbers above reflect the revised distribution.

The City currently does not have 10 years of pension data available

OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB)**SCHEDULE OF FUNDING PROGRESS**

Measurement Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
12/31/2008	-	3,102,730	0.0%	3,102,730	-	N/A
12/31/2009	-	3,192,515	0.0%	3,192,515	-	N/A
12/31/2010	-	3,060,708	0.0%	3,060,708	-	N/A
12/31/2011	-	2,722,621	0.0%	2,722,621	-	N/A
12/31/2012	-	2,790,393	0.0%	2,790,393	-	N/A
12/31/2013	-	2,487,921	0.0%	2,487,921	-	N/A
12/31/2014	-	3,613,406	0.0%	3,613,406	-	N/A
12/31/2015	-	4,587,418	0.0%	4,587,418	-	N/A
12/31/2016	-	4,697,950	0.0%	4,697,950	-	N/A

*The covered payroll was zero as all covered employees are retired

COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES

GOVERNMENTAL FUNDS



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,929,653	\$ 652,058	\$ 12,170	\$ 2,593,881
Investments	1,201,651	-	21,863	1,223,514
Total Current Assets	3,131,304	652,058	34,033	3,817,395
TOTAL ASSETS	\$ 3,131,304	\$ 652,058	\$ 34,033	\$ 3,817,395
FUND BALANCES				
Restricted for:				
Law Enforcement	282,976	-	-	282,976
Tourism	76,982	-	-	76,982
Technology Infrastructure	312,121	-	-	312,121
REET	1,237,167	-	-	1,237,167
Transportation Benefit District	1,177,303	-	-	1,177,303
Committed to:				
Law Enforcement	38,319	-	-	38,319
Community Center	6,436	-	-	6,436
Assigned to:				
Park Construction Projects	-	-	34,033	34,033
Debt Service	-	652,058	-	652,058
TOTAL FUND BALANCES	3,131,304	652,058	34,033	3,817,395
TOTAL LIABILITIES & FUND BALANCES	\$ 3,131,304	\$ 652,058	\$ 34,033	\$ 3,817,395

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 4,859,574	\$ -	\$ -	\$ 4,859,574
Intergovernmental	198,272	-	225,651	423,923
Charges for Services	-	-	166,753	166,753
Fines and Forfeits	81,444	-	-	81,444
Investment Interest	25,440	11,724	799	37,963
Rents & Leases	-	-	29,382	29,382
Miscellaneous Revenues	2,000	-	-	2,000
TOTAL REVENUES	5,166,730	11,724	422,585	5,601,039
EXPENDITURES				
Current				
General Government	45,874	-	-	45,874
Public Safety	18,393	-	-	18,393
Transportation	3,797	-	-	3,797
Economic Environment	167,993	-	-	167,993
Culture & Recreation	3,995	-	758,171	762,166
Debt Service				
Principal	72,662	1,285,000	-	1,357,662
Interest & fiscal charges	16,395	1,073,045	-	1,089,440
TOTAL EXPENDITURES	329,109	2,358,045	758,171	3,445,325
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,837,621	(2,346,321)	(335,586)	2,155,714
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	5,207,805	-	5,207,805
Payment to refunding bond escrow agent	-	(5,109,961)	-	(5,109,961)
Transfers In	-	2,264,800	217,584	2,482,384
Transfer Out	(2,789,782)	-	(96,987)	(2,886,769)
TOTAL OTHER FINANCING SOURCES (USES)	(2,789,782)	2,362,644	120,597	(306,541)
Net change in fund balances	2,047,839	16,323	(214,989)	1,849,173
Fund Balances-Beginning	1,083,465	635,735	249,022	1,968,222
FUND BALANCES-ENDING	\$ 3,131,304	\$ 652,058	\$ 34,033	\$ 3,817,395

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Other restricted resources are accounted for in debt service, and capital projects.

- 103** The *Drug Seizure Fund* accounts for monies forfeited and proceeds of the sale of forfeited property seized as a result of drug activity.
- 104** The *Tribal Gaming Fund* accounts for the receipt and disposition of funds received from the Tulalip Tribes for the mitigation of law enforcement due to gaming activity.
- 105** The *Hotel/Motel Fund* accounts for programs supported by the Hotel/Motel tax revenue authorized by RCW 67.28.180.
- 106** The *KBCC Appreciation Fund* accounts for private donations intended to support the senior center. All expenditures from this fund are solely to be used for the benefit of the Baxter Center and/or activities sponsored by the center.
- 108** The *I/NET Fund* accounts for funds used to implement and maintain the city's technology infrastructure
- 109** The *Community Development Block Grant Fund (CDBG)* accounts for a variety of housing and community development programs aimed primarily at low and moderate-income persons and the prevention or elimination of slums and light. The financing is from Community Block Grant HUD funds.
- 110** The *GMA REET I Fund* accounts for the revenues and expenditures of the first quarter percent of the real estate excise tax or REET I.
- 111** The *GMA REET II Fund* accounts for the revenues and expenditures of the first quarter percent of the real estate excise tax or REET II.
- 114** The *Transportation Benefit District Fund(TBD)* accounts for the .2% voted sales tax increase, and used to fund transportation projects within the City.

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016**

	103 DRUG SEIZURE	104 TRIBAL GAMING	105 HOTEL/ MOTEL	106 KBCC APPRECIATION
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 101,194	\$ 13,702	\$ 76,982	\$ 6,436
Investments	181,782	24,617	-	-
Total Current Assets	<u>282,976</u>	<u>38,319</u>	<u>76,982</u>	<u>6,436</u>
TOTAL ASSETS	\$ 282,976	\$ 38,319	\$ 76,982	\$ 6,436
FUND BALANCES				
Restricted for:				
Law enforcement	282,976	-	-	-
Hotel/Motel	-	-	76,982	-
Technology Infrastructure	-	-	-	-
REET	-	-	-	-
Transporation Benefit District	-	-	-	-
Committed to:				
Law Enforcement	-	38,319	-	-
Community Center	-	-	-	6,436
TOTAL FUND BALANCES	<u>282,976</u>	<u>38,319</u>	<u>76,982</u>	<u>6,436</u>
TOTAL LIABILITIES & FUND BALANCES	\$ 282,976	\$ 38,319	\$ 76,982	\$ 6,436

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016**

	108	110	111	114	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
	I/NET	GMA- REET I	GMA- REET II	TRANSPORTATION BENEFIT DISTRICT	
ASSETS					
CURRENT ASSETS					
Cash & Cash Equivalents	\$ 111,617	\$ 226,754	\$ 215,665	\$ 1,177,303	\$ 1,929,653
Investments	200,504	407,333	387,415	-	1,201,651
Total Current Assets	312,121	634,087	603,080	1,177,303	3,131,304
TOTAL ASSETS	\$ 312,121	\$ 634,087	\$ 603,080	\$ 1,177,303	\$ 3,131,304
FUND BALANCES					
Restricted for:					
Law enforcement	-	-	-	-	282,976
Hotel/Motel	-	-	-	-	76,982
Technology Infrastructure	312,121	-	-	-	312,121
REET	-	634,087	603,080	-	1,237,167
Transporation Benefit District	-	-	-	1,177,303	1,177,303
Committed to:					
Law Enforcement	-	-	-	-	38,319
Community Center	-	-	-	-	6,436
TOTAL FUND BALANCES	312,121	634,087	603,080	1,177,303	3,131,304
TOTAL LIABILITIES AND FUND BALANCES	\$ 312,121	\$ 634,087	\$ 603,080	\$ 1,177,303	\$ 3,131,304

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	103 DRUG SEIZURE	104 TRIBAL GAMING	105 HOTEL/ MOTEL	106 KBCC APPRECIATION
REVENUES:				
Taxes	\$ -	\$ -	\$ 89,508	\$ -
Intergovernmental	13,124	-	-	-
Fines & Forfeitures	81,444	-	-	-
Investment Earnings	2,250	359	640	62
Miscellaneous	750	-	-	1,250
TOTAL REVENUES	97,568	359	90,148	1,312
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Public Safety	2,192	16,201	-	-
Transportation	-	-	-	-
Economic Environment	-	-	41,875	-
Culture & Recreation	-	-	-	3,995
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	2,192	16,201	41,875	3,995
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	95,376	(15,842)	48,273	(2,683)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(35,000)	-
Total other financing sources (uses)	-	-	(35,000)	-
Net change in fund balances	95,376	(15,842)	13,273	(2,683)
Fund balances - beginning	187,600	54,161	63,709	9,119
FUND BALANCES - ENDING	\$ 282,976	\$ 38,319	\$ 76,982	\$ 6,436

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	108	109	110	111	114
	I/NET	CDBG	GMA- REET I	GMA- REET II	TRANSPORTATION BENEFIT DISTRICT
REVENUES:					
Taxes	\$ 117,189	\$ -	\$ 1,271,955	\$ 1,271,955	\$ 2,108,967
Intergovernmental	-	185,148	-	-	-
Fines & Forfeitures	-	-	-	-	-
Investment Earnings	2,337	-	3,874	3,435	12,483
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	119,526	185,148	1,275,829	1,275,390	2,121,450
EXPENDITURES:					
Current:					
General Government	45,874	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	3,797
Economic Environment	-	126,118	-	-	-
Culture & Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	72,662	-	-
Interest	-	-	15,578	-	817
TOTAL EXPENDITURES	45,874	126,118	88,240	-	4,614
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,652	59,030	1,187,589	1,275,390	2,116,836
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	(59,030)	(700,000)	(800,000)	(1,195,752)
Total other financing sources (uses)	-	(59,030)	(700,000)	(800,000)	(1,195,752)
Net change in fund balances	73,652	-	487,589	475,390	921,084
Fund balances - beginning	238,469	-	146,498	127,690	256,219
FUND BALANCES - ENDING	\$ 312,121	\$ -	\$ 634,087	\$ 603,080	\$ 1,177,303

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

		TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES:		
Taxes	\$	4,859,574
Intergovernmental		198,272
Fines & Forfeitures		81,444
Investment Earnings		25,440
Miscellaneous		2,000
TOTAL REVENUES		5,166,730
EXPENDITURES:		
Current:		
General Government		45,874
Public Safety		18,393
Transportation		3,797
Economic Environment		167,993
Culture & Recreation		3,995
Capital Outlay		-
Debt Service		
Principal		72,662
Interest		16,395
TOTAL EXPENDITURES		329,109
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		4,837,621
OTHER FINANCING SOURCES (USES)		
Transfers Out		(2,789,782)
Total other financing sources (uses)		(2,789,782)
Net change in fund balances		2,047,839
Fund balances - beginning		1,083,465
FUND BALANCES - ENDING	\$	3,131,304

This page left intentionally blank.



DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for and payment of general obligation bond principal and interest from governmental resources. Debt service funds are also used to account for the accumulation of resources for and payment of special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

206 The *LTGO Bond Fund* -

2007 - \$8.0M of LTGO bonds to provide funding for various transportation projects

2008 - \$750K PWTFLL to fund a portion of the 156th Street overpass design

2010 - \$4.9M of LTGO bonds issued to fund the purchase of the City's new courthouse building and other general government properties.

2013 - \$6.3M of LTGO bonds issued to refund the bonds issued in 2003 for the purchase of City Hall, construction of the waterfront park, and the renovation of State Avenue.

2013 – \$9.0M of LTGO bonds issued to fund the City's portion of the 156th Street overpass and also the City's portion of the County's Break-In-Access project.

299 The *LID Guaranty Fund* was established to guarantee the payments of LID bonds, warrants and other short-term obligations. **The City does not budget for this fund.**

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2016**

	206 LTGO BOND FUND	299 LID GUARANTY	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 41,601	\$ 610,457	\$ 652,058
Investments	-	-	-
Total Current Assets	41,601	610,457	652,058
TOTAL ASSETS	41,601	610,457	652,058
FUND BALANCE			
Assigned to:			
Debt Service	41,601	610,457	652,058
TOTAL FUND BALANCES	41,601	610,457	652,058
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,601	\$ 610,457	\$ 652,058

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	206 LTGO DEBT SERVICE	299 LID GUARANTY	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES			
Investment Earnings	\$ 6,915	\$ 4,809	\$ 11,724
TOTAL REVENUES	6,915	4,809	11,724
EXPENDITURES			
Debt Service			
Principal	1,285,000	-	1,285,000
Interest & fiscal charges	1,073,045	-	1,073,045
TOTAL EXPENDITURES	2,358,045	-	2,358,045
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,351,130)	4,809	(2,346,321)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	5,207,805	-	5,207,805
Payment to refunding debt escrow agent	(5,109,961)	-	(5,109,961)
Transfers In	2,264,800	-	2,264,800
Total other financing sources (uses)	2,362,644	-	2,362,644
Net change in fund balances	11,514	4,809	16,323
Fund balances -- beginning	30,087	605,648	635,735
FUND BALANCES - ENDING	\$ 41,601	\$ 610,457	\$ 652,058

CAPITAL PROJECT FUNDS

The capital project funds are used for the reporting of major capital acquisitions and construction separate from ongoing operating activities.

- 310** The *Parks Capital Improvement* fund accounts for the design and construction of City parks and recreational facilities.

**COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2016**

	310 Park Construction	TOTAL 2016
ASSETS		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 12,170	\$ 12,170
Investments	21,863	21,863
Total Current Assets	34,033	34,033
TOTAL ASSETS	34,033	34,033
FUND BALANCE		
Assigned:		
Parks Construction Project	34,033	34,033
TOTAL FUND BALANCES	34,033	34,033
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,033	\$ 34,033

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	310 Parks Construction	TOTAL 2016
REVENUES:		
Intergovernmental	\$ 225,651	\$ 225,651
Charges for Services	166,753	166,753
Investment Earnings	799	799
Rents & Leases	29,382	29,382
TOTAL REVENUES	422,585	422,585
EXPENDITURES:		
Current:		
Culture & Recreation	758,171	758,171
Capital Outlay	-	-
TOTAL EXPENDITURES	758,171	758,171
EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(335,586)	(335,586)
OTHER FINANCING SOURCES (USES):		
Transfers In	217,584	217,584
Transfers Out	(96,987)	(96,987)
TOTAL OTHER FINANCING SOURCES	120,597	120,597
Net change in fund balances	(214,989)	(214,989)
Fund balances - beginning	249,022	249,022
FUND BALANCES - ENDING	\$ 34,033	\$ 34,033

BUDGET AND ACTUAL



**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 103 - DRUG SEIZURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 13,124	\$ 13,124
Fines & Forfeits	10,000	10,000	81,444	71,444
Investment Earnings	150	150	2,250	2,100
Miscellaneous Revenues	-	-	750	750
TOTAL REVENUES	10,150	10,150	97,568	87,418
EXPENDITURES				
Current:				
Public Safety	25,000	25,000	2,192	22,808
TOTAL EXPENDITURES	25,000	25,000	2,192	22,808
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(14,850)	(14,850)	95,376	110,226
Net change in fund balances	(14,850)	(14,850)	95,376	110,226
Fund balances - beginning	49,370	49,370	187,600	138,230
FUND BALANCES - ENDING	\$ 34,520	\$ 34,520	\$ 282,976	\$ 248,456

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 104 - TRIBAL GAMING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ 250	\$ 250	\$ 359	\$ 109
TOTAL REVENUES	250	250	359	109
EXPENDITURES				
Current:				
Public Safety	25,000	25,000	16,201	8,799
TOTAL EXPENDITURES	25,000	25,000	16,201	8,799
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(24,750)	(24,750)	(15,842)	8,908
Net change in fund balances	(24,750)	(24,750)	(15,842)	8,908
Fund balances - beginning	56,451	56,451	54,161	(2,290)
FUND BALANCES - ENDING	\$ 31,701	\$ 31,701	\$ 38,319	\$ 6,618

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 105 - HOTEL/MOTEL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 89,250	\$ 89,250	\$ 89,508	\$ 258
Investment Earnings	150	150	640	490
TOTAL REVENUES	89,400	89,400	90,148	748
EXPENDITURES				
Current:				
Economic Environment	96,846	96,846	41,875	54,971
TOTAL EXPENDITURES	96,846	96,846	41,875	54,971
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(7,446)</u>	<u>(7,446)</u>	48,273	55,719
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(35,000)	(35,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	(35,000)	(35,000)
Net change in fund balances	(7,446)	(7,446)	13,273	20,719
Fund balances - beginning	45,254	45,254	63,709	18,455
FUND BALANCES - ENDING	\$ 37,808	\$ 37,808	\$ 76,982	\$ 39,174

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 106 - KBCC APPRECIATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ 75	\$ 75	\$ 62	\$ (13)
Miscellaneous Revenues	-	-	1,250	1,250
TOTAL REVENUES	75	75	1,312	1,237
EXPENDITURES				
Current:				
Culture & Recreation	4,000	4,000	3,995	5
TOTAL EXPENDITURES	4,000	4,000	3,995	5
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(3,925)	(3,925)	(2,683)	1,242
Net change in fund balances	(3,925)	(3,925)	(2,683)	1,242
Fund balances - beginning	5,136	5,136	9,119	3,983
FUND BALANCES - ENDING	\$ 1,211	\$ 1,211	\$ 6,436	\$ 5,225

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 108 - I/NET FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 115,200	\$ 115,200	\$ 117,189	\$ 1,989
Investment Earnings	75	75	2,337	2,262
TOTAL REVENUES	115,275	115,275	119,526	4,251
EXPENDITURES				
Current:				
General Government	85,000	139,000	45,874	93,126
TOTAL EXPENDITURES	85,000	139,000	45,874	93,126
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	30,275	(23,725)	73,652	97,377
Net change in fund balances	30,275	(23,725)	73,652	97,377
Fund balances - beginning	121,770	175,770	238,469	62,699
FUND BALANCES - ENDING	\$ 152,045	\$ 152,045	\$ 312,121	\$ 160,076

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 109 - CDBG FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 185,148	\$ (164,852)
TOTAL REVENUES	350,000	350,000	185,148	(164,852)
EXPENDITURES				
Current:				
Economic Environment	256,400	256,400	126,118	130,282
TOTAL EXPENDITURES	256,400	256,400	126,118	130,282
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	93,600	93,600	59,030	(34,570)
OTHER FINANCING SOURCES (USES):				
Transfers Out	(93,600)	(93,600)	(59,030)	34,570
Total other financing sources (uses)	(93,600)	(93,600)	(59,030)	34,570
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 110- GMA REET I FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 800,000	\$ 800,000	\$ 1,271,955	\$ 471,955
Investment Earnings	500	500	3,874	3,374
TOTAL REVENUES	800,500	800,500	1,275,829	475,329
EXPENDITURES				
Debt Service				
Principal	78,799	78,799	72,662	6,137
Interest	15,095	15,095	15,578	(483)
TOTAL EXPENDITURES	93,894	93,894	88,240	5,654
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	706,606	706,606	1,187,589	480,983
OTHER FINANCING SOURCES (USES):				
Transfers Out	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	(700,000)	(700,000)	(700,000)	-
Net change in fund balances	6,606	6,606	487,589	480,983
Fund balances - beginning	51,216	51,216	146,498	95,282
FUND BALANCES - ENDING	\$ 57,822	\$ 57,822	\$ 634,087	\$ 576,265

SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FUND 111- GMA REET II FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 800,000	\$ 800,000	\$ 1,271,955	\$ 471,955
Investment Earnings	500	500	3,435	2,935
TOTAL REVENUES	800,500	800,500	1,275,390	474,890
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	800,500	800,500	1,275,390	474,890
OTHER FINANCING SOURCES (USES):				
Transfers Out	(800,000)	(800,000)	(800,000)	-
Total other financing sources (uses)	(800,000)	(800,000)	(800,000)	-
Net change in fund balances	500	500	475,390	474,890
Fund balances - beginning	37,386	37,386	127,690	90,304
FUND BALANCES - ENDING	\$ 37,886	\$ 37,886	\$ 603,080	\$ 565,194

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 114 - TRANSPORTATION BENEFIT DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,803,584	\$ 1,803,584	\$ 2,108,967	\$ 305,383
Investment Earnings	500	500	12,483	11,983
TOTAL REVENUES	1,804,084	1,804,084	2,121,450	317,366
EXPENDITURES				
Current:				
Transportation	4,008	4,008	3,797	211
Interest	-	-	817	(817)
TOTAL EXPENDITURES	4,008	4,008	4,614	(606)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	1,800,076	1,800,076	2,116,836	316,760
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,600,000)	(1,600,000)	(1,195,752)	404,248
Total other financing sources (uses)	(1,600,000)	(1,600,000)	(1,195,752)	404,248
Net change in fund balances	200,076	200,076	921,084	721,008
Fund balances - beginning	243,954	243,954	256,219	12,265
FUND BALANCES - ENDING	\$ 444,030	\$ 444,030	\$ 1,177,303	\$ 733,273

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 206 - LTGO DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 6,915	\$ 6,915
TOTAL REVENUES	-	-	6,915	6,915
EXPENDITURES				
Current				
Debt Service:				
Principal	1,285,000	1,285,000	1,285,000	-
Interest & fiscal charges	1,006,589	1,073,125	1,073,045	80
TOTAL EXPENDITURES	2,291,589	2,358,125	2,358,045	80
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,291,589)	(2,358,125)	(2,351,130)	6,995
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	5,228,412	5,207,805	(20,607)
Payment to refunding debt escrow agent	-	(5,161,876)	(5,109,961)	51,915
Transfers In	2,290,089	2,290,089	2,264,800	(25,289)
Total other financing sources (uses)	2,290,089	2,356,625	2,362,644	6,019
Net Change in fund balance	(1,500)	(1,500)	11,514	13,014
Fund balances - beginning	23,714	23,714	30,087	6,373
FUND BALANCES - ENDING	\$ 22,214	\$ 22,214	\$ 41,601	\$ 19,387

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 271 - LID 71 FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 2,478	\$ 2,478
Special Assessments	1,000,000	1,000,000	451,718	(548,282)
TOTAL REVENUES	1,000,000	1,000,000	454,196	(545,804)
EXPENDITURES				
Current				
Debt Service:				
Principal	700,000	857,846	857,846	-
Interest & fiscal charges	305,300	200,500	199,558	942
TOTAL EXPENDITURES	1,005,300	1,058,346	1,057,404	942
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,300)	(58,346)	(603,208)	(544,862)
Net Change in fund balance	(5,300)	(58,346)	(603,208)	(544,862)
Fund balances - beginning	53,018	106,064	727,403	621,339
FUND BALANCES - ENDING	\$ 47,718	\$ 47,718	\$ 124,195	\$ 76,477

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 305 - STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 200,000	\$ 1,420,000	\$ 392,271	\$ (1,027,729)
Charges for Services	800,000	800,000	900,003	100,003
Investment Earnings	500	500	15,685	15,185
Rents & Leases	-	-	4,590	4,590
TOTAL REVENUES	1,000,500	2,220,500	1,312,549	(907,951)
EXPENDITURES:				
Current				
Transportation	-	-	740,299	(740,299)
Capital Outlay	250,000	3,854,570	1,938,135	1,916,435
TOTAL EXPENDITURES	250,000	3,854,570	2,678,434	1,176,136
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	750,500	(1,634,070)	(1,365,885)	268,185
OTHER FINANCING SOURCES (USES):				
Transfers In	1,500,000	2,333,604	1,608,590	(725,014)
Transfers (Out)	(907,164)	(907,164)	(880,475)	26,689
Total other financing sources (uses)	592,836	1,426,440	728,115	(698,325)
Net change in fund balances	1,343,336	(207,630)	(637,770)	(430,140)
Fund balances - beginning	38,348	1,198,762	1,509,656	310,894
FUND BALANCES - ENDING	\$ 1,381,684	\$ 991,132	\$ 871,886	\$ (119,246)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 310 - PARK CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ -	\$ 342,370	\$ 225,651	\$ (116,719)
Charges for Services	200,000	200,000	166,753	(33,247)
Investment Earnings	500	500	799	299
Rents & Leases	27,000	27,000	29,382	2,382
TOTAL REVENUES	227,500	569,870	422,585	(147,285)
EXPENDITURES:				
Current				
Culture & Recreation	50,000	644,032	758,171	(114,139)
Capital Outlay	-	240,840	-	240,840
TOTAL EXPENDITURES	50,000	884,872	758,171	126,701
EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	177,500	(315,002)	(335,586)	(20,584)
OTHER FINANCING SOURCES (USES):				
Transfers In	50,000	305,584	217,584	(88,000)
Transfers (Out)	(96,987)	(96,987)	(96,987)	-
Total other financing sources (uses)	(46,987)	208,597	120,597	(88,000)
Net change in fund balances	130,513	(106,405)	(214,989)	(108,584)
Fund balances - beginning	102,809	324,727	249,022	(75,705)
FUND BALANCES - ENDING	\$ 233,322	\$ 218,322	\$ 34,033	\$ (184,289)

This page left intentionally blank.



PROPRIETARY FUNDS



INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department to other departments of the city on a cost reimbursement basis.

- 501** The *Fleet Maintenance* accounts for the costs of operating a maintenance facility for automotive equipment and other machinery used by city departments.

- 502** The *Facilities Maintenance* accounts for the costs associated with the maintenance and repair of city buildings

- 503** The *Information Services* was established to collect costs associated with computer purchases, maintenance and support costs. The goal is to develop a charge back system along the lines of the equipment replacement fund.

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 99,526	\$ 47,710	\$ 99,951	\$ 247,187
Investments	178,786	85,706	179,548	444,040
Inventories	174,643	-	-	174,643
Total Current Assets	452,955	133,416	279,499	865,870
NONCURRENT ASSETS				
Depreciable assets (net)	7,553,057	-	-	7,553,057
Total Noncurrent Assets	7,553,057	-	-	7,553,057
TOTAL ASSETS	\$ 8,006,012	\$ 133,416	\$ 279,499	\$ 8,418,927
Deferred Outflow of resources:				
Pension	60,006	21,514	68,213	149,733
TOTAL DEFERRED OUTFLOWS	60,006	21,514	68,213	149,733
TOTAL ASSETS AND DEFERRED OUTFLOW	\$ 8,066,018	\$ 154,930	\$ 347,712	\$ 8,568,660
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued exp.	\$ 10,699	\$ -	\$ 432	\$ 11,131
Compensated absences	19,383	13,747	16,601	49,731
Total Current Liabilities	30,082	13,747	17,033	60,862
NONCURRENT LIABILITIES:				
Net Pension Liability	235,040	84,492	267,464	586,996
Compensated absences	19,382	13,747	16,601	49,730
Total Noncurrent Liabilities	254,422	98,239	284,065	636,726
TOTAL LIABILITIES	\$ 284,504	\$ 111,986	\$ 301,098	\$ 697,588
Deferred Inflow of resources:				
Pension	9,954	3,578	11,328	24,860
TOTAL DEFERRED INFLOWS	9,954	3,578	11,328	24,860
TOTAL LIABILITIES AND DEFERRED INFLOW	\$ 294,458	\$ 115,564	\$ 312,426	\$ 722,448
NET POSITION				
Net investment in capital assets	7,553,057	-	-	7,553,057
Unrestricted	218,503	39,366	35,286	293,155
TOTAL NET POSITION	\$ 7,771,560	\$ 39,366	\$ 35,286	\$ 7,846,212

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services	\$ 2,387,018	\$ 343,663	\$ 1,061,607	\$ 3,792,288
Total operating revenues	2,387,018	343,663	1,061,607	3,792,288
OPERATING EXPENSES:				
Maintenance & operations	959,290	291,762	999,788	2,250,840
Depreciation	730,124	-	-	730,124
Total operating expenses	1,689,414	291,762	999,788	2,980,964
Operating income (loss)	697,604	51,901	61,819	811,324
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	3,245	877	2,117	6,239
Gain (loss) on disposition of assets	(17,047)	-	-	(17,047)
Miscellaneous nonoperating revenues	16,081	-	-	16,081
Total nonoperating revenues (expenses)	2,279	877	2,117	5,273
Income (Loss) Before Contributions & Transfers	699,883	52,778	63,936	816,597
Transfers in	858,082	-	-	858,082
	858,082	-	-	858,082
CHANGE IN NET POSITION	1,557,965	52,778	63,936	1,674,679
NET POSITION-BEGINNING	6,213,595	(13,412)	(28,650)	6,171,533
NET POSITION-ENDING	\$ 7,771,560	\$ 39,366	\$ 35,286	\$ 7,846,212

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities:				
Cash received from interfund charges	\$ 2,387,018	\$ 343,663	\$ 1,061,607	\$ 3,792,288
Cash paid to suppliers for goods and services	(434,957)	(44,681)	(345,172)	(824,810)
Cash paid to employees for services	(575,593)	(248,461)	(670,636)	(1,494,690)
Net cash provided by operating activities	\$ 1,376,468	\$ 50,521	\$ 45,799	\$ 1,472,788
Cash Flows From Non-Capital Financing Activities:				
Transfers from other funds	858,082	-	-	858,082
Net cash used for noncapital financing activities	\$ 858,082	\$ -	\$ -	\$ 858,082
Cash Flows From Capital and Related Financing Activities:				
Acquisition/Construction-capital	(2,542,301)	-	-	(2,542,301)
Proceeds from sale of assets and insurance recoveries	16,081	-	-	16,081
Net Cash From Capital and Related Financing Activities	\$ (2,526,220)	\$ -	\$ -	\$ (2,526,220)
Cash Flows From Investing Activities:				
Purchase of Investments	-	(49,437)	(77,139)	(126,576)
Proceeds from Sale of Investments	71,832	-	-	71,832
Interest on Investments	3,245	877	2,117	6,239
Net Cash From Investing Activities	\$ 75,077	\$ (48,560)	\$ (75,022)	\$ (48,505)
Net Increase (Decrease) in Cash & Equivalents	(216,593)	1,961	(29,223)	(243,855)
Cash and Equivalents January 1, 2016	316,119	45,749	129,174	491,042
Cash and Cash Equivalents, December 31	\$ 99,526	\$ 47,710	\$ 99,951	\$ 247,187
Unrestricted cash and cash equivalents	99,526	47,710	99,951	247,187
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 99,526	\$ 47,710	\$ 99,951	\$ 247,187

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 697,604	\$ 51,901	\$ 61,819	\$ 811,324
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	730,124	-	-	730,124
Changes in Assets and Liabilities:				
(Increase)/Decrease in Inventories	(13,457)	-	-	(13,457)
Increase (Decrease) in Accounts Payable	(22,770)	258	(3,662)	(26,174)
Increase (Decrease) in Net Pension Expense Contra	(15,033)	(1,638)	(12,358)	(29,029)
Increase (Decrease) in Other Current Liabilities	-	-	-	-
TOTAL ADJUSTMENTS	678,864	(1,380)	(16,020)	661,464
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,376,468	\$ 50,521	\$ 45,799	\$ 1,472,788
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Gain (losses) on sale of capital asset (NBV)	(52,383)	-	-	(52,383)
TOTAL NON-CASH ACTIVITIES	\$ (52,383)	\$ -	\$ -	\$ (52,383)

FIDUCIARY FUND - AGENCY

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

- 632** The *Payroll Clearing Fund* accounts for the receipt and disbursement of monies to a variety of other funds, governmental units, or private parties.

- 642** The *School Mitigation Fund* accounts for money received by developers which are then distributed to the school districts within city limits.

- 643** The *Drug Seizure Fund* accounts for assets seized during an investigation which are held by the city until adjudication through the courts.

- 644** The *Flex Account Fund* accounts for the money held at Bank of America as part of the Flexible Spending program as part of the benefit package offered by the City.

- 802** The *Pooled Investment Fund* accounts for investments held at the Washington State Local Government Investment Pool as well as other outside agencies.

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE January 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE December 31, 2016
<u>FUND 632 - PAYROLL CLEARING</u>				
ASSETS				
Cash and Cash Equivalents	21,595	624,759	618,462	27,892
TOTAL ASSETS	\$ 21,595	\$ 624,759	\$ 618,462	\$ 27,892
LIABILITIES				
Accounts Payable	21,595	624,759	618,462	27,892
TOTAL LIABILITIES	\$ 21,595	\$ 624,759	\$ 618,462	\$ 27,892
<u>FUND 644 - FLEX ACCOUNT</u>				
ASSETS				
Cash and Cash Equivalents	13,605	10,789	13,605	10,789
TOTAL ASSETS	\$ 13,605	\$ 10,789	\$ 13,605	\$ 10,789
LIABILITIES				
Custodial Accounts	13,605	10,789	13,605	10,789
TOTAL LIABILITIES	\$ 13,605	\$ 10,789	\$ 13,605	\$ 10,789
<u>FUND 643 - DRUG SEIZURE</u>				
ASSETS				
Cash and Cash Equivalents	43,297	48,640	83,419	8,518
TOTAL ASSETS	\$ 43,297	\$ 48,640	\$ 83,419	\$ 8,518
LIABILITIES				
Accounts Payable	5,795	9,049	13,876	968
Custodial Accounts	37,502	47,318	77,270	7,550
TOTAL LIABILITIES	\$ 43,297	\$ 56,367	\$ 91,146	\$ 8,518
<u>FUND 802 - POOLED INVESTMENTS</u>				
ASSETS				
Cash and Cash Equivalents	-	40,375,763	40,375,763	-
Accrued Interest	-	75,208	75,208	-
Investments	-	30,000,000	30,000,000	-
TOTAL ASSETS	\$ -	\$ 70,450,971	\$ 70,450,971	\$ -
LIABILITIES				
Due to Other Funds	-	410,027	410,027	-
TOTAL LIABILITIES	\$ -	\$ 410,027	\$ 410,027	\$ -
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	78,497	41,059,951	41,091,249	47,199
Accrued Interest	-	75,208	75,208	-
Investments	-	30,000,000	30,000,000	-
TOTAL ASSETS	\$ 78,497	\$ 71,135,159	\$ 71,166,457	\$ 47,199
LIABILITIES				
Accounts Payable	27,390	633,808	632,338	28,860
Custodial Accounts	51,107	58,107	90,875	18,339
Due to Other Funds	-	410,027	410,027	-
TOTAL LIABILITIES	\$ 78,497	\$ 1,101,942	\$ 1,133,240	\$ 47,199

This page left intentionally blank.



STATISTICAL SECTION



STATISTICAL SECTION OVERVIEW

This part of the City of Marysville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about the government's overall financial health. The statistical section is organized by major sections described below.

Financial Trends

These schedule contain information to assist the reader in understanding how the City's financial position has changed over time.

Revenue Capacity

These schedules contain information to assist the reader in understanding and assessing the City's most significant local revenue sources; water/sewer/surface water service fees and property taxes.

Debt Capacity

These schedules present information to assist the reader in understanding and assessing the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future

Demographic and Economic Information

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place.

Operating Information

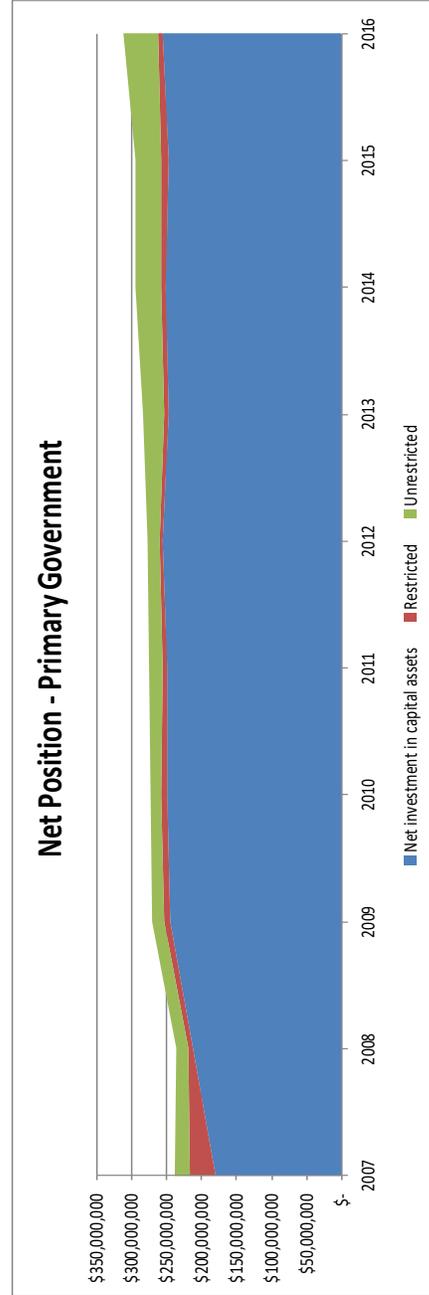
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in the schedules is derived from the annual financial reports for the relevant year. The City implemented GASB statement 34 in 2005; schedules presenting government-wide information include information beginning in that year.

This page left intentionally blank.

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 91,089,094	\$ 97,854,941	\$ 132,178,004	\$ 137,097,566	\$ 141,419,590	\$ 148,249,723	\$ 141,355,210	\$ 137,368,413	\$ 140,810,400	\$ 144,212,253
Restricted	8,618,649	2,675,601	2,108,687	2,049,006	68,026	69,854	77,059	989,700	3,839,953	2,262,992
Unrestricted	7,668,465	6,684,991	5,019,228	4,612,175	4,025,630	(2,640,846)	8,362,436	16,024,164	10,317,772	24,363,378
Total governmental activities net position	\$ 107,376,208	\$ 107,215,533	\$ 139,305,919	\$ 143,758,747	\$ 145,513,246	\$ 145,678,731	\$ 149,794,705	\$ 154,382,277	\$ 154,968,125	\$ 170,838,623
Business-type Activities										
Net investment in capital assets	\$ 88,510,145	\$ 114,641,775	\$ 113,461,572	\$ 111,913,370	\$ 108,202,336	\$ 106,815,932	\$ 106,095,062	\$ 114,086,816	\$ 106,818,354	\$ 110,531,409
Restricted	28,036,511	4,644,219	4,564,552	5,471,235	5,513,903	5,529,858	5,544,027	4,550,455	5,526,424	5,547,716
Unrestricted	14,694,999	9,472,235	12,146,285	10,454,168	14,986,203	19,012,887	22,831,308	20,292,994	26,927,156	23,714,131
Total business-type activities net position	\$ 131,241,655	\$ 128,758,229	\$ 130,172,409	\$ 127,838,773	\$ 128,702,442	\$ 131,358,677	\$ 134,470,397	\$ 138,930,265	\$ 139,271,934	\$ 139,793,256
Primary Government										
Net investment in capital assets	\$ 179,599,239	\$ 212,496,716	\$ 245,639,576	\$ 249,010,936	\$ 249,621,926	\$ 255,065,655	\$ 247,450,272	\$ 251,455,229	\$ 247,628,754	\$ 254,743,662
Restricted	36,655,160	7,319,820	6,673,239	7,520,241	5,581,929	5,599,712	5,621,086	5,540,155	9,366,377	7,810,708
Unrestricted	22,363,464	16,157,226	17,165,513	15,066,343	19,011,833	16,372,041	31,193,744	36,317,158	37,244,928	48,077,509
Total primary government net position	\$ 238,617,863	\$ 235,973,762	\$ 269,478,328	\$ 271,597,520	\$ 274,215,688	\$ 277,037,408	\$ 284,265,102	\$ 293,312,542	\$ 294,240,069	\$ 310,631,879



Note: Significant increase in total government assets in 2007 due to retrospective reporting of infrastructure

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities										
Judicial	\$ 1,630,496	\$ 1,572,878	\$ 1,740,587	\$ 1,577,202	\$ 1,285,070	\$ 1,361,713	\$ 1,297,685	\$ 1,369,450	\$ 1,350,483	\$ 1,494,861
General Government	1,620,874	2,579,636	2,358,743	2,251,876	2,136,271	1,948,738	3,116,991	3,586,931	5,507,340	3,603,151
Public Safety	15,889,861	19,075,584	20,348,972	21,588,815	23,680,935	23,179,163	23,130,412	25,154,574	25,654,989	27,246,035
Physical Environment	1,375,428	1,411,871	1,297,066	1,130,427	1,052,902	984,599	1,083,953	1,013,456	1,076,714	1,224,366
Transportation	3,690,728	4,565,317	3,845,674	3,935,772	5,748,898	8,200,060	5,379,629	6,448,078	8,420,679	7,944,384
Economic Environment	1,960,421	2,348,453	2,410,303	2,068,799	1,677,323	1,831,180	1,904,920	2,135,367	2,256,138	2,543,445
Health	6,063	8,223	10,987	12,371	14,454	15,784	27,342	33,371	40,693	23,594
Culture & Recreation	2,545,151	2,840,929	2,688,232	2,554,646	2,370,314	2,370,633	2,479,042	3,165,436	3,160,313	3,840,971
Interest on Long-term Debt	704,267	819,386	792,399	732,408	867,578	909,150	898,610	1,453,855	1,224,025	1,288,998
Total governmental activities expenses	29,423,289	35,222,277	35,492,963	35,852,316	38,833,745	40,801,020	39,318,584	44,360,518	48,691,374	49,209,805
Business-type activities										
Water/Sewer/Surface Water	15,345,183	19,314,487	20,914,243	21,678,568	20,367,834	21,096,110	23,324,404	21,911,544	23,038,255	28,221,547
Solid Waste	3,982,270	3,729,174	3,862,350	4,050,841	4,054,792	4,386,858	4,492,323	5,338,501	5,351,900	5,491,363
Golf	1,211,617	1,350,429	1,559,074	1,653,228	1,166,763	1,138,670	1,090,135	1,050,097	1,195,081	1,135,229
Total business-type activities	20,539,070	24,394,090	26,335,667	27,382,637	25,589,389	26,621,638	28,906,862	28,300,142	29,585,236	34,848,139
Total primary government expenses	\$ 49,962,359	\$ 59,616,367	\$ 61,828,630	\$ 63,234,953	\$ 64,423,134	\$ 67,422,658	\$ 68,225,446	\$ 72,660,660	\$ 78,276,610	\$ 84,057,944
PROGRAM REVENUES										
Governmental activities										
Charges for Services:										
Judicial (Note 1)	894,695	962,852	3,363,105	(195,862)	902,524	868,678	620,473	729,959	746,871	631,591
General Government	1,142,214	996,305	1,219,743	1,767,303	1,313,095	1,453,997	2,282,519	4,198,818	3,763,483	3,113,252
Public Safety	1,428,682	1,301,447	1,577,840	1,076,410	1,015,553	918,100	816,528	999,881	1,103,582	859,651
Physical Environment	3,498	9,610	3,250	250	1,250	1,000	750	750	3,134	1,500
Transportation	1,405,197	537,592	521,989	360,984	1,345,480	981,799	814,950	660,549	1,138,282	948,281
Economic Environment	3,019,714	2,124,583	1,432,550	1,749,282	1,596,674	1,632,994	2,173,887	2,100,299	1,720,524	2,031,443
Culture & Recreation	341,193	377,430	377,344	418,492	428,820	395,835	358,802	349,518	353,895	570,426
Operating grants and contributions	3,016,088	2,420,422	4,613,034	5,835,075	1,748,346	1,661,264	1,894,736	3,053,117	5,958,337	3,026,528
Capital grants and contributions	22,568	1,067,068	71,335	407,110	(2,464)	-	-	50,000	273,403	-
Total governmental activities program revenues	11,273,849	9,797,309	13,180,190	11,419,044	8,349,278	7,913,667	8,962,645	12,142,891	15,061,511	11,182,672
Business-type activities:										
Charges for Services:										
Water/Sewer/Surface Water (Note 2)	28,102,315	15,552,191	21,077,873	22,730,907	22,560,781	24,313,325	25,882,491	26,768,139	30,258,766	30,665,035
Solid Waste	4,140,200	4,260,401	4,405,596	4,815,910	5,329,957	6,051,999	6,232,260	6,866,097	7,037,150	7,269,832
Golf	137,682	1,199,103	1,181,955	1,126,323	970,658	955,819	957,912	895,476	1,063,146	1,093,665
Operating grants and contributions	120,268	-	-	-	-	-	1,017,696	233,663	70,494	20,876
Capital grants and contributions	5,981,451	4,345,565	2,929,060	134,792	325,693	679,599	406,274	1,560,763	771,052	766,209
Total business-type activities program revenues	38,481,916	25,357,260	29,594,484	28,807,932	29,187,089	32,000,742	34,496,633	36,324,138	39,200,608	39,815,617
Total primary government program revenues	\$ 49,755,765	\$ 35,154,569	\$ 42,774,674	\$ 40,226,976	\$ 37,536,367	\$ 39,914,409	\$ 43,459,278	\$ 48,467,029	\$ 54,262,119	\$ 50,998,289

Note 1 – Increase between 2008 and 2009 due to the recording of amounts owed and likely to collect on outstanding court receivables. This information is consolidated at the state level and was not previously available to the City in the past.

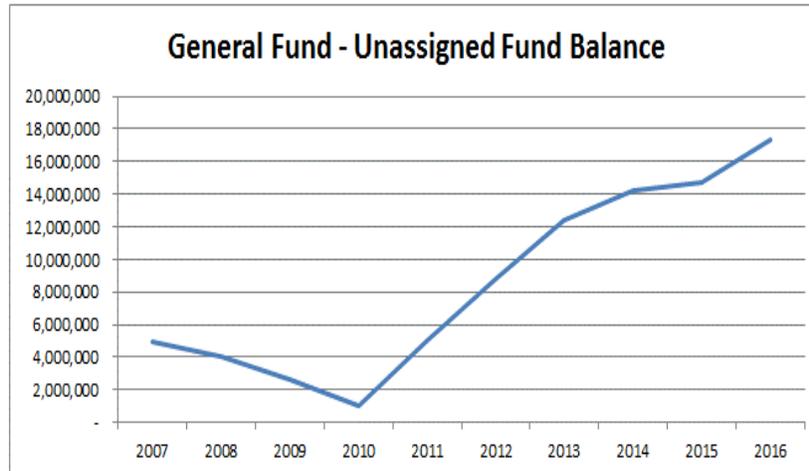
Note 2 – Increase between 2008 and 2009 due to a change in the way the funds are being consolidated for reporting purposes.

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Governmental activities	\$ (18,149,440)	\$ (25,424,968)	\$ (22,312,773)	\$ (24,433,272)	\$ (30,484,467)	\$ (32,887,353)	\$ (30,355,939)	\$ (32,217,627)	\$ (33,629,863)	\$ (38,027,133)
Business-type activities	17,942,846	963,170	3,258,817	1,425,295	3,597,700	5,379,104	5,589,771	8,023,996	9,615,372	4,967,478
Total primary government net expense	(206,594)	(24,461,798)	(19,053,956)	(23,007,977)	(26,886,767)	(27,508,249)	(24,766,168)	(24,193,631)	(24,014,491)	(33,059,655)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	6,600,167	9,049,857	10,178,672	11,496,517	13,208,185	15,304,643	15,423,843	16,146,732	15,728,430	15,915,807
Sales	6,029,199	7,623,625	7,710,983	7,028,575	7,390,973	8,422,733	8,811,666	10,969,729	13,696,505	14,520,863
Business	1,354,519	1,734,587	2,201,450	2,188,957	2,593,188	2,984,068	3,091,719	3,272,989	3,477,925	3,305,925
Other	2,414,776	2,209,098	1,996,690	1,771,026	2,067,140	2,453,918	2,795,237	1,793,736	3,168,967	4,181,263
Investment Earnings	450,778	952,977	665,090	203,670	103,483	84,140	93,065	939,124	180,600	287,542
Miscellaneous	297,050	2,767,483	880,249	(62,987)	-	-	-	185,440	-	-
Transfers	3,424,421	1,707,230	1,631,159	2,305,961	3,523,131	2,989,464	2,837,308	3,721,362	5,103,038	4,747,284
Total government activities	20,570,910	26,044,857	25,264,293	24,931,719	28,886,100	32,238,966	33,052,838	37,029,112	41,355,465	42,958,684
Business-type activities:										
Investment Earnings	1,925,768	2,212,501	1,365,502	461,324	107,633	215,433	114,439	157,234	108,266	301,128
Transfers	(3,424,421)	(1,707,230)	(1,631,159)	(2,305,961)	(3,523,131)	(2,989,464)	(2,837,308)	(3,721,362)	(5,103,038)	(4,747,284)
Total business-type activities	(1,498,653)	505,271	(265,657)	(1,844,637)	(3,415,498)	(2,774,031)	(2,722,869)	(3,564,128)	(4,994,772)	(4,446,156)
Total primary government general revenues & other changes in net position	19,072,257	26,550,128	24,998,636	23,087,082	25,470,602	29,464,935	30,329,969	33,464,984	36,360,693	38,512,528
CHANGE IN NET POSITION										
Governmental activities	2,421,469	7,895,417	(160,675)	2,618,946	4,452,828	1,754,499	165,485	4,811,485	7,725,602	4,931,551
Business-type activities	16,444,192	18,448,117	697,513	1,414,180	(1,990,203)	823,669	2,656,235	4,459,868	4,620,600	521,322
Total primary government	\$ 18,865,661	\$ 26,343,534	\$ 536,838	\$ 4,033,126	\$ 2,462,625	\$ 2,578,168	\$ 2,821,720	\$ 9,271,353	\$ 12,346,202	\$ 5,452,873

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Assigned to:										
Unassigned	4,959,632	4,037,422	2,655,501	1,058,199	5,004,624	8,805,096	12,406,520	14,224,582	14,756,671	17,360,240
Total general fund	\$ 4,959,632	\$ 4,037,422	\$ 2,655,501	\$ 1,058,199	\$ 5,004,624	\$ 8,805,096	\$ 12,406,520	\$ 14,224,582	\$ 14,756,671	\$ 17,360,240
All other governmental funds										
Restricted For:										
Preservation of Infrastructure	362,294	286,801	34,292	476,454	-	-	-	-	-	-
Law Enforcement	43,794	49,775	32,345	53,375	62,302	55,963	50,620	88,758	187,600	282,976
Tourism	55,400	101,720	88,251	105,698	113,718	50,312	35,219	75,368	63,709	76,982
Technology Infrastructure	50,260	114,330	27,659	61,665	18,663	26,605	49,622	139,057	238,469	312,121
REET	1,682,124	716,816	245,730	73,121	193,028	388,257	423,628	81,653	274,188	1,237,167
Street Construction/Maint	7,611,994	4,774,324	2,546,422	2,413,160	-	-	-	-	-	-
Parks Construction	635,997	636,219	32,297	-	-	-	-	-	-	-
Committed to:										
Law Enforcement	138,369	174,460	234,903	191,739	132,868	118,221	100,951	85,020	54,161	38,319
Community Center	25,705	30,636	33,621	21,952	18,905	15,475	12,197	10,027	9,119	6,436
Assigned to:										
Streets	1,062,365	527,120	402,898	1,103,879	793,633	-	32,104	374,189	2,262,876	2,263,429
Parks Construction	-	-	-	-	-	56,869	110,987	124,804	249,022	34,033
Debt Service	397,868	386,414	154,809	133,866	68,026	69,854	77,059	989,700	1,363,138	776,253
Unassigned	-	-	(1,122,634)	(498,020)	(3,667,010)	(13,955,667)	(5,047,873)	1,045,177	-	-
Total all other governmental funds	\$ 12,066,170	\$ 7,798,615	\$ 2,710,593	\$ 4,136,889	\$ (2,265,867)	\$ (13,174,111)	\$ (4,155,486)	\$ 3,013,753	\$ 4,702,282	\$ 5,027,716



CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

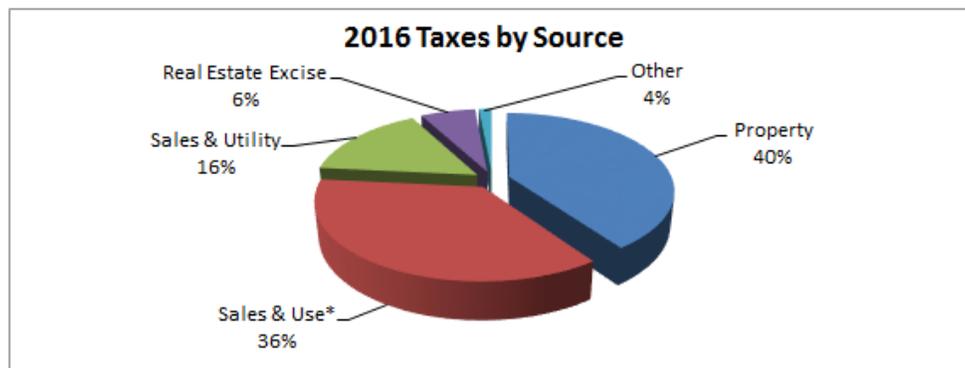
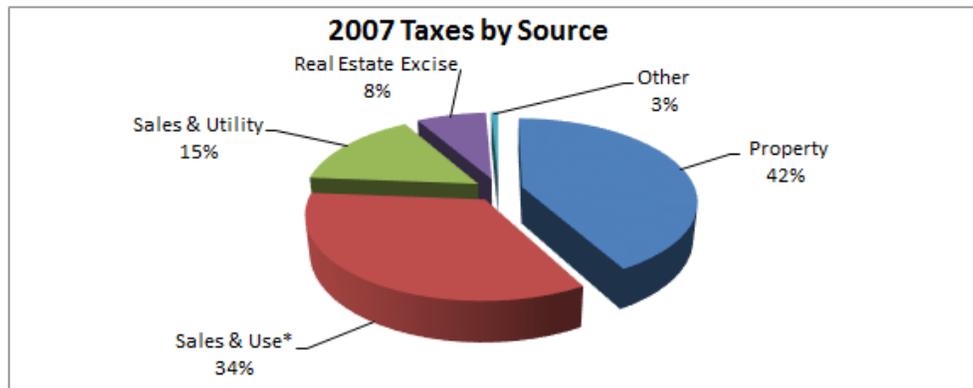
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 22,130,402	\$ 22,692,117	\$ 23,344,821	\$ 26,099,750	\$ 30,173,771	\$ 31,450,171	\$ 32,594,141	\$ 34,542,134	\$ 37,880,120	\$ 39,684,473
Licenses & Permits	1,727,997	1,465,155	1,084,774	1,920,945	1,757,971	1,710,163	2,202,023	2,251,750	1,856,916	2,245,458
Intergovernmental	4,216,149	5,229,455	6,735,735	7,718,297	3,563,050	3,507,954	2,745,830	4,042,241	7,202,783	4,168,675
Charges for Services	5,904,924	5,017,262	4,682,809	4,202,150	5,308,979	5,136,745	5,726,569	6,191,303	6,578,202	4,280,902
Fines & Forfeitures	659,182	670,373	587,833	554,437	686,154	661,103	538,082	585,865	647,959	517,004
Other Revenues	1,310,130	853,619	675,835	838,112	464,273	571,185	522,317	2,251,696	1,965,996	1,426,012
Total Revenues	35,948,784	35,927,981	37,111,807	41,333,691	41,954,198	43,037,321	44,328,962	49,864,989	56,131,976	52,322,524
EXPENDITURES										
General Government	4,579,653	5,820,799	5,959,983	5,921,345	5,453,777	5,624,331	5,935,422	6,648,721	6,921,063	4,840,595
Security of Persons and Propert	15,692,030	18,380,169	19,743,869	21,245,679	23,271,474	23,265,472	23,267,452	24,504,740	25,720,364	26,908,051
Physical Environment	1,341,645	1,403,344	1,288,462	1,119,502	1,021,823	1,010,942	1,101,277	1,021,108	1,096,568	1,187,622
Transportation	2,815,290	3,108,699	2,567,455	2,401,849	4,226,268	6,219,929	3,238,781	4,153,612	6,526,990	5,933,816
Economic Environment	1,935,055	2,297,237	2,261,770	2,076,603	1,712,297	1,837,469	1,915,487	2,118,549	2,469,400	2,535,744
Health & Human Services	6,063	8,223	10,987	12,371	14,454	15,784	27,342	33,371	40,693	23,594
Culture & Recreation	2,338,791	2,593,354	2,431,296	2,327,247	2,099,482	2,132,048	2,295,922	2,868,420	2,993,965	3,599,742
Capital Outlay	3,525,874	8,204,811	8,586,552	10,098,609	5,553,417	8,457,518	1,893,334	3,247,469	5,685,748	1,978,410
Debt Service										
Principal	579,505	917,238	1,009,971	1,590,047	1,094,902	937,635	1,018,560	1,191,967	2,225,271	2,215,508
Interest	704,267	819,386	792,399	732,408	867,578	909,150	1,122,523	1,453,855	1,224,025	1,288,998
Other	-	-	-	-	-	-	-	-	-	-
Total Expenditures	33,518,173	43,553,260	44,652,744	47,525,660	45,315,472	50,410,278	41,816,100	47,241,812	54,904,087	50,512,080
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,430,611	(7,625,279)	(7,540,937)	(6,191,969)	(3,361,274)	(7,372,957)	2,512,862	2,623,177	1,227,889	1,810,444
OTHER FINANCING SOURCES (USES)										
Transfers in	3,795,646	5,506,841	4,698,907	4,181,765	3,705,563	4,396,302	6,156,367	10,439,187	9,578,841	8,188,285
Transfers out	(4,580,920)	(5,361,327)	(3,627,913)	(3,285,426)	(2,800,620)	(4,131,117)	(5,701,532)	(10,114,195)	(8,586,112)	(7,167,570)
Debt proceeds & capital leases	8,045,000	750,000	-	5,124,624	-	-	16,429,615	6,022,846	-	-
Refunding debt proceeds	-	-	-	-	-	-	(6,777,263)	-	-	5,207,805
Disposition of capital assets	-	1,540,000	-	-	-	-	-	16,286	-	-
Payment to Refunding bond escrow agent	-	-	-	-	-	-	-	-	-	(5,109,961)
Total other financing sources (uses)	7,259,726	2,435,514	1,070,994	6,020,963	904,943	265,185	10,107,187	6,364,124	992,729	1,118,559
NET CHANGE IN FUND BALANCES	\$ 9,690,337	\$ (5,189,765)	\$ (6,469,943)	\$ (171,006)	\$ (2,456,331)	\$ (7,107,772)	\$ 12,620,049	\$ 8,987,301	\$ 2,220,618	\$ 2,929,003
Debt service as percentage of non-capital expenditures	4.28%	4.91%	5.00%	6.21%	4.94%	4.40%	5.36%	6.01%	7.01%	7.22%

GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Year	Regular Property	EMS Property	Sales & Use*	Utility	Gambling	Admission	Real Estate Excise	Other ⁽¹⁾	Total
2007	8,034,469	1,254,525	7,591,841	3,391,226	87,279	-	1,693,024	78,038	22,130,402
2008	8,683,892	1,494,780	7,639,224	3,392,410	90,621	-	1,178,708	212,482	22,692,117
2009	8,995,934	2,308,657	6,971,275	3,858,155	81,987	-	963,681	165,132	23,344,821
2010	11,024,939	2,191,591	7,326,800	4,320,597	145,235	164,610	778,452	147,526	26,099,750
2011	12,655,356	2,670,747	8,351,095	4,959,373	159,369	225,447	947,880	204,504	30,173,771
2012	12,947,333	2,412,073	8,731,843	5,568,723	105,038	219,088	1,252,622	213,451	31,450,171
2013	13,007,908	2,245,665	9,693,793	5,611,115	112,604	231,763	1,477,232	214,061	32,594,141
2014	13,323,549	2,320,014	10,872,238	6,036,881	99,215	220,642	1,450,598	218,997	34,542,134
2015	13,364,409	2,353,450	13,629,001	6,171,831	91,936	268,502	1,779,390	221,600	37,880,120
2016	13,548,782	2,401,301	14,429,581	6,176,187	119,476	251,331	2,543,910	213,906	39,684,473
% Change 2007-2016	68.63%	91.41%	90.07%	82.12%	36.89%	52.68%	50.26%	174.10%	79.32%

*Includes regular sales and use tax, natural gas and criminal justice. In 2010, the City began receiving an additional .2% of sales tax from the state associated with the 2009 annexation.

(1)Other Includes: Hotel/Motel, Leasehold Excise Taxes, I NET



**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED
LAST TEN FISCAL YEARS**

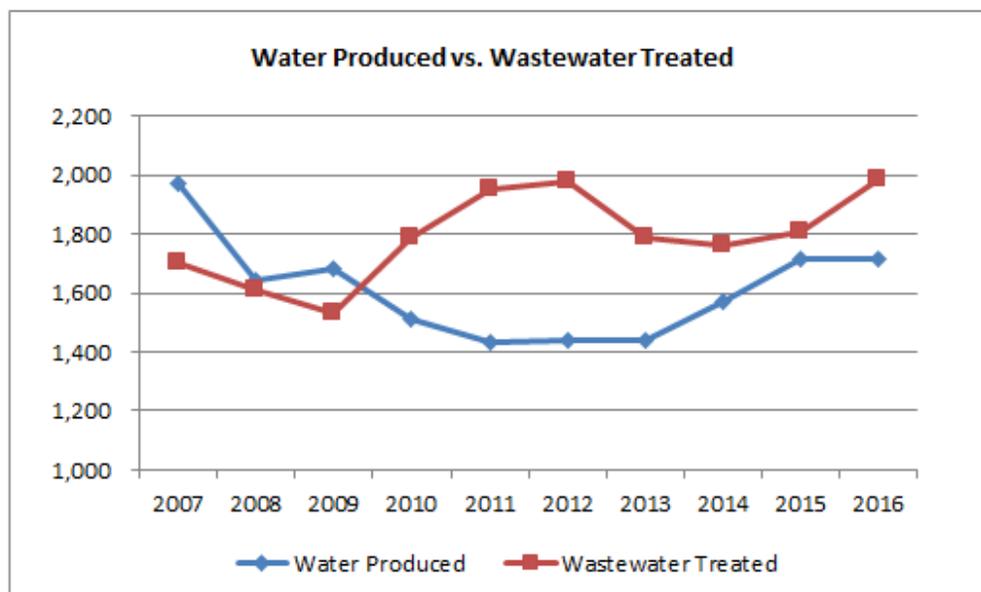
Year	(units in millions)		Total Direct Bi-Monthly Rates			
	Gallons of Water Produced	Gallons of Wastewater Treated	Water		Sewer	
			Base Rate*	Usage Rate	Base Rate	Usage Rate
2007	1,975	1,702	\$ 23.20	\$ 2.50	\$ 63.80	\$ 0.94
2008	1,642	1,612	\$ 23.70	\$ 2.55	\$ 65.10	\$ 1.00
2009	1,681	1,535	\$ 24.17	\$ 2.60	\$ 66.40	\$ 1.02
2010	1,511	1,787	\$ 19.73	**	\$ 70.44	\$ 1.54
2011	1,435	1,955	\$ 20.12	**	\$ 75.02	\$ 1.57
2012	1,438	1,976	\$ 20.53	**	\$ 76.52	\$ 1.61
2013	1,443	1,787	\$ 20.94	**	\$ 78.05	\$ 1.64
2014	1,572	1,764	\$ 21.36	**	\$ 79.61	\$ 1.67
2015	1,717	1,810	\$ 21.79	**	\$ 81.20	\$ 1.71
2016	1,718	1,988	\$ 22.22	**	\$ 82.73	\$ 1.74

*Rate shown is for 3/4" meters (most common meter for single family households).

**2014 usage rate is now a 4 tier rate structure:

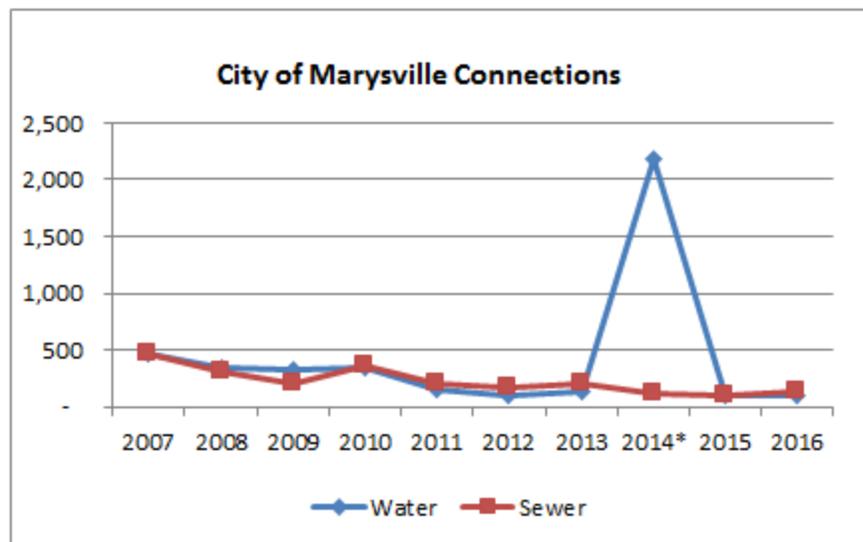
1st Tier	0 to 6,000 Gal	\$ 1.20
2nd Tier	7,000-20,000 Gal	\$ 4.18
3rd Tier	21,000-30,000 Gal	\$ 4.78
4th Tier	31,000 + Gal	\$ 5.38

See STAT 6d for other meter sizes and rates.



**ANNUAL CONNECTIONS
LAST TEN FISCAL YEAR**

Year	Water Connections	Sewer Connections	Total Connections
2007	468	475	943
2008	351	304	655
2009	330	211	541
2010	342	368	710
2011	154	210	364
2012	100	171	271
2013	132	205	337
2014*	2,182	112	2,294
2015	98	108	206
2016	107	144	251



* The 2014 number includes the acquisition of the PUD Water customers in the Sunnyside area (Southeast Marysville, 2,086 connections)

STAT 6c

**NUMBER OF WATER AND SEWER CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS**

WATER				
Year	Residential	Commercial	Other	Total
2007	16,509	910	154	17,573
2008	16,918	960	208	18,086
2009	17,166	990	200	18,356
2010	17,421	982	204	18,607
2011	17,588	978	195	18,761
2012	17,794	1,029	147	18,970
2013	17,912	1,039	151	19,102
2014*	19,898	1,024	206	21,128
2015	20,060	956	264	21,280
2016	20,097	985	179	21,261

SEWER				
Year	Residential	Commercial	Other	Total
2007	14,110	810	0	14,920
2008	14,417	835	1	15,253
2009	14,775	858	1	15,634
2010	15,104	858	1	15,963
2011	15,308	865	0	16,173
2012	15,529	885	0	16,414
2013	15,721	894	0	16,615
2014	15,980	909	0	16,889
2015	16,172	900	0	17,072
2016	16,259	887	0	17,146

* The 2014 number includes the acquisition of the PUD Water customers in the Sunnyside area (Southeast Marysville, 2,086 connections)

WATER/SEWER/SURFACE WATER RATES
LAST TEN FISCAL YEARS

WATER RATE HISTORY

		2007	2008	2009	2010*	2011	2012	2013	2014	2015	2016
Bi-Monthly Charge											
3/4" Service (w/ 5/8" meter)											
	first 6,000 gallons	\$ 23.20	\$ 23.70	\$ 24.17	\$ 19.73	\$ 20.12	\$ 20.53	\$ 20.94	\$ 21.36	\$ 21.79	\$ 22.22
	per additional 1,000 gallons	\$ 2.50	\$ 2.55	\$ 2.60							
1st Tier	0 to 6,000 Gal				\$ 1.06	\$ 1.08	\$ 1.11	\$ 1.13	\$ 1.15	\$ 1.18	\$ 1.20
2nd Tier	7,000-20,000 Gal				\$ 3.71	\$ 3.78	\$ 3.86	\$ 3.94	\$ 4.02	\$ 4.10	\$ 4.18
3rd Tier	21,000-30,000 Gal				\$ 4.24	\$ 4.32	\$ 4.41	\$ 4.50	\$ 4.59	\$ 4.68	\$ 4.78
4th Tier	31,000 + Gal				\$ 4.77	\$ 4.87	\$ 4.97	\$ 5.07	\$ 5.17	\$ 5.27	\$ 5.38
3/4" Service (w/ 3/4" meter)											
	first 9,000 gallons	\$ 30.60	\$ 31.20	\$ 31.82	\$ 29.60	\$ 30.19	\$ 30.80	\$ 31.42	\$ 32.05	\$ 32.69	\$ 33.34
	per additional 1,000	\$ 2.50	\$ 2.55	\$ 2.60							
1st Tier	0 to 6,000 Gal				\$ 1.06	\$ 1.08	\$ 1.10	\$ 1.13	\$ 1.15	\$ 1.18	\$ 1.20
2nd Tier	7,000+				\$ 2.65	\$ 2.70	\$ 2.76	\$ 2.82	\$ 2.88	\$ 2.93	\$ 2.99

SEWER RATE HISTORY

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Single Family Residential											
	Bi-Monthly Flat Rate	\$ 63.80	\$ 65.10	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05	\$ 79.61	\$ 81.20	\$ 82.83
Class 1 Commercial/Industrial											
	(per 1,000 gal) Bi-Monthly*	\$ 0.94	\$ 1.00	\$ 1.02	\$ 1.54	\$ 1.57	\$ 1.61	\$ 1.64	\$ 1.67	\$ 1.71	\$ 1.74
	Minimum Charge*	\$ 63.80	\$ 65.10	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05	\$ 79.61	\$ 81.20	\$ 82.83

STORM WATER RATE HISTORY

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Single Family (annual rate)											
		N/A									
Condominium (annual rate)											
		N/A									
Other Customers											
\$/Month/ 1/4 Acre (annual rate)											
Impervious %											
	Exempt - less than 1%	N/A									
	Very Light - 1% to 19%	N/A									
	Light - 20% to 39%	N/A									
	Moderate - 40% to 59%	N/A									
	Heavy - 60% to 79%	N/A									
	Very Heavy - 80% to 100%	N/A									
Residential (1 ERU = 3,200 sq.ft.)											
	1 ERU (bi-monthly rate)	\$ 16.00	\$ 16.00	\$ 16.64	\$ 20.00	\$ 20.40	\$ 20.80	\$ 21.22	\$ 21.64	\$ 22.08	\$ 22.52
Non-Residential (1 ERU = 3,200 sq.ft.)											
	sq.ft. of impervious surface/1 ERU	\$ 16.00	\$ 16.00	\$ 16.64	\$ 20.00	\$ 20.40	\$ 20.80	\$ 21.22	\$ 21.64	\$ 22.08	\$ 22.52

* Starting in 2010, water rates were based on a tiered level of service.

LARGEST WATER/SEWER CUSTOMERS
CURRENT YEAR AND TEN YEARS AGO

Customer	2016 Water Revenue			2007 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
NATIONAL FOOD CORP ^A	52,468	1	0.60%			
MOBILE MANOR-OFFICE	45,957	2	0.53%			
UTILITY INVOICE PROCESSING CEN	37,522	3	0.43%			
CITY OF MARYSVILLE	25,474	4	0.29%			
SMOKEY POINT MOBILE PARK	24,057	5	0.28%			
VINTAGE AT LAKEWOOD, LLC	23,329	6	0.27%			
QUILCEDA CREEK CASINO	21,265	7	0.24%			
WINDSOR SQUARE APARTMENTS	21,236	8	0.24%			
CASITA APARTMENTS	18,140	9	0.21%			
MIDWAY GARDEN MOBILE HOME P	16,860	10	0.19%			
				\$		
PACIFIC COAST FEATHER CO				39,894	1	0.67%
NATIONAL FOOD CORP				32,938	2	0.56%
NATIONAL FOOD CORP				25,488	3	0.43%
US NAVY				23,603	4	0.40%
COUNTY MOBILE ESTATES				19,613	5	0.33%
NORTHWEST COMPOSITES				16,953	6	0.29%
GLENWOOD MOBILE ESTATES				16,533	7	0.28%
HAWTHORNE INN & SUITES				15,761	8	0.27%
WINDSOR SQUARE APARTMENTS				14,245	9	0.24%
SMOKEY POINT MOBILE PARK				13,349	10	0.23%
Subtotal	286,309		3.29%	218,377		3.68%
Balance from other customers	8,408,539		96.71%	5,708,658		96.32%
Grand Total	8,694,847		100.00%	5,927,035		100.00%

Customer	2016 Sewer Revenue			2007 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
NATIONAL FOOD CORP ^A	\$ 80,774	1	0.69%	\$		
VINTAGE AT LAKEWOOD, LLC	70,110	2	0.60%			
SMOKEY POINT MOBILE PARK	58,736	3	0.50%			
BEST WESTERN HOTEL	52,662	4	0.45%			
MEDALLION HOTEL	50,858	5	0.44%			
GLENWOOD MOBILE ESTATES	49,547	6	0.43%			
WINDSOR SQUARE APARTMENTS	45,224	7	0.39%			
GREENMAN III, ROBERT F ^A	42,469	8	0.36%			
HOLIDAY INN EXPRESS-MARYSVILL	34,704	9	0.30%			
EMERITUS CORP	32,976	10	0.28%			
				\$		
HAWTHORNE INN & SUITES				38,933	1	0.48%
GLENWOOD MOBILE ESTATES				38,180	2	0.47%
WINDSOR SQUARE APARTMENTS				34,848	3	0.43%
SMOKEY POINT MOBILE PARK				33,290	4	0.41%
MOBILE HAVEN ADULT PARK				32,726	5	0.40%
NATIONAL FOOD CORP				26,979	6	0.33%
MERRILL GARDENS AT MARYSVILLE				25,410	7	0.31%
PACIFIC COAST FEATHER CO				24,883	8	0.31%
CRYSTAL TREE VILLAGE				24,012	9	0.30%
COMFORT INN MARYSVILLE				23,641	10	0.29%
Subtotal	518,060		4.44%	302,902		3.73%
Balance from other customers	11,139,737		95.56%	7,820,886		96.27%
Grand Total	\$ 11,657,797		100.00%	\$ 8,123,788		100.00%

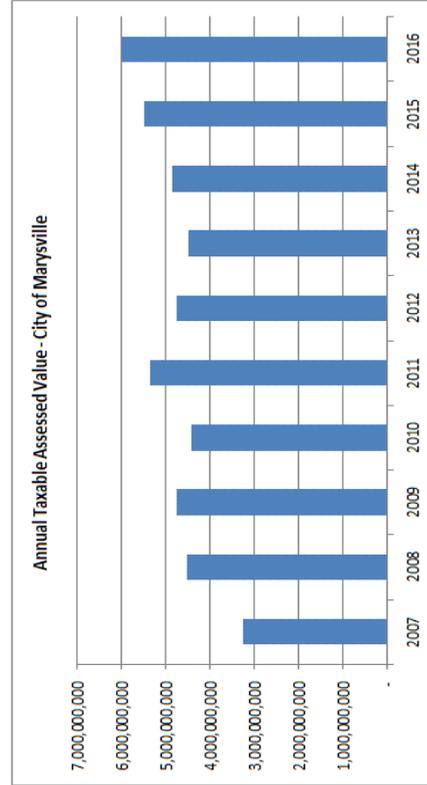
STAT 7a

TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Multi-Family Property	Other Property	Personal Property	State Assessed Personal Prop.	Changes Post Certification		Total Taxable	Total Direct Tax Rate ²
									Less: Tax Exempt Property	Assessed Value ¹		
2007	2,112,896,611	515,258,554	73,294,072	1,148,000	251,908,350	131,637,461	82,546,400	28,371,819	59,910,888	3,256,972,155	2.681	
2008	3,044,976,262	648,872,500	89,414,600	2,684,800	292,621,278	274,765,611	98,065,574	37,309,941	34,343,633	4,523,054,199	2.309	
2009	3,053,803,006	772,873,500	105,060,500	3,916,400	327,153,991	323,320,738	125,996,441	37,118,638	8,374,229	4,757,617,443	2.415	
2010	2,757,891,591	787,400,465	112,901,400	6,345,900	306,696,837	273,557,580	125,505,254	41,512,287	25,454,647	4,437,265,961	2.576	
2011	3,841,250,952	710,015,465	108,008,300	3,783,300	299,536,286	226,449,140	119,272,691	41,897,312	7,561,029	5,357,774,475	2.883	
2012	3,380,846,821	647,870,340	100,360,100	3,721,900	272,685,087	200,540,580	108,727,800	52,173,440	2,549,404	4,769,475,472	3.190	
2013	3,113,813,225	663,932,765	103,074,100	4,263,900	275,122,537	166,339,660	100,753,892	48,955,978	269,000	4,476,525,057	3.405	
2014	3,420,713,877	699,920,514	104,962,300	4,243,800	283,349,800	172,990,543	96,376,676	51,092,852	35,691,959	4,869,342,321	3.189	
2015	3,998,010,873	734,832,965	105,795,900	4,007,400	310,384,171	157,507,439	114,477,825	53,916,643	4,765,569	5,483,698,785	2.865	
2016	4,397,186,638	761,536,165	109,422,000	4,589,400	331,068,803	191,180,700	122,490,224	55,995,362	3,347,522	5,976,816,814	2.682	

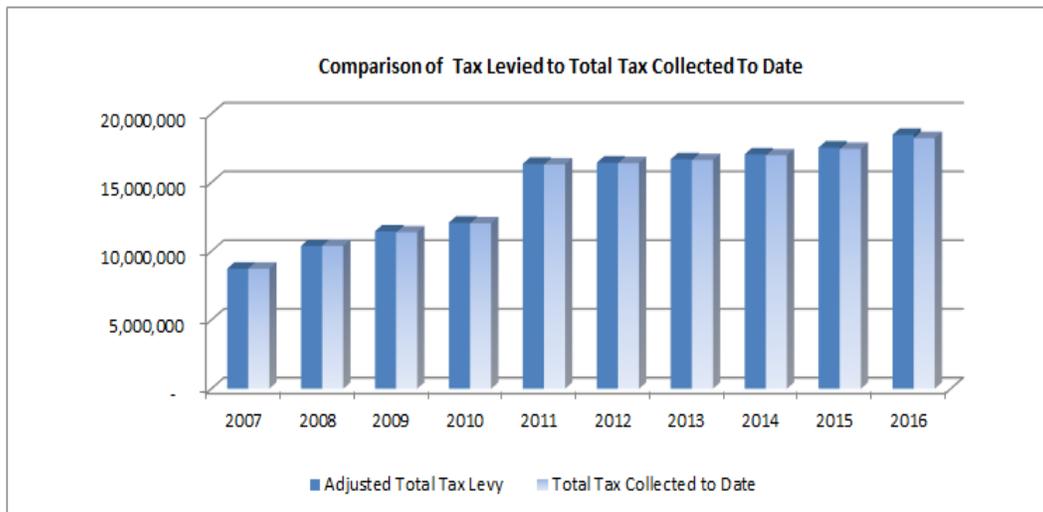
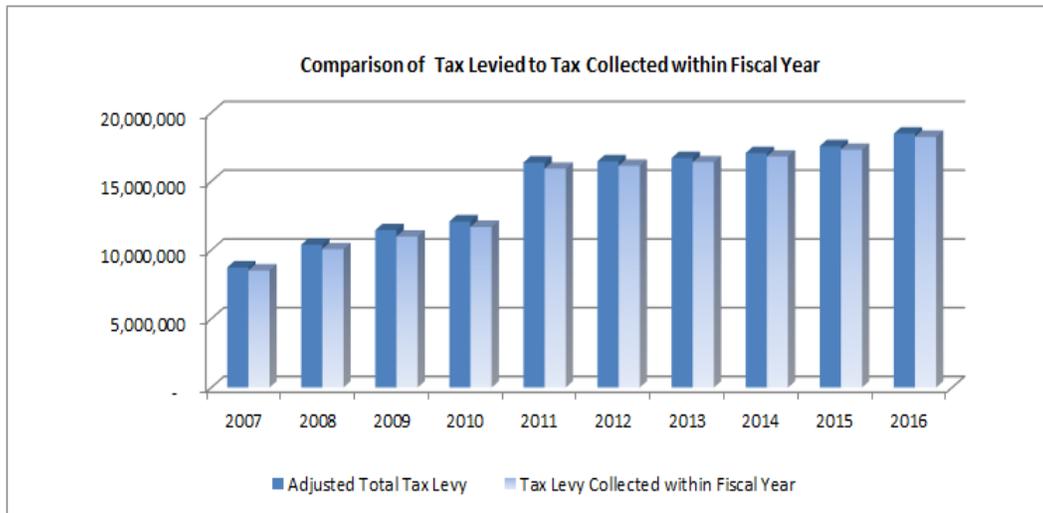
¹Washington State law requires all property be assessed at 100% of its true and fair market value.

²Tax rates are per \$1,000 of assessed value. Detail of tax rates can be found in Stat 7c.



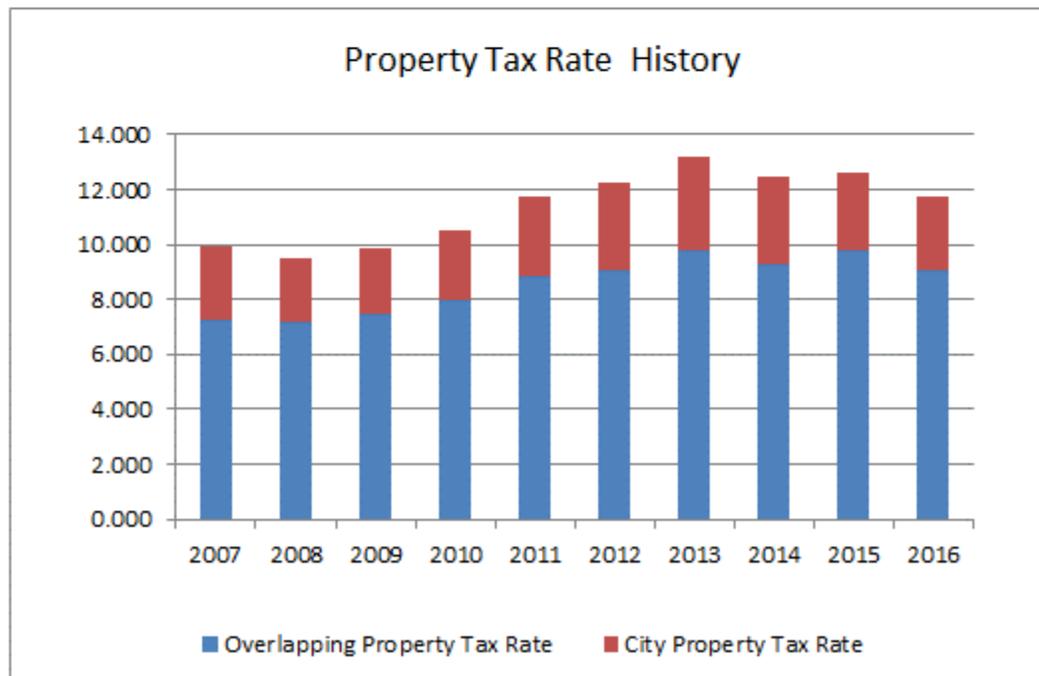
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Assessor's Certification Adjustments	Adjusted Total Tax levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2007	8,735,945	1,756	8,737,702	8,515,074	97.5%	222,589	8,737,663	100.0%
2008	10,445,048	(50,077)	10,394,971	10,067,019	96.9%	332,271	10,399,290	100.0%
2009	11,487,789	(26,631)	11,461,158	10,981,704	95.8%	399,558	11,381,262	99.3%
2010	11,429,913	656,776	12,086,689	11,687,351	96.8%	354,793	12,042,144	99.6%
2011	15,442,158	929,924	16,372,083	15,919,912	97.2%	405,366	16,325,277	99.7%
2012	15,213,984	1,246,371	16,460,355	16,134,014	98.0%	285,635	16,419,649	99.8%
2013	15,245,259	1,457,665	16,702,924	16,390,520	98.1%	249,751	16,640,271	99.6%
2014	15,528,646	1,531,678	17,060,324	16,813,473	98.6%	172,492	16,985,965	99.6%
2015	15,709,247	1,849,844	17,559,091	17,302,532	98.5%	151,430	17,453,962	99.4%
2016	16,025,914	2,458,844	18,484,758	18,238,891	98.7%	-	18,238,891	98.7%



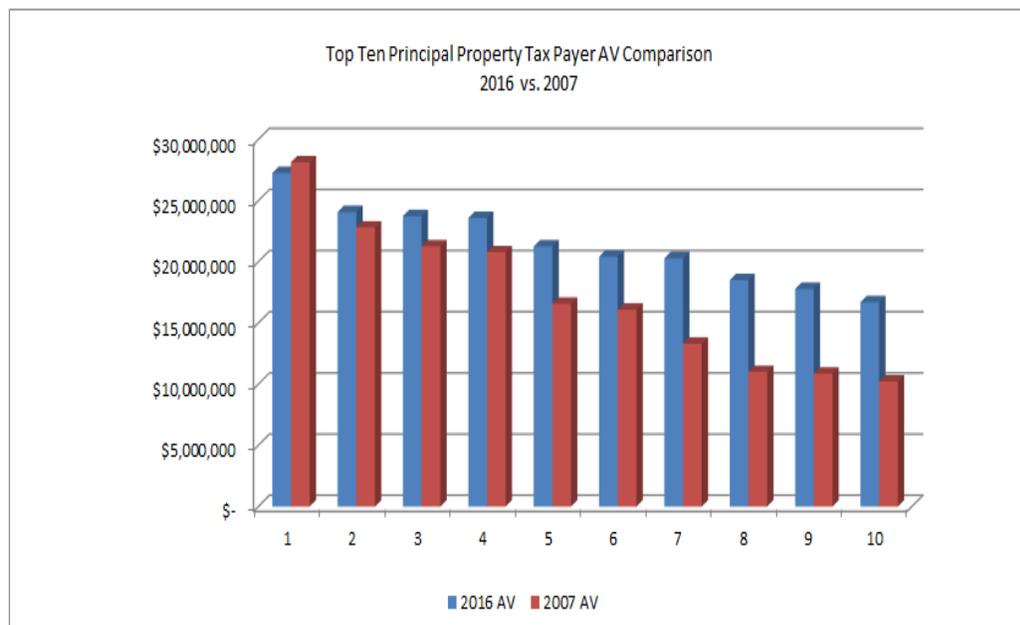
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
 (rate per \$1,000 of assessed value)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rates:										
Regular	\$2.220	\$1.918	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905	\$2.717	\$2.437	\$2.278
Subtotal-Regular Levy	\$2.220	\$1.918	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905	\$2.717	\$2.437	\$2.278
Emergency Medical	0.390	0.340	0.500	0.500	0.500	0.500	0.500	0.472	0.428	0.404
86 GO Bond	0.071	0.051	0.048	0.051	0.043	0.000	0.000	0.000	0.000	0.000
City Total	\$2.681	\$2.309	\$2.415	\$2.576	\$2.883	\$3.190	\$3.405	\$3.189	\$2.865	\$2.682
Overlapping Taxes:										
County	0.840	0.723	0.716	0.782	0.868	0.982	1.030	1.079	0.999	0.933
State School	2.165	1.906	1.909	1.993	2.206	2.379	2.433	2.384	2.279	2.124
Local School	3.913	4.244	4.533	4.799	5.315	5.238	5.851	5.342	6.020	5.594
Library District	0.353	0.313	0.314	0.400	0.451	0.500	0.500	0.500	0.468	0.442
	7.271	7.186	7.472	7.974	8.840	9.099	9.814	9.305	9.766	9.093
Grand Total	\$9.952	\$9.495	\$9.887	\$10.551	\$11.723	\$12.289	\$13.219	\$12.494	\$12.631	\$11.775



PRINCIPAL PROPERTY TAXPAYERS
Principal Taxpayers Historical Comparison

Taxpayer	Common Name	Service or Product	2016			2007		
			Assessed Valuation ⁽¹⁾	Rank	As a Percentage Total City Valuation ⁽¹⁾	Assessed Valuation ⁽²⁾	Rank	As a Percentage of Total City Valuation ⁽²⁾
GATEWAY TRIDENT LLC	Carrolls Creek Landing	Apartments	\$ 27,263,037	1	0.46%			
NORTHWEST COMPOSITES INC	NW Composites	Manufacturing	24,079,000	2	0.40%			
PUGET SOUND ENERGY/GAS	PSE	Natural Gas	23,743,938	3	0.40%			
SMOKEY POINT APARTMENTS LLC	Smokey Pt Apartments	Apartments	23,591,000	4	0.39%			
INLAND WESTERN MARYSVILLE LLC	Safeway Plaza	Shopping Center	21,264,000	5	0.36%			
HEALTHCARE PARTNERS RE LLC	Everett Clinic	Medical Services	20,427,900	6	0.34%			
ROIC WASHINGTON LLC	Gateway Shopping Ctr	Property Mgmt	20,292,900	7	0.34%			
WAL-MART REAL ESTATE BUSINESS TRUST	Wal Mart	Retail	18,512,000	8	0.31%			
C & D ZODIAC INC - NW COMPOSITES	NW Composites	Manufacturing	17,788,598	9	0.30%			
VINTAGE AT LAKEWOOD LLC	The Vintage Apartments	Apartments	16,707,100	10	0.28%			
Gateway Trident LLC	Carrolls Creek Landing	Apartments				\$ 28,137,800	1	0.86%
Northwest Composites Inc.	NW Composites	Manufacturing				22,813,000	2	0.70%
Inland Western Marysville LLC	Safeway Plaza	Shopping Center				21,265,600	3	0.65%
Marysville Capital LLC	Towne Center	Shopping Center				20,789,900	4	0.64%
Verizon Northwest Inc.	Verizon	Telecommunications				16,577,195	5	0.51%
Oceanfront V LLC	Fred Meyer	Shopping Center				16,080,700	6	0.49%
Costco Wholesale Corp.	Costco	Wholesale Shopping				13,318,800	7	0.41%
Briar Development Co.	Haggen's	Grocery Store				11,000,000	8	0.34%
Target Corporation T - 2192	Target	Retail Shopping				10,865,000	9	0.33%
Smokey Pt Inv - Undi Family LLC	Reinell boats	Transportation				10,227,400	10	0.31%
			\$ 213,669,473		3.57%	\$ 171,075,395		5.25%



STAT 8

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	Governmental Type Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income*	Per Capita**
	General Obligation Bonds	Public Works Trust Fund Loans	Special Assessment Bonds	Interlocal Agreement		General Obligation Bonds	Revenue Bonds	Public Works Trust Fund Loans					
2007	18,400,000	19,694	110,000	856,771		3,345,256	58,310,000	21,480,926		102,522,647	0.38%	2,831	
2008	17,589,500	9,847	70,000	799,380		3,152,347	56,480,000	20,106,380		98,207,454	0.34%	2,650	
2009	16,720,000	750,000	0	739,256		2,948,891	54,580,000	18,731,835		94,469,981	0.32%	1,644	
2010	20,400,000	562,500	0	680,042		2,729,792	50,420,000	17,377,789		92,170,123	0.30%	1,588	
2011	19,555,000	375,000	0	617,640		2,499,742	48,955,000	16,023,744		88,026,126	0.28%	1,451	
2012	18,870,000	187,500	0	552,506		2,258,557	48,355,000	14,529,964		84,753,528	0.25%	1,381	
2013	27,759,614	0	0	484,183		2,000,621	46,295,000	13,199,210		89,738,628	0.26%	1,467	
2014	26,546,088	0	6,022,846	412,216		1,730,707	42,185,000	11,868,542		88,765,399	0.25%	1,418	
2015	24,290,000	0	5,107,846	311,571		1,448,434	39,475,000	10,537,695		81,170,546	0.23%	1,266	
2016	23,110,000	0	4,250,000	238,910		1,148,460	37,150,000	9,206,939		75,104,309	0.20%	1,157	

*See Stat 13 for personal income data

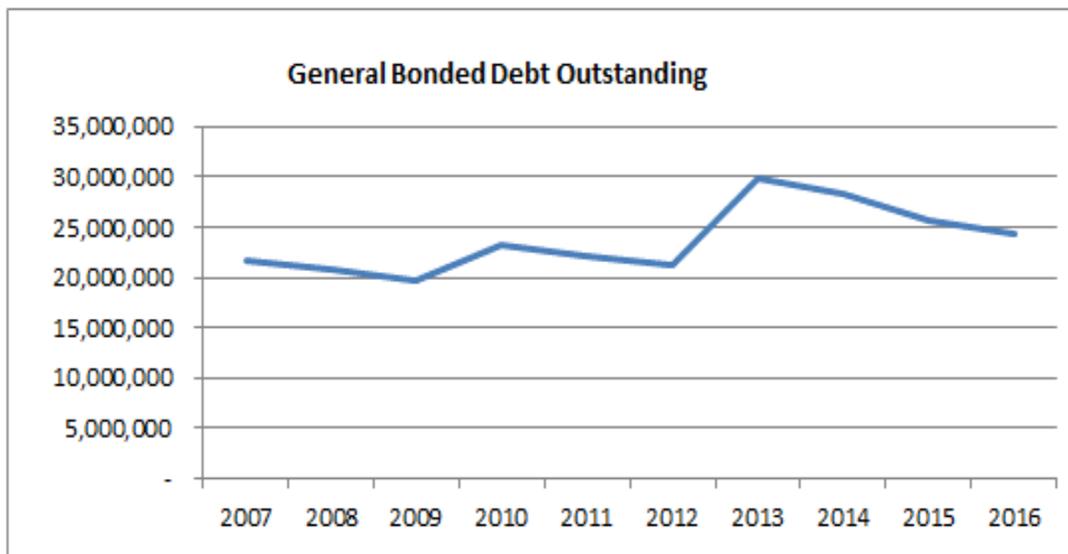
**See Stat 13 for population data

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

STAT 9

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Year	General Obligation Bonds ¹	Less Debt Service Funds	Net Bonded Debt	Percent of Taxable Assessed Value ²	Per Capita ³
2007	21,745,256	397,867	21,347,389	0.66%	590
2008	20,741,847	386,414	20,355,433	0.45%	549
2009	19,668,891	154,809	19,514,082	0.41%	340
2010	23,129,792	133,866	22,995,926	0.52%	383
2011	22,054,742	69,026	21,985,716	0.41%	362
2012	21,128,557	69,854	21,058,703	0.44%	343
2013	29,760,235	77,059	29,683,176	0.62%	478
2014	28,276,795	630,274	27,646,521	0.57%	442
2015	25,738,434	635,735	25,102,699	0.46%	391
2016	24,258,460	652,058	23,606,402	0.39%	364



1 See Stat 8 - governmental type activities general obligation bonds + business type activities general obligation bonds = general obligation bonds

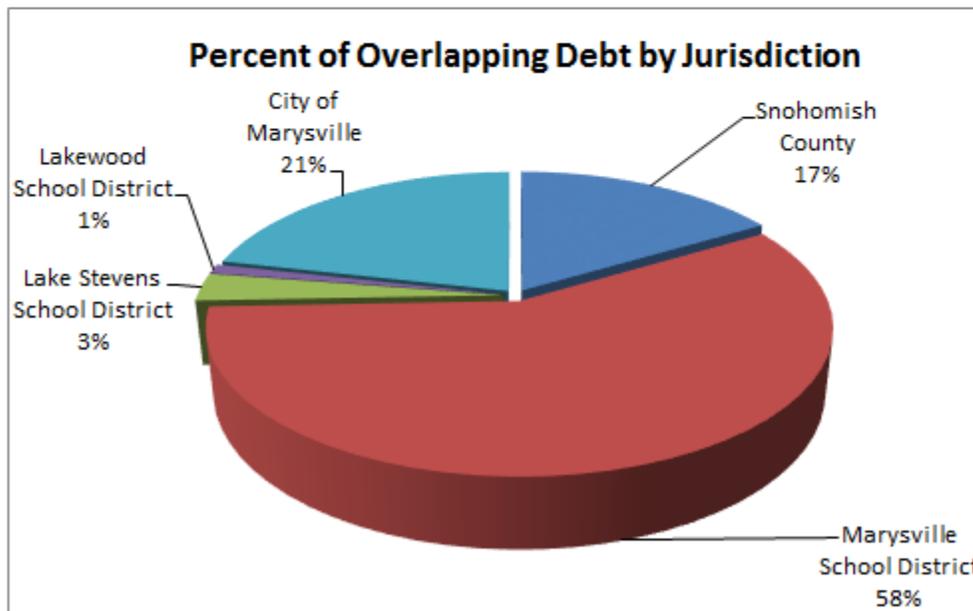
2 See Stat 7a for property value data

3 See Stat 13 for population data

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Snohomish County	\$ 318,363,390	6.22%	\$ 19,804,307
Marysville School District No. 25	82,175,000	84.34%	69,305,942
Lake Stevens School District No. 4	45,420,000	8.14%	3,698,786
Lakewood School District No. 306	58,890,000	2.11%	1,240,085
Other debt			
Snohomish County - Assessment Debt	45,000	6.22%	2,799
Subtotal, overlapping debt			94,051,920
City direct debt			25,738,434
Total direct and overlapping debt			\$ 119,790,354

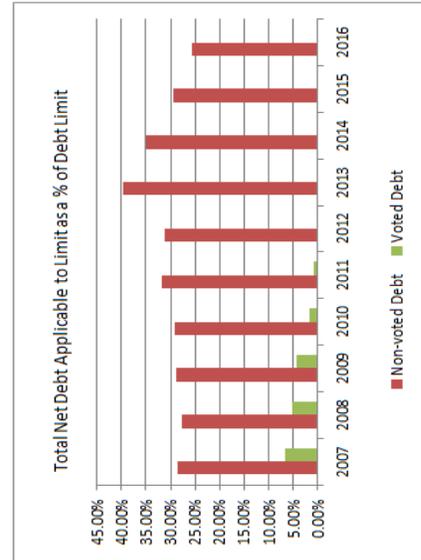
* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.



STAT 11

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

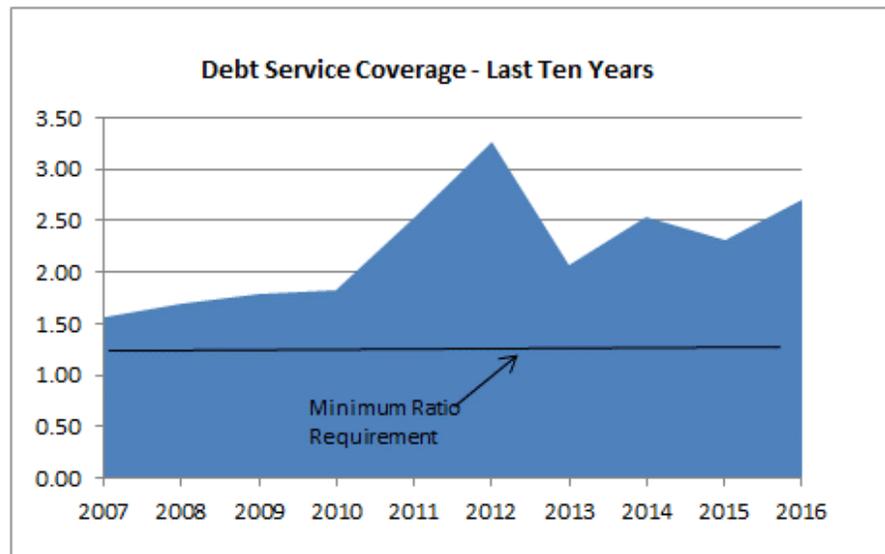
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value (AV)	4,523,064,199	4,757,617,443	4,437,266,961	5,357,774,475	4,769,475,472	4,476,625,057	4,476,625,057	4,869,342,321	5,483,698,786	5,976,816,814
Non-voted debt limit (1.5% of AV) Debt applicable to limit:	67,845,813	71,364,262	66,558,989	80,366,617	71,542,132	67,147,876	67,147,876	73,040,135	82,255,482	89,652,252
Total general obligation debt	19,491,721	19,726,574	19,188,147	23,432,334	22,662,383	20,918,925	26,650,000	25,530,000	24,290,000	23,110,000
Less: Amount set aside for repayment of GO debt	(29,086)	(40,756)	(46,473)	(19,244)	(20,584)	(19,001)	(24,715)	(27,168)	(30,087)	(41,600)
Total net debt applicable to limit	19,462,635	19,685,818	19,141,674	23,413,090	22,641,799	20,899,924	26,625,285	25,502,832	24,259,913	23,068,400
Legal Debt Margin	48,383,178	51,678,444	47,417,316	56,963,527	48,900,333	46,247,952	40,522,591	47,537,303	57,995,569	66,583,852
Total net debt applicable to the limit as a % of debt limit	28.69%	27.58%	28.76%	29.13%	31.65%	31.13%	39.65%	34.92%	29.49%	25.73%
Voted debt limit (1% of AV) Debt applicable to limit:	45,230,542	47,576,174	44,372,660	53,577,745	47,694,755	44,765,251	44,765,251	48,693,423	54,836,988	59,768,168
Total general obligation debt	3,130,000	2,575,000	1,970,000	940,000	385,000	0	0	0	0	0
Less: Amount set aside for repayment of GO debt	(79,579)	(77,933)	(72,664)	(70,479)	0	0	0	0	0	0
Total net debt applicable to limit	3,050,421	2,497,067	1,897,336	869,521	385,000	0	0	0	0	0
Legal Debt Margin	42,180,121	45,079,107	42,475,324	52,708,224	47,309,755	44,765,251	44,765,251	48,693,423	54,836,988	59,768,168
Total net debt applicable to the limit as a % of debt limit	6.74%	5.25%	4.28%	1.62%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%



**PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

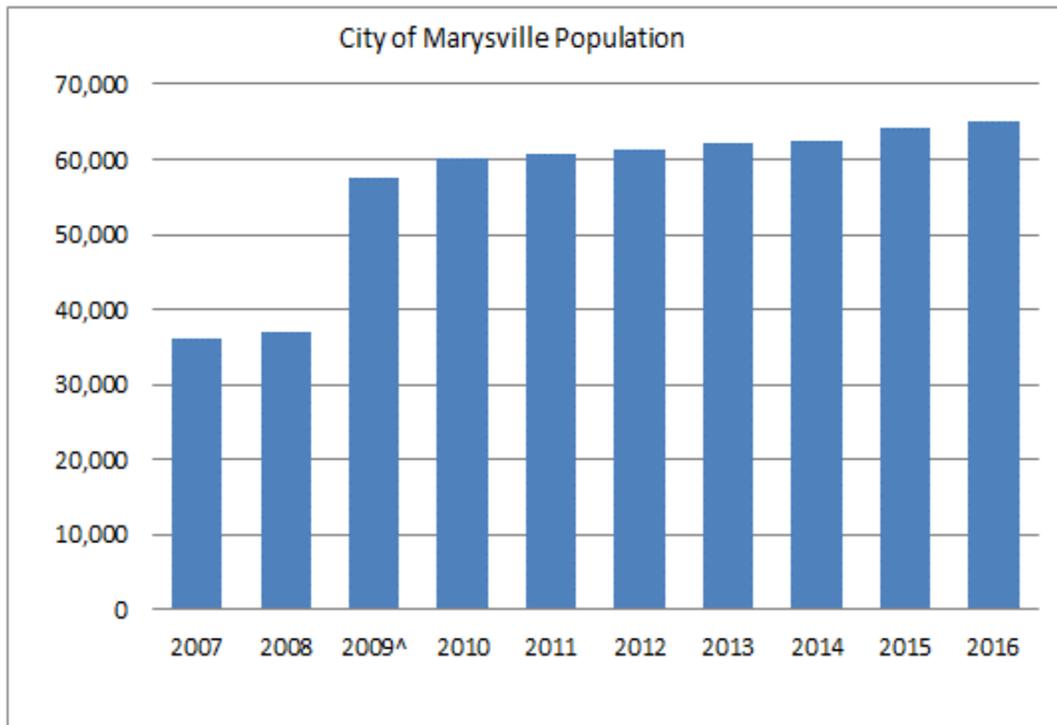
SEWER AND WATER REVENUE BONDS

Year	Utility Service Charges	Utility Operating Expenses	Net Revenue Available for Debt Service	Non-Operating Revenue	Net Parity Debt Service	Coverage w/o Non-Operating Revenue	Coverage with Non-Operating Revenue
2007	17,210,160	10,167,569	7,042,591	12,985,425	4,504,855	1.56	4.45
2008	18,282,294	10,589,329	7,692,965	2,421,741	4,524,538	1.70	2.24
2009	19,217,594	11,122,713	8,094,881	1,290,715	4,527,165	1.79	2.07
2010	20,123,683	11,839,534	8,284,149	1,608,759	4,520,890	1.83	2.19
2011	21,346,587	11,859,982	9,486,605	686,099	3,737,262	2.54	2.72
2012	22,203,291	12,531,674	9,671,617	1,189,573	2,959,262	3.27	3.67
2013	23,076,545	14,091,683	8,984,862	2,911,710	4,353,602	2.06	2.73
2014	23,906,695	14,108,994	9,797,701	3,205,113	3,864,367	2.54	3.36
2015	25,505,609	15,419,860	10,085,749	4,838,320	4,351,719	2.32	3.43
2016	25,976,164	15,586,350	10,389,814	4,847,665	3,850,875	2.70	3.96



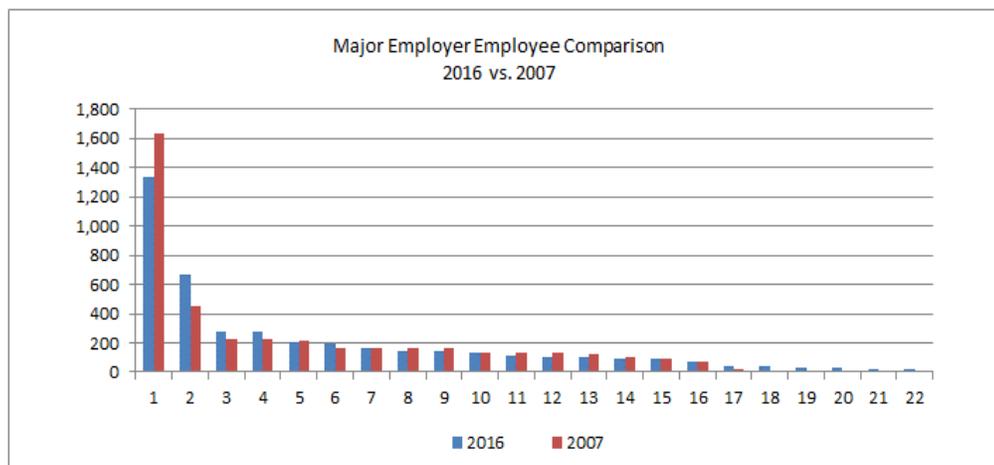
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	City of Marysville Population ⁽¹⁾	Personal Income ⁽²⁾ (millions of dollars)	Per Capita Personal Income ⁽²⁾	Unemployment Rate - % of Labor Force ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾
2007	36,210	27,179	40,302	4.1%	36.34	11,896
2008	37,060	30,427	43,804	7.4%	36.49	12,038
2009 [^]	57,478	29,482	41,741	10.9%	36.68	11,909
2010	60,020	29,859	41,739	10.0%	37.01	11,570
2011	60,660	31,266	43,281	8.2%	37.41	11,597
2012	61,360	33,570	45,796	6.2%	37.72	11,643
2013	62,100	34,858	46,733	5.4%	38.02	11,426
2014	62,600	34,156	44,967	4.6%	36.54	11,347
2015	64,140	36,633	47,421	5.0%	38.59	11,227
2016	64,940	37,366 *	48,369 *	4.6%	38.59	11,085



MAJOR EMPLOYERS WITHIN THE CITY OF MARYSVILLE
CURRENT YEAR AND TEN YEARS AGO

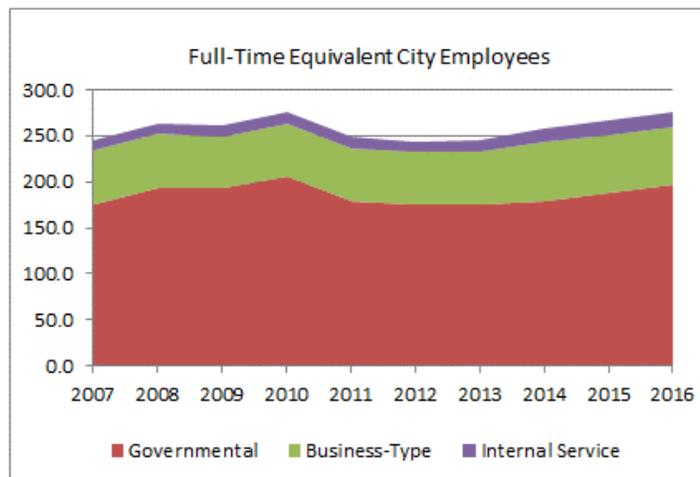
Name of Employer	Service or Product	2016			2007		
		Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽²⁾
Marysville School District	Education	1,335	1	16.18%	1,631	1	24.59%
C&D Zodiac (f/k/a Northwest Composites)	Plastics/honeycomb tubing	668	2	8.10%	447	2	6.74%
City of Marysville	City government	275	3	3.33%	219	5	3.30%
Walmart	Retail - variety	272	4	3.30%			0.00%
Fred Meyer, Inc.	Retail - variety	202	5	2.45%	222	4	3.35%
The Everett Clinic	Medical	191	6	2.32%	130	11	1.96%
Marysville Care Center	Health care center	162	7	1.96%	130	11	1.96%
Target	Retail - variety	143	8	1.73%			
Winco Foods	Grocery/pharmacy	140	9	1.70%			0.00%
Costco	Retail - Warehouse Club	133	10	1.61%			
Safeway	Grocery/pharmacy	108	11	1.31%	126	13	1.90%
Madeline Villa Health Care	Health care center	106	12	1.28%	100	14	1.51%
Marysville Ford	Auto Dealership	105	13	1.27%	160	7	2.41%
Albertson's	Grocery/pharmacy	90	14	1.09%	160	7	2.41%
Marysville Honda	Auto Dealership	89	15	1.08%			
Dicks Sporting Goods	Retail - Sporting Goods	75	16	0.91%			
Haggens	Grocery/pharmacy	41	17	0.50%	135	10	2.04%
Walgreens	Retail - variety	38	18	0.46%			
Petco	Pet Supplies	34	19	0.41%	16	17	0.24%
Parr Lumber	Lumber and wood products	27	20	0.33%			
Gale Contractors	Contractor service products	24	21	0.29%	223	3	3.36%
Jimmy John's	Sandwich Shop	22	22	0.27%	160	7	2.41%
Pacific Grinding Wheel	Manufacturing			0.00%	87	15	1.31%
Welco Lumber	Lumber and wood products			0.00%	163	6	2.46%
Kmart	Retail - variety			0.00%	70	16	1.06%
		<u>4,280</u>		<u>51.88%</u>	<u>4,179</u>		<u>63.01%</u>



(1) Total City Employment Estimated by City Management

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	Full-time equivalent employees as of December 31*									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
General governmental services	58.0	66.0	67.0	68.0	53.0	53.0	53.0	55.0	60.5	63.5
Police	75.0	81.5	80.5	89.5	84.5	81.5	82.5	87.5	89.5	92.5
Engineering	15.0	16.0	17.0	16.0	17.0	15.0	15.0	11.0	12.0	12.0
Transportation	13.0	14.0	12.0	14.5	12.5	12.5	12.5	12.5	12.5	14.5
Culture and recreation	15.0	16.0	16.0	17.0	12.5	12.5	12.5	12.5	13.5	13.5
Total FTEs governmental activities	176.0	193.5	192.5	205.0	179.5	174.5	175.5	178.5	188.0	196.0
Business-Type Activities:										
Water/Sewer/Surface Water	46.0	45.0	44.0	45.5	46.0	47.0	47.0	53.75	55.25	55.75
Solid Waste	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.5
Golf	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0	0.0	0.0
Total FTEs business-type activities	59.0	58.0	57.0	58.5	57.0	58.0	58.0	65.75	63.25	64.25
Internal Service:										
Fleet Services	5.0	5.0	5.0	4.0	4.0	4.0	5.0	5.5	5.5	6.5
Facilities Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Computer Services	4.0	5.5	5.5	6.5	5.5	5.5	5.5	5.75	6.75	5.75
Total FTEs internal service⁽²⁾	11.0	12.5	12.5	12.5	11.5	11.5	12.5	13.75	14.75	14.75
Total City FTEs⁽¹⁾	246.0	264.0	262.0	276.0	248.0	244.0	246.0	258.0	266.0	275.0
Annual percent change total city	7.42%	7.32%	-0.76%	5.34%	-10.14%	-1.61%	0.82%	4.88%	3.10%	3.38%



*Total ending authorized positions per the city's budget

- (1) The city reduced staff in 2003 and 2010 through both attrition and layoffs due to the local economy.
- (2) Computer services was moved from the general governmental services activity to an internal service activity in 2006.
- (3) The Program Engineer-Surface Water Supervisor was reclassified to Water Quality Manager and now reports to the Public Works Superintendent. The two surface water specialists and the surfac water inspector moved from Engineering to Water/Sewer Utility in 2013.

STAT 16

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Bookings	4,728	5,499	5,893	3,849	4,068	3,671	3,668	3,935	2,893	3,097
Citations (Total)	6,010	6,514	5,413	5,443	5,274	5,813	5,805	7,316	6,012	5,860
Parking Violations	289	776	413	342	301	138	110	113	182	223
Calls for Service / Ave Per Month	4,147	4,677	4,407	5,437	5,135	5,412	5,662	6,163	5,987	5,409
Fire										
Number of Incidents	9,863	10,588	10,434	9,833	9,644	10,052	10,417	11,368	12,856	13,861
EMS Transports	4,046	4,522	4,592	4,416	4,216	4,357	4,766	5,052	5,350	5,946
Water										
New Connections	468	351	330	342	154	100	132	2182 ^	98	107
Average Yearly Water Consumption (millions of gallons)	1,975.0	1,642.0	1,681.0	1,511.0	1,435.0	1,438.0	1,443.0	1,571.9	1,717.4	1,718.3
Sewer										
New Connections	475	304	211	368	210	171	205	112	108	144
Sanitation										
Refuse Collected (tons per year)	13,178.61	13,925.96	13,375.74	13,250.39	12,851.21	13,991.39	14,325.67	15,905.42	16,129.80	16,406.25
Wastewater										
Average Monthly Wastewater Treatment	4.60	4.50	5.40	4.25	5.36	5.06	4.90	5.19	4.97	5.43
Influent	4.47	4.48	5.09	3.75	5.21	5.40	4.97	5.08	4.86	5.26
Culture and Recreation										
Class Registrations	2,551	2,465	3,393	4,550	7,075	8,424	8,436	8,680	8,495	8,485
Rentals	1,028	1,136	1,314	1,380	1,525	967*	983	975***	927***	1,033
Community Center Attendance	12,130	15,040	16,296	15,854	16,684	19,044	18,017	16,838***	11,143***	11,593
Opera House Attendance****	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,137
Municipal Court										
Total Filings (Arlington, Lake Stevens, Marysville)	11,910	12,790	13,623	10,263	11,087	8,741	7,920	10,362	8,674	9,249
Community Development										
New/Improved Building Valuations	\$126,594,740	\$101,416,614	\$47,731,574	\$77,455,905	\$86,500,497	\$-	\$-	\$-	\$53,098,316	\$118,806,080
Single Family Permits	361	167	164	261	236	0	-	-	184	199
Multi Family Permits	17	6	2	24	5	0	-	-	-	28
Commercial Permits	21	21	12	2	10	0	-	-	83	78
Total Permits**^	-	-	-	-	-	2,434	3,275	3,369	3,208	3,672
Golf										
Total Rounds	40,709	42,263	45,398	44,201	37,380	34,530	36,691	31,223	35,321	35,443

Source: Various City Departments

*Reduction in Rentals due to rental being once per day, rather than twice.

**In 2011 the reporting on permits changed. The report now tracks total permits granted in a given year without New/Improved Building Valuations

*** In 2014, the Ken Baxter Community Center was closed from 11/21/14 to 12/31/14 for repairs. And from 1/1/15 to 3/31/15

^ The 2014 number includes the acquisition of the PUD Water customers in the Sunnyside area (Southeast Marysville, 2,086 connections)

** New software in 2015 has allowed the breakout of permits and valuations to be done.

*** Library was transferred to Sno Isle Library System on 3/1/15, therefore the City lost its ability to rent space at the library.

**** The City is leasing the Opera House from the owner and is renting the Opera House for Weddings, Events, Concerts, etc. started in 2016

STAT 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Fire Stations	4	5	5	5	5	5	5	5	5	5
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks Acreage	389	389	434	436	527	527	527	527	527	538
Parks	25	25	28	29	32	32	32	32	32	32
Community Centers	1	1	1	1	1	1	1	1	1	2**
Library	1	1	1	1	1	1	1	1	1	0
Transportation										
Paved Streets (in miles)	125.0	130.9	195.6	200.6	200.9	201.6	202.4	202.4	202.8	203.9
Signs	1,454	6,920	8,607	9,794	9,382	9,237	9,524	9,129	9,386	9,531
Signalized Intersections	26	26	28	36	36	38	38	43	44	44
Street Lights	1,610	2,462	3,632	4,107	4,139	4,139	4,35*	681	585	435
Water/Sewer/Surface Water										
Water										
Water Mains (miles)	291	292	294	297	306	306	319	323	327	342
Water Storage Capacity (mg)	-	24	24	24	24	24	24	24	24	24
Sewer										
Sanitary Sewers (miles)	221	224	225	226	230	230	227	227	227	339
Storm Sewers (miles)	121	124	156	177	185	186	187	170	172	178
Treatment Capacity (mgd)	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Sanitation										
Collection Trucks	6	7	7	9	9	9	9	9	8	11***
Golf										
Municipal Golf Courses	1	1	1	1	1	1	1	1	1	1

*City owned street lights. Prior to 2013 numbers included PUD owned streetlights.

** City leases the renovated Opera House and owns the Ken Baxter Community Center

*** includes 2 spare trucks

Source: Various City Departments

This page left intentionally blank.

