

# THE CITY OF MARYSVILLE, WASHINGTON COMPREHENSIVE ANNUAL FINANCIAL REPORT

(For the Year Ending December 31, 2018)



# Comprehensive Annual Financial Report

For the Fiscal Year Ending  
December 31, 2018



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24 June 2019

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, 2018. 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, 2017 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 65,900 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 and confirmed the rating in 2018.

### **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 & 116<sup>th</sup>, 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, 2017. 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**

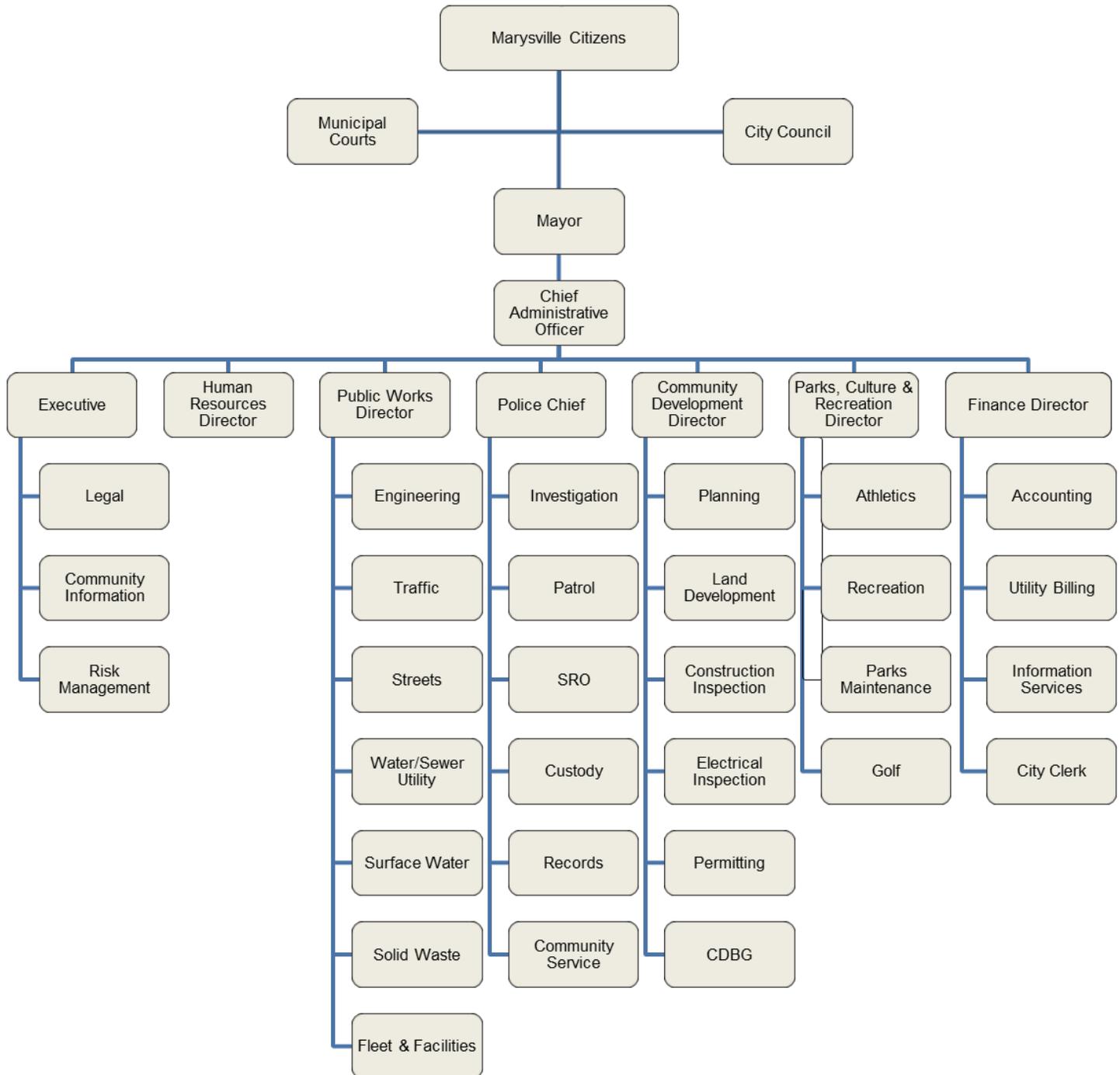
For its Comprehensive Annual Financial  
Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF MARYSVILLE ORGANIZATIONAL CHART







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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

June 24, 2019

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marysville, as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

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

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and 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.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated June 24, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy

State Auditor

Olympia, WA

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**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, 2018. 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, 2018 by approximately \$ 342.3 million (net position) an increase of \$ 17.0 million or 5.2%. Of this amount, unrestricted net position totals \$ 56.6 million and may be used to meet the City's ongoing obligations to citizens and creditors. Restricted net position totals \$ 11.6 million and are subject to external restrictions on how it may be used.
- As of December 31, 2018, the City's governmental activities reported a combined net position of \$ 187.6 million, an increase of \$ 9.8 million from 2017. Approximately 14.3% of this amount (\$ 26.8 million) is available for spending at the City's discretion.
- The City's total long-term outstanding debt increased by \$ 41.5 million during calendar year 2018. The increase is due to two new LTGO debt issues, one \$11.4 million issue for street construction projects, \$31.3 million to fund the construction of a new civic campus and premiums on the bond issues. The increases were offset by the annual debt service payment.

**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 2018 compared to 2017:

Condensed Statement of Net Position (in thousands)						
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and other assets	97,831	49,004	42,093	37,521	139,923	86,525
Capital assets (net of accumulated depreciation)	184,750	175,300	161,158	162,115	345,909	337,415
<b>TOTAL ASSETS</b>	<b>\$ 282,581</b>	<b>\$ 224,304</b>	<b>\$ 203,251</b>	<b>\$ 199,636</b>	<b>\$ 485,832</b>	<b>\$ 423,940</b>
Deferred outflows	1,825	1,746	857	927	2,682	2,673
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 284,406</b>	<b>\$ 226,050</b>	<b>\$ 204,108</b>	<b>\$ 200,563</b>	<b>\$ 488,514</b>	<b>\$ 426,613</b>
<b>LIABILITIES</b>						
Current and other liabilities	9,104	8,022	3,669	2,492	12,773	10,514
Long-term liabilities	83,622	37,889	44,779	50,021	128,401	87,910
<b>TOTAL LIABILITIES</b>	<b>\$ 92,726</b>	<b>\$ 45,911</b>	<b>\$ 48,448</b>	<b>\$ 52,513</b>	<b>\$ 141,174</b>	<b>\$ 98,424</b>
Deferred inflows	4,120	2,342	903	539	5,023	2,881
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 96,846</b>	<b>\$ 48,253</b>	<b>\$ 49,351</b>	<b>\$ 53,052</b>	<b>\$ 146,197</b>	<b>\$ 101,305</b>
Net investment in capital assets	155,817	148,708	119,474	116,083	275,290	264,791
Restricted	6,056	4,308	5,518	5,539	11,575	9,847
Unrestricted	25,687	24,782	29,765	25,889	55,453	50,671
<b>TOTAL NET POSITION</b>	<b>\$ 187,560</b>	<b>\$ 177,797</b>	<b>\$ 154,757</b>	<b>\$ 147,511</b>	<b>\$ 342,318</b>	<b>\$ 325,308</b>

**Governmental Activities**

During the 2018 fiscal year, net position for governmental activities increased \$ 9.8 million or 5.5% from 2017. Key elements of the increase are as follows:

- Current and other assets increased by \$ 48.8 million. The result of two large bond issues in 2018 and the push out of a number of the capital projects.
- Capital assets, net of accumulated depreciation increased by \$9.5 million dollars. There were a number of property purchases during 2018 in preparation for the construction of the civic campus and street construction projects, a \$ 2.5 million correction identified during the 2017 audit and a \$ 4.4 million increase in Construction Work in Progress.
- Net pension asset increased \$ 1.7 million and deferred outflows related to pension saw a slight increase.
- Current liabilities increased by \$ 1.1 million due to the normal fluctuations in accounts payable activity and the changes in court and property tax receivables.
- Non-current liabilities increased by \$ 48.0 million a result of the two new bond issues offset by a decrease in the net pension liability and the implementation of GASB 75.
- The \$ 1.8 million increase in deferred inflows is related to pensions.

**Business-Type Activities**

Business-type activities of the City's utilities and golf course realized a \$ 7.2 million increase in net position. Key elements of the increase are as follows:

- Total assets and deferred outflows increased by \$ 3.5 million due to increases in cash and investments, the result of expenses in the Waterworks Utility fund coming in under budget due to a number of open positions throughout the year and a push out of projects.
- Total liabilities and deferred inflows decreased by \$ 3.7 million due to a reduction in the pension liability and the annual debt service.

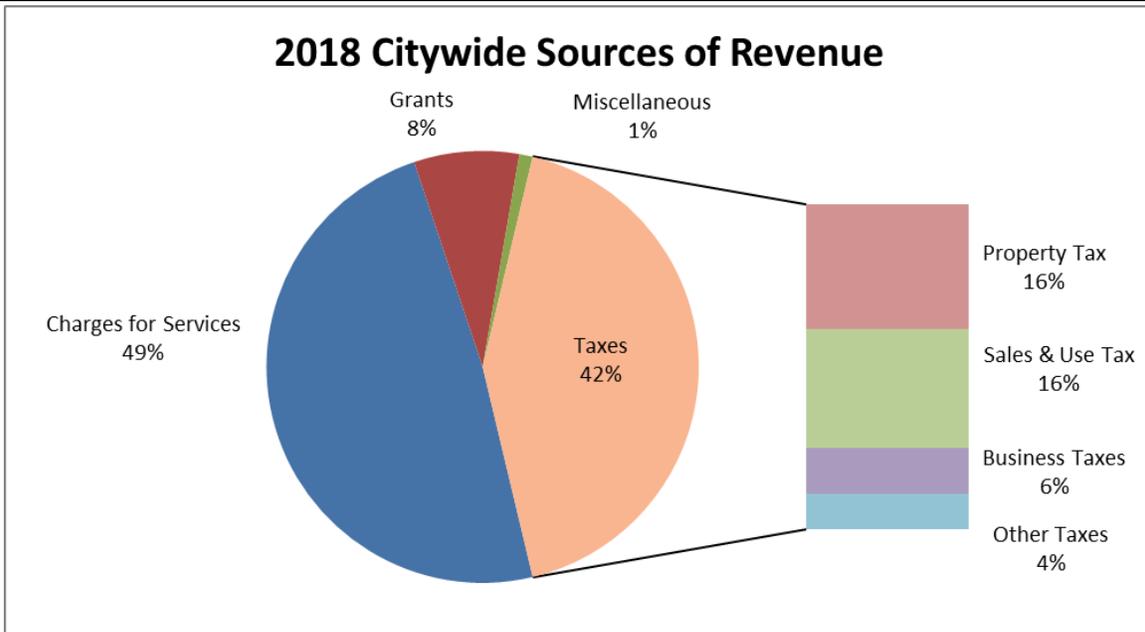
**Changes in Net Position**

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.

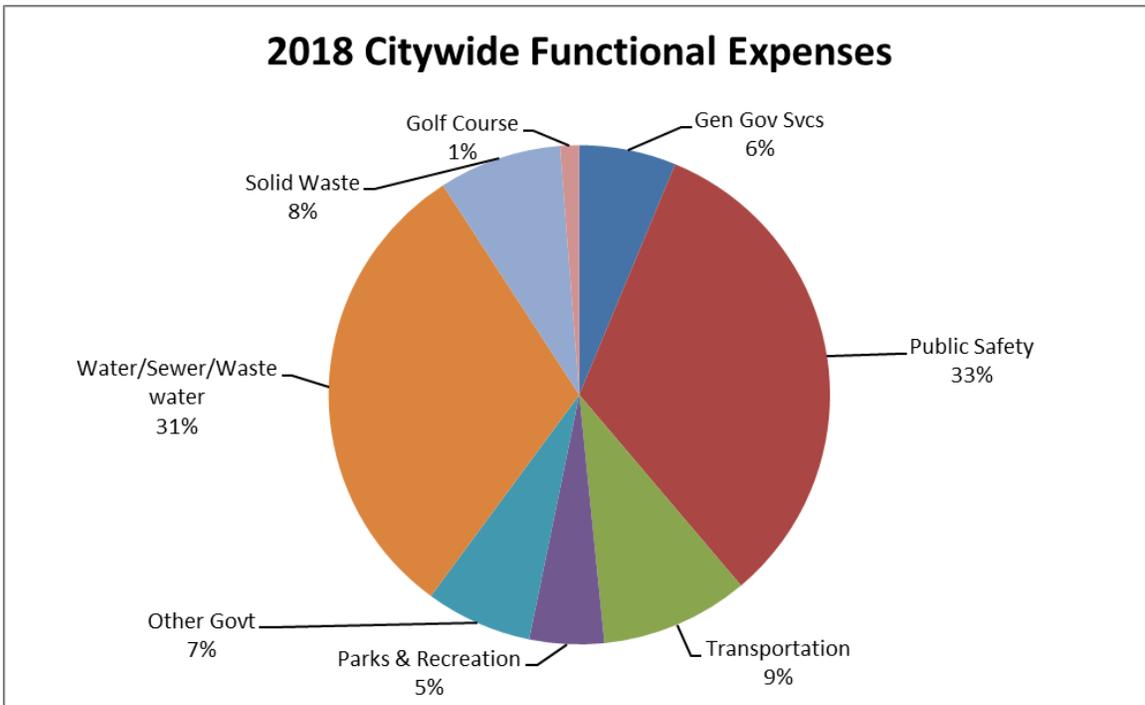
**Changes in Net Position**  
**For Year Ended December 31, 2018**  
(in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
<b>Program Revenue:</b>						
Charges for Services	\$ 10,899	\$ 10,138	\$ 41,477	\$ 42,046	\$ 52,376	\$ 52,185
Operating Grants and Contributions	5,514	3,676	-	46	5,514	3,722
Capital Grants and Contributions	-	14	2,959	662	2,959	676
<b>General Revenues:</b>						
Property Taxes	17,540	16,432	-	-	17,540	16,432
Sales Taxes	16,934	15,473	-	-	16,934	15,473
Other Taxes	11,401	11,124	-	-	11,401	11,124
Interest and Investment Earnings	837	324	527	260	1,364	584
Total Revenue	<u>63,125</u>	<u>57,181</u>	<u>44,963</u>	<u>43,014</u>	<u>108,088</u>	<u>100,195</u>
<b>Program Expenses</b>						
<b>Governmental Activities</b>						
Judicial	1,373	1,410	-	-	1,373	1,410
General Government	4,310	3,833	-	-	4,310	3,833
Public Safety	29,615	29,379	-	-	29,615	29,379
Physical Environment	1,838	1,629	-	-	1,838	1,629
Transportation	8,693	8,679	-	-	8,693	8,679
Economic Environment	2,299	1,985	-	-	2,299	1,985
Health	71	13	-	-	71	13
Culture & Recreation	4,369	3,377	-	-	4,369	3,377
Interest on Long-term Debt	2,039	1,039	-	-	2,039	1,039
<b>Business-Type Activities</b>						
Water/Sewer/Surface Water	-	-	27,960	26,041	27,960	26,041
Garbage & Solid Waste	-	-	7,201	6,918	7,201	6,918
Golf Course	-	-	1,119	1,216	1,119	1,216
Total Expenses	<u>54,607</u>	<u>51,344</u>	<u>36,280</u>	<u>34,174</u>	<u>90,887</u>	<u>85,520</u>
Increase in Net Position Before Transfers	8,517	5,836	8,683	8,839	17,201	14,676
Loss on Disposition of Assets	(745)	-	-	-	(745)	-
Transfers	1,436	1,122	(1,436)	(1,122)	-	-
Increase in Net Position	<u>9,208</u>	<u>6,960</u>	<u>7,247</u>	<u>7,717</u>	<u>16,456</u>	<u>14,676</u>
Net Position - Beginning of Year	177,797	170,839	147,510	139,793	325,307	310,632
Changes in Accounting Principles-GASB 75	(2,039)	-	-	-	(2,039)	-
Prior Period Adjustment	2,593	-	-	-	2,593	-
Net Position - End of Year	<u>\$ 187,560</u>	<u>\$ 177,797</u>	<u>\$ 154,757</u>	<u>\$ 147,510</u>	<u>\$ 342,317</u>	<u>\$ 325,308</u>

As shown in the chart below, charges for services made up 49% of the total revenue received by the city as a whole in 2018. Taxes made up 42% of the revenue sources. Of the 42%, 16% 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.

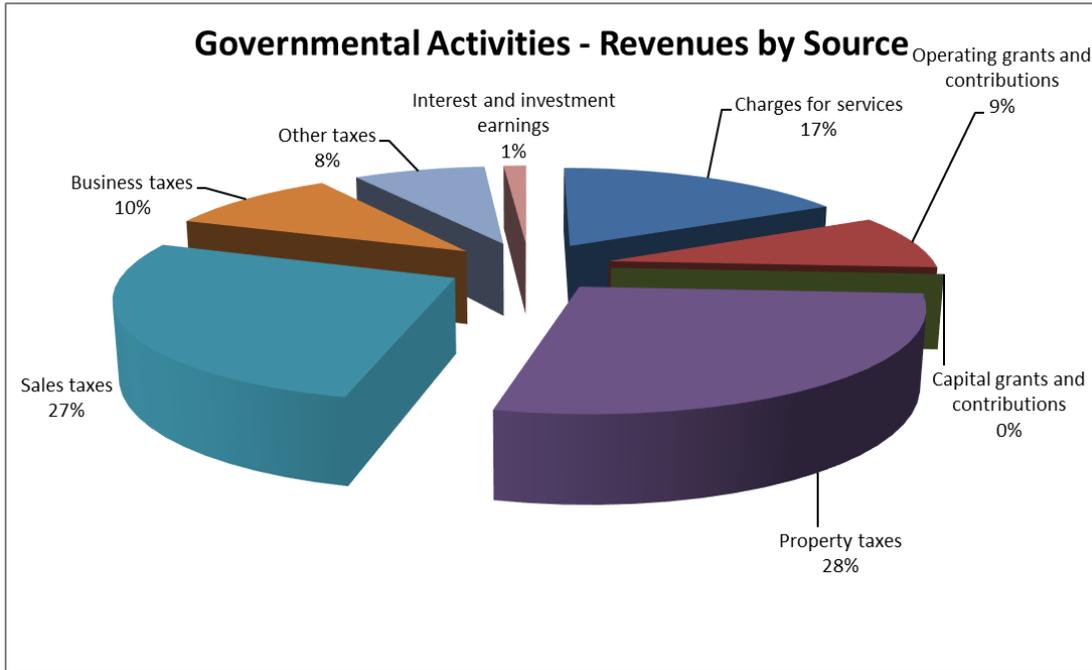


**GOVERNMENTAL ACTIVITIES ANALYSIS**

As shown in the Statement of Activities, the total cost of all governmental activities in 2018 was \$ 54.6 million. Of this amount \$ 16.4 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 \$ 38.2 million was the cost of governmental activity services paid primarily by city taxpayers.

**Revenues**

Total governmental activity revenue (excluding transfers) increased by \$ 5.9 million or 11.4%. The increase is associated with an increase in grants and contributions, taxes and investment interest. As the chart below depicts, the majority of governmental activity revenue, 73%, is from taxes. Combined taxes were up \$ 2.8 million, or 6.6% from 2017.



Sales tax increased by \$ 1.5 million or 9.4% from 2017 and continues to run above average. Property taxes increased \$ 1.1 or 6.7% a result of increased assessed values, new construction, and state utilities. Other taxes increased \$ .3 million or 2.5% from 2017. This category includes utility taxes assessed on utilities, such as water, sewer, garage, storm water, 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 \$ 3.3 million or 6.4%, compared to 2017. Highlights of the change in governmental activity expenses are:

- Increases of \$ .5 million in General Government due to the studies and costs associated with the construction of the new civic campus, \$ .2 million in Public Safety with the addition of two officers, \$ 1.0 million in Culture and Recreation due to a number of park improvement projects, and \$ 1.0 million in Interest on Long-term Debt resulting in new bond issues and the addition of interest accruals that were previously not being done.

**BUSINESS-TYPE ACTIVITIES ANALYSIS**

Total expenses of business-type activities in 2018 were \$ 36.2 million. Program revenue covered \$ 41.4 million, with \$ 1.4 million in transfers resulting in a net gain of \$ 7.2 million.

**Revenues**

Total revenues (excluding transfers) were up \$ 2.0 million or 4.5% from the prior year. Charges for services decreased by \$ .6 million from 2017 due to a reduced amount of connection fees.

Capital grants and contributions consist of infrastructure constructed by the developer and then turned over to the City. Business-type capital contributions increased by \$ 2.3 million.

In 2018, interest earnings on investments increased by 103.2%. The increase is due to larger cash balances being held in the funds due to the push out of capital projects.

**Expenses**

Total business-type were up \$ 2.1 million or 6.2% from 2017. An increase of \$1.9 million in the Waterworks Utility was due to a number of maintenance projects performed during 2018, and a \$ .3 million increase in Solid Waste due to increased costs tipping fees.

**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 \$ 70.0 million, an increase of \$ 46.3 million from 2017. This increase was primarily due to the two new LTGO bonds that were issued in 2018.

Revenues for the governmental funds in 2018 were \$ 63.2 million up \$ 6.3 million or 11.2% from 2017 and expenditures were \$ 66.0 million up \$ 11.0 million or 20.0%.

*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 2018, the fund balance of the General Fund was \$ 18.3 million up \$ .4 million from 2017. As a measure of fund's liquidity, the ending fund balance is 41.6% of the fund's 2018 expenditures. As of December 31, 2018, total revenue was \$ 48.4 million, an increase of \$ 3.4 million or 7.4% and total expenditures were \$ 44.1 million. Of the \$ 18.3 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.

*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 slight increase in fund balance due an underrun in expenditures resulting in a slightly larger cash balance than last year.

*General Capital Improvements* - This is a new fund that was created in 2018 to track the bond proceeds and expenditures associated with the construction of the new city campus and other general capital facilities.

*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 two non-major construction fund.

Combined, the Other Governmental Funds reported total assets of \$ 21.6 million with a combined fund balance of \$ 19.3 million. Liabilities and deferred inflows increased by \$ .3 million due to increase in accounts payable. The cash and investments increased by \$ 13.9 million. The increase is due to the \$ 11.0 million bond issue associated with the 1<sup>st</sup> Street Bypass project and increased cash balances associated with real estate excise tax and TBD sales tax receipts.

Revenue for the Other Government Funds in 2018 was \$ 11.7 million up \$ 2.2 million from 2017. Increase associated with increased mitigation fees associated with new construction, real estate excise tax and an increase in the TBD sales tax receipts.

Expenditures for the Other Government Funds in 2018 were \$ 11.1 million, an increase of \$ 4.5 million. The increase was in the Street and Parks Construction funds in support of a number of street and park improvements. Also, \$ 1.4 million of the increase is related to the purchase of the Opera House, a historic building in town that is being used by our Parks department as event venue.

**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 \$ 194.9 million, total liabilities and deferred inflows of \$ 48.2 million, and net position of \$ 146.7 million, an increase of \$ 6.4 million from the prior year. Key elements for the change include:

- The annual 2% rate increase in utilities and increased usage was offset by a reduction in connection fees which resulted in a slight decrease in revenue for 2018.
- Reduced expenses a result of open positions and push out of construction projects.

*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 \$ 7.4 million, total liabilities and deferred inflows of \$ .5 million and net position of \$ 6.8 million, an increase of \$ .4 million or 7.0% 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 \$ .7 million, and net position of a \$ 1.2 million, an increase of \$ .3 million. The increase is due to the annual debt service payment resulting in a reduction of the outstanding debt.

### **General Fund Budgetary Highlights**

The 2017/2018 biennial budget was adopted in November 2016 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. The 2017/2018 biennial budget was amended once in 2017 and one time in 2018. The final General Fund expenditure (not including transfers) budget was \$ 1.5 million higher from the original budget. The amendments were to account for the addition of two new police officers and the funding required for all of the equipment and uniforms to outfit the new hires, the addition of a program specialist in the Police records department, a part-time emergency preparedness coordinator, embedded social worker services to work with the Police and additional equipment for the Police department and as well as an increase in the emergency management services payment.

## **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, 2017 amounts to \$ 345.9 million (net of accumulated depreciation) an increase of \$ 8.5 million from 2017.



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 2018 was \$ 7.1 billion and the total amount of additional debt that the city may issue is \$ 472 million. Remaining debt capacity is categorized as follows (in thousands):

<b>Debt Capacity Available</b>	
<b>Item</b>	<b>Capacity</b>
General	\$ 115,230
Open Space/Park Facilities	178,602
Utilities	178,602
Total	<u>\$ 472,435</u>

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 2019. Assessed values (AV) for 2019 are estimated to increase by 11% from the 2018 assessed values. The levy rate for 2019 is \$ 2.279 per \$1,000 of assessed valuation, an increase of 15% from the prior year of \$ 1.969.

Total General Fund revenues for 2019 are estimated to increase by \$ 1.3 million or 2.7% from 2018 before transfers and the total General Fund expenditures are estimated to increase by \$ 1.1 million from 2017 before transfers. For 2019, 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.

**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.

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**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash & cash equivalents	17,652,521	10,808,573	28,461,094
Investments	58,344,630	18,185,456	76,530,086
Receivables (net)	7,523,939	6,106,765	13,630,704
Internal Balances	(1,347,663)	1,347,663	-
Inventories	193,444	125,844	319,288
Restricted Cash & Investments:			
Investment	-	5,518,347	5,518,347
Investment in joint venture	10,212,928	-	10,212,928
Capital Assets			
Land	32,020,510	12,469,416	44,489,926
Depreciable assets (net)	145,746,472	144,560,442	290,306,914
Construction in progress	6,983,485	4,128,290	11,111,775
Net Pension Asset	5,250,459	-	5,250,459
<b>Total Assets</b>	<b>282,580,725</b>	<b>203,250,796</b>	<b>485,831,521</b>
Deferred Outflows of resources			
Debt refunding	184,057	420,144	604,201
Related to pension	1,585,431	437,111	2,022,542
Related to OPEB	55,722	-	55,722
<b>Total Deferred Outflows</b>	<b>1,825,210</b>	<b>857,255</b>	<b>2,682,465</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>284,405,935</b>	<b>204,108,051</b>	<b>488,513,986</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	4,315,145	3,424,206	7,739,351
Unearned revenue	4,528,869	-	4,528,869
Other current liabilities	260,197	245,154	505,351
<i>Non-Current Liabilities (see Note 10)</i>			
Due within one year	2,724,068	4,271,633	6,995,701
Due in more than one year	71,614,307	38,145,186	109,759,493
Net OPEB Liability	3,466,170	-	3,466,170
Net pension liability	5,817,587	2,361,741	8,179,328
<b>Total Liabilities</b>	<b>92,726,343</b>	<b>48,447,920</b>	<b>141,174,263</b>
Deferred Inflows of resources			
Related to Pension	4,119,704	903,298	5,023,002
<b>Total Deferred Inflows</b>	<b>4,119,704</b>	<b>903,298</b>	<b>5,023,002</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>96,846,047</b>	<b>49,351,218</b>	<b>146,197,265</b>
<b>NET POSITION</b>			
Net investments in capital assets	155,816,528	119,473,225	275,289,753
Restricted for:			
Debt service	805,954	5,518,347	6,324,301
Net Pension Asset	5,250,459	-	5,250,459
Unrestricted	25,686,947	29,765,261	55,452,208
<b>TOTAL NET POSITION</b>	<b>187,559,888</b>	<b>154,756,833</b>	<b>342,316,721</b>

*The accompanying notes are an integral part of this statement*

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Grants & Contributions			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating	Capital			
<i>Governmental Activities:</i>							
Judicial	1,372,830	951,125	46,403	-	(375,302)	-	(375,302)
General Government	4,310,306	3,727,822	1,231	-	(581,253)	-	(581,253)
Public Safety	29,615,366	1,042,593	522,140	-	(28,050,633)	-	(28,050,633)
Physical Environment	1,838,623	1,250	-	-	(1,837,373)	-	(1,837,373)
Transportation	8,692,781	2,114,883	3,930,532	-	(2,647,366)	-	(2,647,366)
Economic Environment	2,299,217	2,231,919	460,827	-	393,529	-	393,529
Health	70,863	-	-	-	(70,863)	-	(70,863)
Culture & Recreation	4,369,074	829,319	553,334	-	(2,986,421)	-	(2,986,421)
Interest on long-term debt	2,039,290	-	-	-	(2,039,290)	-	(2,039,290)
<b>Total Governmental</b>	<b>54,608,350</b>	<b>10,898,911</b>	<b>5,514,467</b>	<b>-</b>	<b>(38,194,972)</b>	<b>-</b>	<b>(38,194,972)</b>
<i>Business-type Activities:</i>							
Water/Sewer/Surface Water	27,960,076	32,712,894	-	2,959,173	-	7,711,991	7,711,991
Solid Waste	7,201,464	7,624,583	-	-	-	423,119	423,119
Golf Course	1,119,339	1,139,732	-	-	-	20,393	20,393
<b>Total Business-Type</b>	<b>36,280,879</b>	<b>41,477,209</b>	<b>-</b>	<b>2,959,173</b>	<b>-</b>	<b>8,155,503</b>	<b>8,155,503</b>
<b>Total Government</b>	<b>90,889,229</b>	<b>52,376,120</b>	<b>5,514,467</b>	<b>2,959,173</b>	<b>(38,194,972)</b>	<b>8,155,503</b>	<b>(30,039,469)</b>
<b>General Revenues</b>							
					17,540,346	-	17,540,346
					16,933,902	-	16,933,902
					6,346,957	-	6,346,957
					3,862,673	-	3,862,673
					1,191,103	-	1,191,103
					(744,940)	-	(744,940)
					837,429	527,375	1,364,804
<b>Transfers</b>					1,436,482	(1,436,482)	-
<b>Total General Revenues &amp; Transfers</b>					<b>47,403,952</b>	<b>(909,107)</b>	<b>46,494,845</b>
<b>Change in Net Position</b>					<b>9,208,980</b>	<b>7,246,396</b>	<b>16,455,376</b>
Net Position - Beginning					177,797,055	147,510,437	325,307,492
Prior Period Adjustment - Depreciation Adjustment					2,593,169	-	2,593,169
Accounting Change (GASB 75)					(2,039,316)	-	(2,039,316)
<b>Net Position - Ending</b>					<b>187,559,888</b>	<b>154,756,833</b>	<b>342,316,721</b>

The accompanying notes are an integral part of this statement

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	GENERAL FUND	GENERAL CAPITAL IMPROVEMENTS	LOCAL IMPROVEMENT DISTRICT 71	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash & cash equivalents	\$ 9,250,148	2,947,432	\$ 131,565	\$ 266,654	\$ 4,545,509	\$ 17,141,308
Investments	10,765,969	30,169,523	307,249	194,659	16,200,485	57,637,885
Receivables (net)	1,700,230	-	197,368	429,131	849,131	3,175,860
Special Assessment Receivable	-	-	4,331,501	-	-	4,331,501
<b>TOTAL ASSETS</b>	<b>\$ 21,716,347</b>	<b>\$ 33,116,955</b>	<b>\$ 4,967,683</b>	<b>\$ 890,444</b>	<b>\$ 21,595,125</b>	<b>\$ 82,286,554</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable and accrued expense	\$ 1,977,990	\$ 335,955	\$ -	\$ 575,693	\$ 892,982	\$ 3,782,620
Due to other funds	-	-	-	-	1,403,010	1,403,010
Unearned revenue	192,633	-	197,368	-	-	390,001
Deposits payable	82,626	-	-	149,588	-	232,214
Other current liabilities	-	-	-	-	27,983	27,983
<b>Total Liabilities</b>	<b>\$ 2,253,249</b>	<b>\$ 335,955</b>	<b>\$ 197,368</b>	<b>\$ 725,281</b>	<b>\$ 2,323,975</b>	<b>\$ 5,835,828</b>
<b>DEFERRED INFLOW</b>						
Property Taxes	\$ 286,157	\$ -	\$ -	\$ -	\$ -	\$ 286,157
Special Assessments	-	-	4,331,501	-	-	4,331,501
Court Receivables	845,720	-	-	-	-	845,720
<b>Total Deferred Inflow</b>	<b>\$ 1,131,877</b>	<b>\$ -</b>	<b>\$ 4,331,501</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,463,378</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 3,385,126</b>	<b>\$ 335,955</b>	<b>\$ 4,528,869</b>	<b>\$ 725,281</b>	<b>\$ 2,323,975</b>	<b>\$ 11,299,206</b>
<b>FUND BALANCE</b>						
<i>Restricted For:</i>						
Law Enforcement	-	-	-	-	77,815	77,815
Tourism	-	-	-	-	117,007	117,007
Technology Infrastructure	-	-	-	-	422,891	422,891
REET	-	-	-	-	3,962,592	3,962,592
Transportation Benefit District	-	-	-	-	1,426,639	1,426,639
<i>Committed to:</i>						
Law Enforcement	-	-	-	-	11,125	11,125
Community Center	-	-	-	-	6,269	6,269
<i>Assigned to:</i>						
Civic Campus Construction	-	32,781,000	-	-	-	32,781,000
Street Construction & Maintenance	-	-	-	165,163	13,357,375	13,522,538
Debt Service	-	-	438,814	-	691,439	1,130,253
<i>Unassigned</i>	18,331,221	-	-	-	(802,002)	17,529,219
<b>TOTAL FUND BALANCES</b>	<b>18,331,221</b>	<b>32,781,000</b>	<b>438,814</b>	<b>165,163</b>	<b>19,271,150</b>	<b>70,987,348</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 21,716,347</b>	<b>\$ 33,116,955</b>	<b>\$ 4,967,683</b>	<b>\$ 890,444</b>	<b>\$ 21,595,125</b>	<b>\$ 82,286,554</b>

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, 2018**

Total governmental fund balance		\$ 70,987,348
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not current period financial resources and therefore are not reported in the funds.		175,746,646
<p>These assets consist of:</p>		
Land	\$ 32,020,510	
Depreciable Assets (including Infrastructure)	171,724,662	
Construction in Progress	6,983,485	
Less: Accumulated Depreciation	(34,982,012)	
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	501,652 9,711,276
Other long term assets used in governmental activities are not current period financial resources and therefore are not reported in the funds		5,443,092
Net Pension Asset	5,250,459	
Court Receivable	192,633	
Deferred Inflow - Court Receivables		845,720
Deferred Inflow - Prior Years Property Taxes		286,157
Deferred Outflow - Related to Pension		1,513,433
Deferred Outflow - Related to OPEB		55,722
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(83,667,278)
Compensated Absences	(1,552,365)	
General Obligation/Special Assessment Bonds	(72,683,767)	
Net OPEB Liability	(3,466,170)	
Net Pension Liability	(5,640,677)	
Accrued Interest Payable	(324,299)	
Deferred Outflow- Related to Refunding		184,057
Deferred Inflow - Related to Pension		(3,920,434)
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.		9,872,497
Internal service funds-total fund position	\$ 9,817,150	
Add back: amount allocated to internal balances - business-type activities	55,347	
Net position of governmental activities		\$ 187,559,888

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, 2018**

	GENERAL CAPITAL GENERAL FUND	LOCAL IMPROVEMENT DISTRICT 71	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 38,750,226	\$ -	\$ -	\$ 6,061,085	\$ 44,811,311
Licenses & Permits	2,336,517	-	51,000	-	2,387,517
Intergovernmental	1,847,066	-	2,009,260	2,849,244	6,705,570
Charges for Services	4,289,518	-	62,842	2,397,027	6,749,387
Fines & Forfeitures	453,425	-	-	55,971	509,396
Investment Earnings	363,895	133,642	6,891	315,557	820,228
Rents & Leases	276,519	-	-	29,189	305,708
Special Assessments	-	-	789,658	-	789,658
Miscellaneous Revenues	103,785	-	11,274	7,583	122,642
<b>Total Revenues</b>	<b>48,420,951</b>	<b>133,642</b>	<b>796,549</b>	<b>11,715,656</b>	<b>63,201,417</b>
<b>EXPENDITURES</b>					
Current:					
Judicial	1,465,814	-	-	-	1,465,814
General Government	4,247,012	130,196	-	62,544	4,439,752
Public Safety	30,754,627	-	-	20,521	30,775,148
Physical Environment	1,911,924	-	-	-	1,911,924
Transportation	-	-	6,653,421	138,527	6,791,948
Health & Human Services	70,863	-	-	-	70,863
Economic Environment	2,568,221	-	-	227,067	2,795,288
Culture & Recreation	2,957,657	-	-	1,318,293	4,275,950
Capital Outlay					
General Government	-	3,228,529	-	-	3,228,529
Public safety	53,785	-	-	-	53,785
Physical environment	32,906	-	-	-	32,906
Transportation	-	-	-	4,974,778	4,974,778
Culture & Recreation	-	-	-	1,472,066	1,472,066
Debt Service					
Principal	-	-	330,000	1,714,368	2,044,368
Interest & fiscal charges	-	327,850	163,774	1,223,367	1,714,991
<b>Total Expenditures</b>	<b>44,062,809</b>	<b>3,686,575</b>	<b>493,774</b>	<b>6,653,421</b>	<b>66,048,110</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>4,358,142</b>	<b>(3,552,933)</b>	<b>302,775</b>	<b>(4,518,802)</b>	<b>(2,846,693)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	988,658	502,132	-	4,612,791	11,175,076
Transfers out	(4,905,912)	-	-	(5,128,541)	(10,034,453)
Debt proceeds	-	31,280,000	-	11,375,000	42,655,000
Premium on issuance of long-term debt	-	4,551,801	-	838,252	5,390,053
<b>Total other financing sources (uses)</b>	<b>(3,917,254)</b>	<b>36,333,933</b>	<b>-</b>	<b>4,612,791</b>	<b>49,185,676</b>
Net change in fund balances	440,888	32,781,000	302,775	93,989	46,338,983
Fund balances--beginning	17,890,333	-	136,039	71,174	24,648,365
<b>FUND BALANCES - ENDING</b>	<b>\$ 18,331,221</b>	<b>\$ 32,781,000</b>	<b>\$ 438,814</b>	<b>\$ 165,163</b>	<b>\$ 19,271,150</b>

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, 2018

Net changes in fund balances for governmental funds \$ 46,338,983

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. 6,514,703

This is comprised of:

	\$	9,762,064
Capital Outlays		
Depreciation		(2,502,417)
Demolished Buildings		(763,871)
NBV on Demolished Buildings		18,927

Governmental funds do not report the change in the investment in the joint venture the change is reported on the statement of activity 231,211

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:

		(304,729)
Current Property Taxes		
Court Receivables		16,805
Special Funding - LEOFF 2		274,294
Deferred Outflows - Prior Years Property Taxes		(127,433)
Deferred Outflows - Prior Years Court Receivables		48,239

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:

		(48,045,053)
LTGO Bond Proceeds		
CY Debt Service Payments		2,044,368
Deferred Outflow On Refunding		(20,452)
Unamortized premium		113,327

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:

		(324,299)
Accrued Interest Payable		
Accrued Compensated Absences		(116,560)
OPEB Expense		108,113
Net Pension Expense - GASB 68 Adjustments		1,903,053

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:

	\$	17,201	554,410
Interest revenue allocated from internal service funds to governmental activities			
Net expense allocated from internal service funds to governmental activities		241,351	
Transfer Out		295,858	

Change in net position of governmental activities **\$ 9,208,980**

The accompanying notes are an integral part of this statement

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2018

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL ENTERPRISE FUNDS	
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash & cash equivalents	\$ 9,248,531	\$ 1,533,869	\$ 26,173	\$ 10,808,573	\$ 511,213
Investments	15,197,079	2,988,377	-	18,185,456	706,745
Receivables (net)	4,679,341	1,427,424	-	6,106,765	16,578
Due from other funds	-	1,403,010	-	1,403,010	-
Inventories	72,379	-	53,465	125,844	193,444
Total Current Assets	29,197,330	7,352,680	79,638	36,629,648	1,427,980
NONCURRENT ASSETS					
Investments	5,518,347	-	-	5,518,347	-
Capital Assets					
Land	11,651,404	-	818,012	12,469,416	-
Depreciable assets (net)	143,599,526	-	960,916	144,560,442	9,003,822
Construction in progress	4,128,290	-	-	4,128,290	-
Total Noncurrent Assets	164,897,567	-	1,778,928	166,676,495	9,003,822
<b>Total Assets</b>	<b>194,094,897</b>	<b>7,352,680</b>	<b>1,858,566</b>	<b>203,306,143</b>	<b>10,431,802</b>
Deferred outflow of resources:					
Debt refunding	420,144	-	-	420,144	-
Related to pension	395,274	41,837	-	437,111	71,998
<b>Total Deferred Outflows</b>	<b>815,418</b>	<b>41,837</b>	<b>-</b>	<b>857,255</b>	<b>71,998</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 194,910,315</b>	<b>\$ 7,394,517</b>	<b>\$ 1,858,566</b>	<b>\$ 204,163,398</b>	<b>\$ 10,503,800</b>
<b>LIABILITIES</b>					
CURRENT LIABILITIES					
Accounts payable and accrued exp.	\$ 2,801,391	\$ 254,238	\$ 32,358	\$ 3,087,987	\$ 208,226
Accrued interest payable	321,650	-	14,569	336,219	-
Compensated absences	139,527	16,349	-	155,876	51,123
Bonds, notes, loans payable	3,940,757	-	175,000	4,115,757	-
Deposits payable	53,761	-	3,500	57,261	-
Other current liabilities	116,890	-	71,003	187,893	-
Total Current Liabilities	7,373,976	270,587	296,430	7,940,993	259,349
NONCURRENT LIABILITIES:					
Bonds, notes, loans payable (net)	37,609,310	-	380,000	37,989,310	-
Net Pension Liability	2,256,698	105,043	-	2,361,741	176,910
Compensated absences	139,527	16,349	-	155,876	51,121
Total Noncurrent Liabilities	40,005,535	121,392	380,000	40,506,927	228,031
<b>Total Liabilities</b>	<b>47,379,511</b>	<b>391,979</b>	<b>676,430</b>	<b>48,447,920</b>	<b>487,380</b>
Deferred Inflows of resources					
Related to pension	785,357	117,941	-	903,298	199,270
<b>Total Deferred Inflows</b>	<b>785,357</b>	<b>117,941</b>	<b>-</b>	<b>903,298</b>	<b>199,270</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 48,164,868</b>	<b>\$ 509,920</b>	<b>\$ 676,430</b>	<b>\$ 49,351,218</b>	<b>\$ 686,650</b>
<b>NET POSITION</b>					
Net investment in capital assets	118,249,297	-	1,223,928	119,473,225	9,003,822
Restricted for debt service	5,518,347	-	-	5,518,347	-
Unrestricted	22,977,803	6,884,597	(41,792)	29,820,608	813,328
<b>TOTAL NET POSITION</b>	<b>\$ 146,745,447</b>	<b>\$ 6,884,597</b>	<b>\$ 1,182,136</b>	<b>\$ 154,812,180</b>	<b>\$ 9,817,150</b>

The net effect of activities allocated from internal service funds is presented as an internal balance on the statement of net position (55,347)

**Net position of business-type activities** **\$ 154,756,833**

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, 2018

	BUSINESS TYPE ACTIVITIES				TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF			
<b>OPERATING REVENUES:</b>						
<i>Charges for Services:</i>						
Water/Sewer/Surface Water	\$ 27,476,992	\$ -	\$ -	\$ 27,476,992	\$ -	
Golf	-	-	1,087,937	1,087,937	-	
Garbage & Solid Waste	-	7,624,583	-	7,624,583	-	
Other Services	-	-	-	-	4,312,320	
<b>Total Operating Revenues</b>	<b>27,476,992</b>	<b>7,624,583</b>	<b>1,087,937</b>	<b>36,189,512</b>	<b>4,312,320</b>	
<b>OPERATING EXPENSES:</b>						
Maintenance & operations	16,635,658	5,936,309	1,045,020	23,616,987	2,888,204	
Taxes	2,843,177	1,313,096	4,845	4,161,118	-	
Depreciation	6,602,941	-	34,658	6,637,599	1,030,788	
<b>Total Operating Expenses</b>	<b>26,081,776</b>	<b>7,249,405</b>	<b>1,084,523</b>	<b>34,415,704</b>	<b>3,918,992</b>	
Operating income (loss)	1,395,216	375,178	3,414	1,773,808	393,328	
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment earnings	444,617	82,436	322	527,375	17,201	
Miscellaneous nonoperating revenue	5,235,902	-	51,795	5,287,697	-	
Interest expense	(1,094,787)	-	(35,975)	(1,130,762)	-	
Gain (loss) on disposition of assets	-	-	-	-	(10,543)	
Miscellaneous nonoperating expenses	(875,838)	-	-	(875,838)	-	
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,709,894</b>	<b>82,436</b>	<b>16,142</b>	<b>3,808,472</b>	<b>6,658</b>	
Income (Loss) Before Capital Contributions & Transfers	5,105,110	457,614	19,556	5,582,280	399,986	
Capital contributions	2,959,173	-	-	2,959,173	-	
Transfers in	-	-	268,771	268,771	295,858	
Transfers (out)	(1,698,060)	(7,194)	-	(1,705,254)	-	
	1,261,113	(7,194)	268,771	1,522,690	295,858	
<b>CHANGE IN NET POSITION</b>	<b>6,366,223</b>	<b>450,420</b>	<b>288,327</b>	<b>7,104,970</b>	<b>695,844</b>	
NET POSITION-BEGINNING	140,379,224	6,434,177	893,809	147,707,210	9,121,306	
<b>NET POSITION-ENDING</b>	<b>\$ 146,745,447</b>	<b>\$ 6,884,597</b>	<b>\$ 1,182,136</b>	<b>\$ 154,812,180</b>	<b>\$ 9,817,150</b>	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: 141,425

**Change in net position of business-type activities** \$ 7,246,395

The accompanying notes are an integral part of this statement

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL	
<b>Cash Flows From Operating Activities:</b>					
Cash received from customers	\$ 27,595,666	\$ 7,624,583	\$ 1,097,387	\$ 36,317,636	\$ -
Cash received from interfund charges	-	-	-	-	4,312,321
Cash received from other sources	-	-	51,795	51,795	-
Cash paid to suppliers for goods and services	(10,436,348)	(4,667,923)	(686,812)	(15,791,083)	(1,363,211)
Cash paid to employees for services	(6,896,164)	(1,268,237)	(410,148)	(8,574,549)	(1,663,569)
Cash paid for taxes	(2,843,177)	(1,313,096)	(4,845)	(4,161,118)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 7,419,977</b>	<b>\$ 375,327</b>	<b>\$ 47,377</b>	<b>\$ 7,842,681</b>	<b>\$ 1,285,541</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>					
Other Receipts	132,792	-	-	132,792	-
Other Payments	(837,811)	-	-	(837,811)	-
Proceeds from federal, state and local grants	52,866	-	-	52,866	-
Loans provided to other funds	-	(1,403,010)	-	(1,403,010)	-
Transfer in from other funds	-	-	268,771	268,771	295,858
Transfer (out) to other funds	(1,698,060)	(7,194)	-	(1,705,254)	-
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>\$ (2,350,213)</b>	<b>\$ (1,410,204)</b>	<b>\$ 268,771</b>	<b>\$ (3,491,646)</b>	<b>\$ 295,858</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Acquisition/construction-capital	(2,665,256)	-	(56,761)	(2,722,017)	(1,383,966)
Capital contribution	5,650,504	-	-	5,650,504	-
Payments on debt principal	(3,835,758)	-	(275,245)	(4,111,003)	-
Payment on debt interest	(1,398,074)	-	(40,306)	(1,438,380)	-
Grant Proceeds	916,686	-	-	916,686	-
<b>NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES</b>	<b>\$ (1,331,898)</b>	<b>\$ -</b>	<b>\$ (372,312)</b>	<b>\$ (1,704,210)</b>	<b>\$ (1,383,966)</b>
<b>Cash Flows From Investing Activities:</b>					
Purchase of investments	(1,955,493)	-	-	(1,955,493)	(172,642)
Proceeds from sale of investments	-	705,280	-	705,280	20,480
Interest on investments	444,617	82,436	322	527,375	17,202
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>\$ (1,510,876)</b>	<b>\$ 787,716</b>	<b>\$ 322</b>	<b>\$ (722,838)</b>	<b>\$ (134,960)</b>
Net Increase (Decrease) in Cash & Equivalents	2,226,990	(247,161)	(55,842)	1,923,987	62,473
Cash and Equivalents January 1, 2018	7,021,541	1,781,030	82,015	8,884,586	448,740
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 9,248,531</b>	<b>\$ 1,533,869</b>	<b>\$ 26,173</b>	<b>\$ 10,808,573</b>	<b>\$ 511,213</b>
Unrestricted cash and cash equivalents	9,248,531	1,533,869	26,173	10,808,573	511,213
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 9,248,531</b>	<b>\$ 1,533,869</b>	<b>\$ 26,173</b>	<b>\$ 10,808,573</b>	<b>\$ 511,213</b>

The accompanying notes are an integral part of this statement

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**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL	ACTIVITIES- INTERNAL SERVICE FUNDS
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 1,395,216	\$ 375,178	\$ 3,414	\$ 1,773,808	\$ 393,328
Adjustments to Reconcile Operating Income to Net					
Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	6,602,941	-	34,658	6,637,599	1,030,789
Other Non-Operating Receipts	-	-	51,795	51,795	-
Changes in Assets and Liabilities:					
(Increase)/Decrease in Inventories	(2,103)	-	1,637	(466)	(20,394)
(Increase)/Decrease in Receivables	118,524	29,032	-	147,556	(16,578)
Increase (Decrease) in Net Pension - Contra	(469,319)	(36,435)	-	(505,754)	(104,819)
Increase (Decrease) in Accounts Payable	(225,282)	7,552	(53,423)	(271,153)	3,215
Increase (Decrease) in Other Current Liabilities	-	-	9,296	9,296	-
<b>TOTAL ADJUSTMENTS</b>	<b>6,024,761</b>	<b>149</b>	<b>43,963</b>	<b>6,068,873</b>	<b>892,213</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 7,419,977</b>	<b>\$ 375,327</b>	<b>\$ 47,377</b>	<b>\$ 7,842,681</b>	<b>\$ 1,285,541</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital assets contributed by private developers	2,959,173	-	-	2,959,173	-
Gain (losses) on sale of capital asset (NBV)	-	-	-	-	(10,543)
Increase (decrease) in fair value of investments	(56,653)	-	-	(56,653)	-
<b>TOTAL NON-CASH ACTIVITIES</b>	<b>\$ 2,902,520</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,902,520</b>	<b>\$ (10,543)</b>

The accompanying notes are an integral part of this statement

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STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2018

	AGENCY FUNDS
<b>ASSETS</b>	
Cash & cash equivalents	\$ 336,875
<b>Total Assets</b>	<b>\$ 336,875</b>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 95,990
Other liabilities	\$ 240,885
<b>Total Liabilities</b>	<b>\$ 336,875</b>

The accompanying notes are an integral part of this statement

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**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.

**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.

Under modified accrual basis of accounting, property taxes, sales taxes, utility taxes 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. Grant

revenue is recognized for cost reimbursement grants when the expenditure occurs in accordance with GASB Statement 33. When the expenditure is incurred, grant revenue is considered to have been earned and therefore available and recognized as revenue. 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 General Capital Improvement fund accounts for the design and construction of the new civic campus and other general city facilities.
- 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 received 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 infrastructure and city parks and recreational facilities and other governmental 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 budgeted governmental funds only.

The budget, as adopted, constitutes the legal authority for expenditures. Appropriations are authorized for two years, but must be reviewed by the City Council at the midpoint of the biennial period. 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. Any unexpended appropriation balances lapse at the end of the biennium.

**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 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.

As of December 31, 2018, the following funds reported deficits in fund balance or net position:

Fund 310 – Parks Construction has a deficit net position of \$802,002 resulting from the purchase of the Opera House. The fund did not have sufficient cash to pay for the building, so a \$1,445,000 interfund load was established to provide the funding for the purchase.

Fund 503 – Information Services had a deficit net position of \$34,553. The deficit was due to applying the accounting principle changes of GASB 68.

**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.

**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 recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Total assessment principal billed in 2018 was \$182,927, total principal collected was \$541,350. As of December 31, 2018, \$6,852 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 use a perpetual inventory method in which an expense is recorded when related items are consumed. Physical inventories are taken at year-end and the value of items remaining in inventory is calculated for financial reporting purposes. Inventories in proprietary funds are valued by the FIFO method, which approximates the market value. Inventories associated with Golf Course are held for resale. All other inventories are held for internal use only.

**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:

<b>ESTIMATED SERVICE LIFE</b>	
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**

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – The objective of the statements is to improve account and financial reporting by state and local governments for postemployment benefits other than pensions. This statements establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This statement replaces Statement No 45.

GASB 85 – Omnibus 2017 amends GASB 75.

**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).

Cash and Deposits	Total
Cash on Hand	\$ 4,350
FDIC Insured Bank Deposits	7,488,255
<b>Total Cash and Deposits</b>	<b>\$ 7,492,605</b>

**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 City is a participant in the Local Government Investment Pool (LGIP) which was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and

adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepared a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

*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.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The City’s investment policy limits the effective duration of the portfolio to a maximum of five with a weighted average maturity of two years.

**Investments that are not measured at fair value**

As of December 31, 2018, the City had the following investments at amortized cost reported as cash equivalents:

Investment Type	Maturities	Total
CD – Bank of America	6/30/2019	\$ 11,666
Deposit Account – Opus Bank	-	2,722,773
State Pool Bond #1	-	532,707
State Pool Bond #2	-	5,333,598
State Pool	-	12,704,622
<b>Total Deposits</b>		<b>\$ 21,305,366</b>

**Investments measured at fair value**

Investments and maturities

Investment Type	Fair Value	Less Than 1 Year	1 to 4 Years
Federal Farm Credit Bank	\$ 3,026,766	\$ -	\$ 3,026,766
Federal Home Loan Bank	4,619,068	1,588,930	3,030,138
Federal National Mortgage Association	8,190,627	3,490,567	4,700,060
Federal Home Loan Mortgage Association	9,666,835	2,969,001	6,697,834
US Treasury Bills	1,956,458	1,956,458	-
US Treasury Securities	54,588,679	23,279,710	31,308,969
<b>Total Investments</b>	<b>\$ 82,048,433</b>	<b>\$ 33,284,666</b>	<b>\$ 48,763,767</b>

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	\$ 25,503,296	\$ -	\$ 25,503,296
US Treasury Securities	56,545,137	56,545,137	-
<b>Total Investments</b>	<b>\$ 82,048,433</b>	<b>\$ 56,545,137</b>	<b>\$ 25,503,296</b>

Reconciliation of cash deposits and investments are detailed in the following table:

Cash Deposits and Investments	Fair Value	Cost Based Measure	Total
Federal Farm Credit Bank	\$ 3,026,766	\$ -	\$ 3,026,766
Federal Home Loan Bank	4,619,068	-	4,619,068
Federal National Mortgage Association	8,190,627	-	8,190,627
Federal Home Loan Mortgage Association	9,666,835	-	9,666,835
US Treasury Bills	1,956,458	-	1,956,458
US Treasury Securities	54,588,679	-	54,588,679
Cash on Hand	-	4,350	4,350
FDIC Insured Deposits (KeyBank)	-	7,488,253	7,488,253
State Pool Bond #1	-	532,707	532,707
State Pool Bond #2	-	5,333,598	5,333,598
State Pool	-	12,704,622	12,704,622
CD – Bank of America	-	11,666	11,666
Deposit Account – Opus Bank	-	2,722,773	2,722,773
<b>Total Cash Deposits &amp; Investments</b>	<b>\$ 82,048,433</b>	<b>\$ 28,797,969</b>	<b>\$110,846,402</b>

**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 2018 was \$2.4696 per \$1,000 on an assessed valuation of \$7,144,089,843.

Purpose of Levy	Levy Rate Per \$1,000	Total Levy Amount
General Government	1.9696	\$ 14,071,602
Emergency Medical Service (EMS)	.5000	3,572,045
<b>Total City Levy</b>	<b>\$ 2.4696</b>	<b>\$ 17,643,646</b>

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

A summary of changes in governmental capital assets follows:

<b>GOVERNMENTAL ACTIVITIES</b>	<b>BEGINNING BALANCE 01/01/2018</b>	<b>PRIOR PERIOD ADJUSTMENT</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>ENDING BALANCE 12/31/2018</b>
Capital assets, not being depreciated:					
Land	29,719,943	-	2,426,010	(125,443)	32,020,510
Construction in progress	1,723,567	-	5,350,517	(90,599)	6,983,485
Total capital assets not being depreciated	<u>31,443,510</u>	<u>-</u>	<u>7,776,527</u>	<u>(216,042)</u>	<u>39,003,995</u>
Capital assets, being depreciated:					
Buildings and Structures	12,032,287	-	1,687,838	(763,871)	12,956,254
Improvements other than buildings	7,854,999	-	-	-	7,854,999
Infrastructure	149,747,076	-	427,046	-	150,174,122
Machinery and Equipment	16,691,138	-	1,470,656	(400,463)	17,761,331
	<u>186,325,500</u>	<u>-</u>	<u>3,585,540</u>	<u>(1,164,334)</u>	<u>188,746,706</u>
Less accumulated depreciation for:					
Buildings	(3,657,383)	-	(246,433)	18,929	(3,884,887)
Improvements other than buildings	(3,276,694)	-	(321,529)	-	(3,598,223)
Infrastructure	(27,696,030)	2,593,169	(1,899,429)	-	(27,002,290)
Machinery and Equipment	(7,838,939)	-	(1,065,815)	389,920	(8,514,834)
Total accumulated depreciation	<u>(42,469,046)</u>	<u>2,593,169</u>	<u>(3,533,206)</u>	<u>408,849</u>	<u>(43,000,234)</u>
Total assets being depreciated, net	<u>143,856,454</u>	<u>2,593,169</u>	<u>52,334</u>	<u>(755,485)</u>	<u>145,746,472</u>
Governmental activities capital assets, net	<u>175,299,964</u>	<u>2,593,169</u>	<u>7,828,861</u>	<u>(971,527)</u>	<u>184,750,467</u>

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

<b>BUSINESS-TYPE ACTIVITIES</b>	<b>BEGINNING BALANCE 01/01/18</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>ENDING BALANCE 12/31/18</b>
Capital assets, not being depreciated:				
Land	12,469,416	-	-	12,469,416
Construction in progress	4,944,192	2,483,496	(3,299,398)	4,128,290
Total capital assets not being depreciated	<u>17,413,608</u>	<u>2,483,496</u>	<u>(3,299,398)</u>	<u>16,597,706</u>
Capital assets, being depreciated:				
Buildings and Structures	9,565,039	-	-	9,565,039
Improvements other than buildings	236,983,194	6,016,574	-	242,999,768
Machinery and Equipment	4,962,295	480,516	-	5,442,811
	<u>251,510,528</u>	<u>6,497,090</u>	<u>-</u>	<u>258,007,618</u>
Less accumulated depreciation for:				
Buildings	(3,708,455)	(479,918)	-	(4,188,373)
Improvements other than buildings	(99,934,994)	(6,047,234)	-	(105,982,228)
Machinery and Equipment	(3,166,128)	(110,447)	-	(3,276,575)
Total accumulated depreciation	<u>(106,809,577)</u>	<u>(6,637,599)</u>	<u>-</u>	<u>(113,447,176)</u>
Total assets being depreciated, net	<u>144,700,951</u>	<u>(140,509)</u>	<u>-</u>	<u>144,560,442</u>
Business-type activities capital assets, net	<u>\$162,114,559</u>	<u>\$ 2,342,987</u>	<u>\$ (3,299,398)</u>	<u>\$ 161,158,148</u>

**Depreciation**

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

<b><u>Governmental Activities</u></b>	
General Government Services	\$ 189,505
Protection of Persons & Property	65,136
Physical Environment	6,033
Transportation	2,044,668
Culture & Recreation	197,075
Internal Service	<u>1,030,789</u>
Total Depreciation-Governmental Activities	<u>\$ 3,533,206</u>
 <b><u>Business-type Activities</u></b>	
Waterworks Utility	\$ 6,602,941
Golf	<u>34,658</u>
Total Depreciation-Business-Type Activities	<u>\$ 6,637,599</u>

**Construction Commitments**

As of December 31, 2018, 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	\$ 899,666	\$ 1,101,535
Street Construction	4,204,472	2,467,560
Utility Construction	1,389,509	420,009
<b>Total</b>	<b>\$ 6,493,647</b>	<b>\$ 3,989,104</b>

**NOTE 6 - PENSION PLANS AND OPEB**

The following table represents the aggregate pension amounts for all plans for the year 2018:

Aggregate Pension Amounts – All Plans	
Pension liabilities	(8,179,328)
Pension assets	5,250,459
Deferred outflows of resources	2,022,542
Deferred inflows of resources	(5,023,002)
Pension expense/expenditures	101,653

**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](http://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 2018 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
January – August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
<b>TOTAL</b>	<b>12.70%</b>	<b>6.00%</b>
September – December 2018		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>TOTAL</b>	<b>12.83%</b>	<b>6.00%</b>

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

**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 2018 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January – August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	.18%	
Employee PERS Plan 3		Varies
<b>TOTAL</b>	<b>12.70%</b>	<b>7.38%</b>
September-December 2018		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fees	0.18%	
Employee PERS Plan 3		Varies
<b>TOTAL</b>	<b>12.83%</b>	<b>7.41%</b>

\* For employees participating in JBM, the contribution rate was 18.45% to 18.53%

The City's actual PERS plan contributions were \$ 824,043 to PERS Plan 1 and \$ 1,222,073 to PERS Plan 2/3 for the year ended December 31, 2018.

**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 2018 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January – August 2018		
PSERS Plan 2	6.74%	6.74%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
<b>TOTAL</b>	<b>11.95%</b>	<b>6.74%</b>
September - December 2018		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>TOTAL</b>	<b>12.38%</b>	<b>7.07%</b>

The City's actual contributions to the plan were \$58,325 to PSERS Plan 2 and \$43,497 to PERS Plan 1 for the year ended December 31, 2018.

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

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

**LEOFF Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined per 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            1.0% of FAS

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

**Contributions**

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2018. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employers, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
<b>TOTAL</b>	<b>5.43%</b>	<b>8.75%</b>
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
<b>TOTAL</b>	<b>8.93%</b>	<b>8.75%</b>

The City’s actual contributions to the plan were \$435,467 for the year ended December 31, 2018.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2018, the state contributed \$68,152,127 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$ 4,959,741.

**Actuarial Assumptions**

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

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

- **Inflation:** 2.75% total economic inflation; 3.5% salary inflation
- **Salary increases:** In addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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

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

- Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40%.
- Lowered the assumed general salary growth from 3.75% to 3.5% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 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 7.4 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 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

**Estimated Rates of Return by Asset Class**

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

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

**Sensitivity of Net Pension Liability/(Asset)**

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 6,943,143	\$ 5,649,712	\$ 4,529,339
PERS 2/3	11,558,334	2,526,951	(4,877,775)
PSERS 2	276,808	2,664	(212,448)
LEOFF 1	(231,270)	(290,716)	(341,896)
LEOFF 2	(659,553)	(4,959,741)	(8,467,045)

**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, 2018, the City reported a total pension liability of \$ 8,179,328 and a total pension asset of (\$ 5,250,459) for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 5,649,712
PERS 2/3	2,526,952
PSERS 2	2,664
LEOFF 1	(290,717)
LEOFF 2	(4,959,741)

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 asset the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	(290,716)	(4,959,741)
State's proportionate share of the net pension liability/(asset) associated with the employer	(1,966,398)	(3,211,339)
<b>TOTAL</b>	<b>(2,257,114)</b>	<b>(8,171,080)</b>

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	.127933%	.126504%	(.001429%)
PERS 2/3	.150640%	.147999%	(.002641%)
PSERS 2	.228550%	.215048%	(.013502%)
LEOFF 1	.015846%	.016013%	.000167%
LEOFF 2	.235422%	.244296%	.008874%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2017, 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 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.70 percent of employer contributions.

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

**Pension Expense**

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

	Pension Expense
PERS 1	\$ 409,168
PERS 2/3	(96,498)
PSERS 2	44,739
LEOFF 1	(49,036)
LEOFF 2	(206,719)
TOTAL	101,653

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(224,516)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	483,258	-
<b>TOTAL</b>	<b>483,258</b>	<b>(224,516)</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	309,734	(442,423)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,550,647)
Changes of assumptions	29,561	(719,150)
Changes in proportion and differences between contributions and proportionate share of contributions	9,910	(127,198)
Contributions subsequent to the measurement date	658,709	-
<b>TOTAL</b>	<b>1,007,914</b>	<b>(2,839,417)</b>

<b>PSERS 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	19,761	(2,734)
Net difference between projected and actual investment earnings on pension plan investments	-	(35,927)
Changes of assumptions	285	(16,488)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(9,613)
Contributions subsequent to the measurement date	28,913	-
<b>TOTAL</b>	<b>48,959</b>	<b>(64,761)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(23,602)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>-</b>	<b>(23,602)</b>

<b>LEOFF 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	265,684	(115,166)
Net difference between projected and actual investment earnings on pension plan investments	-	(868,021)
Changes of assumptions	2,808	(711,813)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(175,705)
Contributions subsequent to the measurement date	213,920	-
<b>TOTAL</b>	<b>482,411</b>	<b>(1,870,705)</b>

Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3	PSERS 2	LEOFF1	LEOFF 2
2019	9,823	(276,645)	(2,199)	23	(132,781)
2020	(49,081)	(533,869)	(6,042)	(5,324)	(264,204)
2021	(147,277)	(961,603)	(13,678)	(14,501)	(537,098)
2022	(37,981)	(363,934)	(7,433)	(3,799)	(209,624)
2023	-	(142,553)	(2,164)	-	(86,564)
Thereafter	-	(211,611)	(13,198)	-	(371,942)
<b>Total</b>	<b>(224,516)</b>	<b>(2,490,215)</b>	<b>(44,715)</b>	<b>(23,602)</b>	<b>(1,602,214)</b>

**Defined Benefit Other Postemployment Benefit (OPEB) Plans**

The following table represents the OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2018.

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	(3,466,170)
Deferred outflows of resources	55,722
OPEB expense/expenditures	(108,113)

**OPEB Plan Description**

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for 7 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 which is a cost-sharing multiple-employer plan. 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.

Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Covered Employees	
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	0
Active employees	0
<b>Total</b>	<b>7</b>

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.

**Assumptions and Other Inputs**

The City's Net OPEB Liability (OPEB) was calculated using the alternative measurement method in accordance with the parameters of GASB Statement 75 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 following assumptions were used to measure the total Net OPEB Liability:

**Discount Rate**

Beginning of Measurement Year	3.58%
End of Measurement Year	3.87%

**Healthcare Trend Rates**

Medical Costs	Initial rate approximately 12%/7% for Excise Tax/No Excise Tax, trends down to about 5% in 2080. The City assumed no excise tax.
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Long-Term Care	4.5%
Medicare Part B Premiums	Approximately 5%, varies by year
<b>Mortality Rates (assume 100% male population)</b>	
Base Mortality Table	RP-2000 Mortality Table
	+1 year Healthy/-2 years Disabled
Age Setback	Blended 50%/50% Healthy/Disabled
Mortality Improvements	100% Scale BB
Projection Period	Generational
<b>Medicare Participation Rate</b>	100%

The following presents the total OPEB liability for the City of Marysville calculated using the current healthcare cost trend rate of 6.8 percent. As well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) that the current rate.

	1% Decrease (5.8%)	Current Healthcare Cost Trend Rate (6.8%)	1% Increase (7.8%)
Total OPEB Liability	\$ 3,109,630	\$ 3,466,170	\$ 3,878,808

The following presents the total OPEB liability of the City of Marysville calculated using the discount rate of 3.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5%) or 1-percentage point higher (4.5%) that the current rate.

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$ 3,904,677	\$ 3,466,170	\$ 3,096,055

**Changes in the Total OPEB Liability**

For 2018, a schedule of changes in the total OPEB liability is reported below.

LEOFF 1	
<b>Total OPEB Liability at 1/1/2018</b>	(3,579,606)
Interest	125,984
Changes of experience data & assumption	(117,331)
Benefit payment	(122,089)
<b>Total OPEB Liability as 12/31/2018</b>	(3,466,170)

The measurement date of 6/30/2018 was used in the calculation. The city uses the alternative measurement method in accordance with GASB 75. A (\$108,113) OPEB expenses was recognized in 2018.

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

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Payments subsequent to the measurement date	55,722	-
<b>TOTAL</b>	<b>55,722</b>	<b>-</b>

**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 160 members.

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

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

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

In-house services include risk management consultation, loss control field services, 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**

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.

In June, 2018, the City issued \$11,375,000 in limited tax general obligation bonds with an interest rate of 3.25%-5.00% to provide funds to finance the costs of transportation improvements.

In October, 2018, the City issued \$31,280,000 in limited tax general obligation bonds with an interest rate of 5.00% to provide fund for the construction of a new public safety building and other general government facilities.

General government obligation bonds outstanding at December 31, 2018 are as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
<b>Governmental Activities</b>						
LTGO Refunding Bonds 2013	10/16/13	12/01/23	3.00-5.00	6,315,000	2,075,000	4,240,000
LTGO Bonds Series 2016 Refunding	09/01/14	12/01/27	2.00	4,990,000	-	4,545,000
LTGO Bonds 2010	10/01/10	12/01/34	2.00-5.00	4,990,000	610,000	4,380,000
LTGO Bonds 2013	10/16/13	12/01/30	3.00-5.00	9,005,000	2,025,000	6,980,000
LTGO Bonds 2018	06/28/18	12/01/38	3.00-5.00	11,375,000	-	11,375,000
LTGO Bonds 2018B	10/09/18	12/01/48	5.00	31,280,000	-	31,280,000
<b>Total Governmental Activities</b>				<b>\$ 67,955,000</b>	<b>\$ 4,710,000</b>	<b>\$ 62,800,000</b>
<b>Business Activities</b>						
Golf Course	05/17/07	12/01/21	3.90-5.30	2,120,000	1,565,000	555,000
Pro-Shop/Restaurant Remodel	08/06/03	08/01/18	5.25	1,740,982	1,740,982	-
<b>Total Business Activities</b>				<b>3,860,982</b>	<b>3,305,982</b>	<b>555,000</b>
<b>Special Assessments (w/government commitment)</b>						
LID 71 - 156th Street Overpass	09/23/14	06/01/36	2.05-4.15	6,022,846	2,432,846	3,590,000
<b>Total Special Assessments</b>				<b>6,022,846</b>	<b>2,432,846</b>	<b>3,590,000</b>
<b>TOTAL GENERAL OBLIGATION BONDS</b>				<b>\$ 77,838,828</b>	<b>\$ 10,448,828</b>	<b>\$ 66,945,000</b>

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

YEAR ENDING	GOVERNMENTAL ACTIVITIES			BUSINESS -TYPE ACTIVITIES			SPECIAL ASSESSMENT			
	12/31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2019		1,700,000	2,964,755	4,664,755	175,000	29,137	204,137	-	148,225	148,225
2020		1,840,000	2,667,644	4,507,644	185,000	19,949	204,949	-	148,225	148,225
2021		2,435,000	2,604,144	5,039,144	195,000	10,238	205,238	-	148,225	148,225
2022		3,200,000	2,510,818	5,710,818	-	-	-	-	148,225	148,225
2023		3,325,000	2,381,143	5,706,143	-	-	-	-	148,225	148,225
2024-2028		12,670,000	10,232,432	22,902,432	-	-	-	-	741,125	741,125
2029-2033		11,270,000	7,571,944	18,841,944	-	-	-	-	741,125	741,125
2034-2038		10,150,000	5,337,800	15,487,800	-	-	-	3,590,000	444,675	4,034,675
2039-2043		7,120,000	3,374,750	10,494,750	-	-	-	-	-	-
2044-2048		9,090,000	1,408,000	10,498,000	-	-	-	-	-	-
<b>TOTAL</b>		<b>\$ 62,800,000</b>	<b>\$ 41,053,430</b>	<b>\$ 103,853,430</b>	<b>\$ 555,000</b>	<b>\$ 59,324</b>	<b>\$ 614,324</b>	<b>\$ 3,590,000</b>	<b>\$ 2,668,050</b>	<b>\$ 6,258,050</b>

**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, 2018 is as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
Water Revenue Bonds	05/29/14	04/01/28	2.00-5.00	39,945,000	7,720,000	32,225,000
<b>TOTAL REVENUE BONDS</b>				<b>\$ 39,945,000</b>	<b>\$ 7,720,000</b>	<b>\$ 32,225,000</b>

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

YEAR ENDING	BUSINESS-TYPE ACTIVITY		
	12/31	PRINCIPAL	INTEREST
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	3,010,000	835,550	3,845,550
2023	3,170,000	681,050	3,851,050
2024-2028	17,840,000	1,405,350	19,245,350
<b>TOTAL</b>	<b>\$ 32,225,000</b>	<b>\$ 6,269,425</b>	<b>\$ 38,494,425</b>

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, 2018 is as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (%)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
<b>Governmental Activities</b>						
800 MHz (Refunded)	08/27/15	12/01/19	5.00	\$ 381,842	\$ 298,317	\$ 83,525
<b>Total Governmental Activities</b>				<b>381,842</b>	<b>298,317</b>	<b>83,525</b>
PWTFLL-WWTP	10/22/01	07/01/21	0.50	1,000,000	842,105	157,895
PWTFLL-WWTP	02/04/02	07/01/22	0.50	10,000,000	7,882,353	2,117,647
PWTFLL-WWTP Phase II	05/13/04	07/01/24	0.50	10,000,000	6,842,106	3,157,894
DWRFL-Stilly Well	12/12/03	10/01/23	1.50	4,080,000	2,968,012	1,111,988
<b>Total Other Long Term Obligations</b>				<b>25,080,000</b>	<b>18,534,576</b>	<b>6,545,424</b>
<b>TOTAL BUSINESS-TYPE LONG TERM OBLIGATIONS</b>				<b>\$ 25,461,842</b>	<b>\$ 18,832,893</b>	<b>\$ 6,628,949</b>

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

YEAR ENDING	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	12/31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST
2019	83,525	4,176	87,701	1,330,757	43,846	1,374,603
2020	-	-	-	1,330,756	34,969	1,365,725
2021	-	-	-	1,330,754	26,091	1,356,845
2022	-	-	-	1,278,123	17,214	1,295,337
2023	-	-	-	748,712	8,599	757,311
2024	-	-	-	526,322	2,632	528,954
<b>TOTAL</b>	<b>\$ 83,525</b>	<b>\$ 4,176</b>	<b>\$ 87,701</b>	<b>\$ 6,545,424</b>	<b>\$ 133,351</b>	<b>\$ 6,678,775</b>

At December 31, 2018, the City has \$ 691,439 available in governmental debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$5,518,347 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 \$104,620 and a carrying value of \$1,672,913. Non-cancelable lease provides for a minimum annual payment as follows:

Year Ending December 31	Minimum Future Rent
2019	28,529
2020	28,529
2021	28,529
2022	28,529
2023	28,529
2024	28,529
<b>Total</b>	<b>\$ 171,174</b>

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

During the year ended December 31, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 21,780,000	\$ 42,655,000	\$ (1,635,000)	\$ 62,800,000	\$ 1,700,000
For issuance premiums	933,515	5,390,053	(113,326)	6,210,242	-
Total bonds Payable	22,713,515	48,045,053	(1,748,326)	69,010,242	1,700,000
800Mhz Project	162,893	-	(79,368)	83,525	83,525
Special Assessment (w/government commitment)	3,920,000	-	(330,000)	3,590,000	-
Pension Liability	8,089,835	-	(2,272,248)	5,817,587	-
OPEB Liability	3,579,606	-	(113,436)	3,466,170	113,239
Compensated absences	1,523,521	1,654,609	(1,523,521)	1,654,609	827,304
Governmental activity long-term liabilities:	<u>\$ 39,989,370</u>	<u>\$ 49,699,662</u>	<u>\$ (6,066,899)</u>	<u>\$ 83,622,133</u>	<u>\$ 2,724,068</u>
<b>Business-Type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 830,245	\$ -	\$ (275,245)	\$ 555,000	\$ 175,000
Revenue Bond	34,730,000	-	(2,505,000)	32,225,000	2,610,000
For issuance premiums	3,057,607	-	(277,964)	2,779,643	-
Total bonds Payable	38,617,852	-	(3,058,209)	35,559,643	2,785,000
Public Works Trust Fund Loans	7,876,182	-	(1,330,757)	6,545,425	1,330,758
Pension Liabilities	3,259,487	-	(897,746)	2,361,741	-
Compensated absences	267,607	311,752	(267,607)	311,752	155,876
Business-type activity long-term liabilities:	<u>\$ 50,021,128</u>	<u>\$ 311,752</u>	<u>\$ (5,554,319)</u>	<u>\$ 44,778,561</u>	<u>\$ 4,271,634</u>

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 \$102,244 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 2018.

**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.

Funds	Interfund Loans Receivable	Interfund Loans Payable
310 - Parks Construction	1,403,010	
410 - Solid Waste		1,403,010
<b>Total</b>	<b>\$ 1,403,010</b>	<b>\$ 1,403,010</b>

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 Maintenance	City Facilities	Nonmajor Governmental	Nonmajor Enterprise	Internal Services
General Fund	4,905,912	-	1,827,321	502,132	2,163,919	268,771	143,769
Street Maintenance	-	-	-	-	-	-	-
Nonmajor Governmental Funds	5,128,540	117,640	2,094,679	-	2,907,576	-	8,645
Waterworks Utility	1,698,058	871,018	690,791	-	-	-	136,249
Solid Waste	7,195	-	-	-	-	-	7,195
<b>Total Transfer In</b>	<b>\$ 11,739,705</b>	<b>\$ 988,658</b>	<b>\$ 4,612,791</b>	<b>\$ 502,132</b>	<b>\$ 5,071,495</b>	<b>\$ 268,771</b>	<b>\$ 295,858</b>

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 currently administered by a 7 member governing board consisting of three Fire Protection District 12 Commissioners and four 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 are negotiated and defined on an annual basis and disbursed to the Marysville Fire District in equal monthly installments. The City's financial contribution for year ended December 31, 2018 was \$11,338,836.

Separate financial statements for the joint venture may be obtained from Marysville Fire 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, 2018 were \$12,410,576. As of December 31, 2018, 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, 2018**

	<b>Total Marysville Fire</b>
<b>Beginning Cash and Investments</b>	<b>12,375,923</b>
Total Revenues	18,551,251
Total Expenditures	17,801,915
Excess (Deficiency) Revenues Over Expenditures	749,335
Total Other Increases in Fund Resources	73,162
Total Other Decreases in Fund Resources	787,845
 Increase (Decrease) in Cash and Investments	 34,653
 <b>Total Ending Cash and Investments</b>	 <b>12,410,576</b>
 City of Marysville's Equity %	 78.25%
City of Marysville's Equity Interest	9,711,276

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 current contract runs through December 31, 2019. The City and Fire District 12 have been in negotiations to establish a Regional Fire District (RFA). In April 2019, the voters approved the formation of the RFA.

**Snohomish County Emergency Radio System**

The Snohomish County Emergency Radio System (SERS), a nonprofit corporation pursuant to chapter 24.06 RCW and IRC 501©(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, 2018, an equity interest in the SERS joint venture of \$ 501,652 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.

**SNOHOMISH COUNTY 911**

The City and other Police and Fire entities jointly operate SNOHOMISH COUNTY 911. SNOHOMISH COUNTY 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, 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 SNOHOMISH COUNTY 911 is with a 16 member Board of Directors which is specified in the Interlocal Agreement. SNOHOMISH COUNTY 911 takes 911 calls, and performs emergency dispatch services for local governmental agencies include police, fire and medical aid.

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred 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 \$1,619,264 on December 31, 2018. Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

**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 (HASCO). Fiscal agent duties were transferred to HASCO during fiscal year 2018. The values included in the table below were audited and updated by the new fiscal agent and may be different than what was reported in previous years.

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:

Fiscal Year	AHA Budget	Marysville's share	% of Budget
2014	\$ 89,850	\$ 3,613	4.0%
2015	92,543	3,721	4.0%
2016	93,651	3,702	4.0%
2017	97,934	3,675	3.8%
2018	102,586	5,513	5.4%
2019	107,391	6,541	6.1%

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 Pam Frost, Director of finance, HASCO, 127711 4<sup>th</sup> Ave W, Everett, WA 98204 (or email: [pfrost@hasco.or](mailto:pfrost@hasco.or)) or from Chris Collier, Program Manager, Alliance of Housing Affordability, 12711 4<sup>th</sup> Ave W, 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, 2018, 257 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc, Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the

state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2018 the AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1.0 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

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

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable account standards established by the Governmental Account Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. 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 1<sup>st</sup> Street, Marysville, WA. At the time of purchase, the City recognized that the property would require hazardous substance clean-up. Reviews and studies will be taking place during 2019 as the City finalizes plans for the final use of the property.

**NOTE 15 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$2,593,169 is being reported on the Statement of Activities – Governmental Activities. During the 2017 audit the state auditors found that the Capital assets, net of depreciation and depreciation expense were misstated due to an error in assumptions found in off-book capital assets which resulted in the CY expense being overstated and the Capital Assets, Net of Depreciation understated. The off-book assets have been added into the financial system and corrections made to the accumulated depreciation.

**NOTE 16- OTHER DISCLOSURES**

**NET INVESTMENT IN CAPITAL ASSETS CALCULATION**

	<u>Governmental</u> <u>Activity</u>	<u>Business</u> <u>Activity</u>
Net Capital Assets	184,750,467	161,158,148
Less Noncurrent Debt	(64,690,000)	(35,209,668)
Less Current Debt Principal	(1,783,525)	(4,115,757)
Exclude Unspent Proceeds of Capital Debt	43,565,771	-
Less Debt Premium	(6,210,242)	(2,779,642)
Plus Deferred Outflow Related to Debt	<u>184,057</u>	<u>420,144</u>
Net investments in capital assets	155,816,528	119,473,225

**SUBSEQUENT EVENTS**

The Fire 12 District Board of Commissioners and the Marysville City Council authorized a joint resolution submitting a proposition to the voters at the April 23, 2019 special election requesting adoption of the plan creating a regional fire authority to be named the Marysville Fire District. The proposition was approved by 50.39% affirmative simple majority vote. The Marysville Fire District regional fire authority creation will be effective October 1, 2019 and the current Marysville Fire District interlocal agency formed via interlocal agreement between the district and City of Marysville will terminate. All assets of the district and those jointly acquired by the existing interlocal agency will be transferred to the newly created regional fire authority.

# REQUIRED SUPPLEMENTARY INFORMATION



SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES</b>						
Taxes	\$ 74,161,504	\$ 75,200,035	\$ 36,322,318	\$ 38,750,226	\$ 75,072,544	\$ (127,491)
Licenses & Permits	4,369,108	4,369,108	2,115,049	2,336,517	4,451,566	82,458
Intergovernmental	3,618,631	3,681,058	1,854,150	1,847,066	3,701,216	20,158
Charges for Services	6,856,367	6,856,367	3,699,614	4,289,518	7,989,132	1,132,765
Fines & Forfeitures	957,054	957,054	427,626	453,425	881,051	(76,003)
Investment Earnings	405,000	405,000	252,811	363,895	616,706	211,706
Rents & Leases	651,306	651,306	262,805	276,519	539,324	(111,982)
Miscellaneous Revenues	147,000	147,000	146,517	103,785	250,302	103,302
<b>Total Revenues</b>	<b>91,165,970</b>	<b>92,266,928</b>	<b>45,080,890</b>	<b>48,420,951</b>	<b>93,501,841</b>	<b>1,234,913</b>
<b>EXPENDITURES</b>						
Current:						
Judicial	3,083,592	3,017,192	1,442,202	1,465,814	2,908,016	109,176
General Government	9,140,512	9,030,788	3,761,488	4,247,012	8,008,500	1,022,288
Public Safety	57,337,810	58,951,817	28,763,734	30,754,627	59,518,361	(566,544)
Physical Environ	3,674,767	3,674,767	1,656,661	1,911,924	3,568,585	106,182
Health & Human Services	30,200	30,200	12,811	70,863	83,674	(53,474)
Economic Environment	5,612,937	5,662,937	2,321,918	2,568,221	4,890,139	772,798
Culture & Recreation	5,950,633	5,913,455	2,829,494	2,957,657	5,787,151	126,304
Capital Outlay						
General government	-	-	1,092,308	-	1,092,308	(1,092,308)
Public safety	-	-	-	53,785	53,785	(53,785)
Physical environment	-	-	-	32,906	32,906	(32,906)
<b>Total Expenditures</b>	<b>84,830,451</b>	<b>86,281,156</b>	<b>41,880,616</b>	<b>44,062,809</b>	<b>85,943,425</b>	<b>337,731</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>6,335,519</b>	<b>5,985,772</b>	<b>3,200,274</b>	<b>4,358,142</b>	<b>7,558,416</b>	<b>1,572,644</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,813,510	1,855,510	936,378	988,658	1,925,036	69,526
Transfers out	(11,624,631)	(12,343,581)	(3,606,559)	(4,905,912)	(8,512,471)	3,831,110
<b>Total other financing sources (uses)</b>	<b>(9,811,121)</b>	<b>(10,488,071)</b>	<b>(2,670,181)</b>	<b>(3,917,254)</b>	<b>(6,587,435)</b>	<b>3,900,636</b>
Net change in fund balances	(3,475,602)	(4,502,299)	530,093	440,888	970,981	5,473,280
Fund balances--beginning	14,617,102	14,617,102	17,360,240	17,890,333	17,360,240	2,743,138
<b>FUND BALANCES - ENDING</b>	<b>\$ 11,141,500</b>	<b>\$ 10,114,803</b>	<b>\$ 17,890,333</b>	<b>\$ 18,331,221</b>	<b>\$ 18,331,221</b>	<b>\$ 8,216,418</b>

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, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Licenses & Permits	\$ 80,000	\$ 80,000	\$ 48,750	\$ 51,000	\$ 99,750	\$ 19,750
Intergovernmental	3,534,206	3,534,206	1,524,980	2,009,260	3,534,240	34
Charges for Services	100,000	100,000	93,620	62,842	156,462	56,462
Investment Earnings	400	400	286	243	529	129
Miscellaneous Revenues	20,000	20,000	82,650	11,274	93,924	73,924
<b>TOTAL REVENUES</b>	<b>3,734,606</b>	<b>3,734,606</b>	<b>1,750,286</b>	<b>2,134,619</b>	<b>3,884,905</b>	<b>150,299</b>
<b>EXPENDITURES</b>						
Current:						
General Government	68,158	68,158	15,938	-	15,938	52,220
Transportation	11,912,459	13,212,459	5,839,920	6,653,421	12,493,341	719,118
Capital Outlay	40,000	40,000	-	-	-	40,000
<b>TOTAL EXPENDITURES</b>	<b>12,020,617</b>	<b>13,320,617</b>	<b>5,855,858</b>	<b>6,653,421</b>	<b>12,509,279</b>	<b>811,338</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(8,286,011)</b>	<b>(9,586,011)</b>	<b>(4,105,572)</b>	<b>(4,518,802)</b>	<b>(8,624,374)</b>	<b>961,637</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	8,381,011	9,681,011	4,048,454	4,612,791	8,661,245	\$ (1,019,766)
Transfers Out	(95,000)	(95,000)	(85,948)	-	(85,948)	9,052
<b>Total other financing sources (uses)</b>	<b>8,286,011</b>	<b>9,586,011</b>	<b>3,962,506</b>	<b>4,612,791</b>	<b>8,575,297</b>	<b>(1,010,714)</b>
Net change in fund balances	-	-	(143,066)	93,989	(49,077)	(49,077)
Fund balances - beginning	-	-	214,240	71,174	214,240	214,240
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 71,174</b>	<b>\$ 165,163</b>	<b>\$ 165,163</b>	<b>\$ 165,163</b>

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, 2018  
Last 4 Fiscal Years

	2015	2016	2017	2018
Employer's proportion of the net pension liability (asset)	0.129963%	0.129243%	0.127933%	0.126504%
Employer's proportionate share of the net pension liability (asset)	\$ 6,798,274	\$ 6,940,958	\$ 6,070,521	\$ 5,649,712
Employer's covered payroll	\$14,122,963	\$15,267,909	\$ 15,818,704	\$16,536,432
Employer's proportionate share of the net pension liability as a percentage of covered payroll	48.14%	45.46%	38.38%	34.17%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%

Public Employees' Retirement System - Plan 2/3  
As of June 30, 2018  
Last 4 Fiscal Years

	2015	2016	2017	2018
Employer's proportion of the net pension liability (asset)	0.153107%	0.150858%	0.150640%	0.147999%
Employer's proportionate share of the net pension liability (asset)	\$ 5,470,600	\$ 7,595,581	\$ 5,234,020	\$ 2,526,951
Employer's covered payroll	\$13,645,668	\$14,200,149	\$ 14,768,762	\$15,457,811
Employer's proportionate share of the net pension liability as a percentage of covered payroll	40.09%	53.49%	35.44%	16.35%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%

Notes to Schedule:

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

Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par 5)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Safety Employees' Retirement System - Plan 2  
As of June 30, 2018  
Last 4 Fiscal Years

	2015	2016	2017	2018
Employer's proportion of the net pension liability (asset)	0.306379%	0.247658%	0.228550%	(0.215048%)
Employer's proportionate share of the net pension liability (asset)	\$ 55,920	\$ 105,250	\$ 44,780	\$ (2,664)
Employer's covered payroll	\$ 888,526	\$ 803,986	\$ 809,195	\$ 844,430
Employer's proportionate share of the net pension liability as a percentage of covered payroll	6.29%	13.09%	5.53%	-0.32%
Plan fiduciary net position as a percentage of the total pension liability	95.08%	90.41%	96.26%	99.79%

Law Enforcement Officers' and Fire Fighters' Retirement-Plan 1  
As of June 30, 2018  
Last 4 Fiscal Years

	2015	2016	2017	2018
Employer's proportion of the net pension (asset)	(0.015457%)	(0.015624%)	(0.015846%)	(0.016013%)
Employer's proportionate share of the net pension (asset)	\$ (186,291)	\$ (160,972)	\$ (240,419)	\$ (290,716)
LEOFF 1 employers only - State's proportionate share of the net pension asset associated with the employer	-	\$ (1,088,810)	\$ (1,626,186)	\$ (1,966,398)
TOTAL	\$ (186,291)	\$ (1,249,782)	\$ (1,866,605)	\$ (2,257,114)
Employer's covered payroll	\$ -	-	-	-
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	127.36%	123.74%	135.96%	144.42%

LEOFF 1 is closed and no longer accepts contributions

Notes to Schedule:

The City currently does not have 10 years of pension data available  
Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par 5)

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Law Enforcement Officers' and Fire Fighters' Retirement-Plan 2**  
**As of June 30, 2018**  
**Last 4 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer's proportion of the net pension (asset)	(0.222857%)	(0.227940%)	(0.235422%)	(0.244296%)
Employer's proportionate share of the net pension (asset)	\$ (2,290,524)	\$ (1,325,767)	\$ (3,266,895)	\$ (4,959,741)
<b>LEOFF 2 employers only</b> - State's proportionate share of the net pension asset associated with the employer	\$ (1,514,498)	\$ (864,304)	\$ (2,119,173)	\$ (3,211,339)
<b>TOTAL</b>	<u>\$ (3,805,022)</u>	<u>\$ (2,190,071)</u>	<u>\$ (5,386,068)</u>	<u>\$ (8,171,080)</u>
Employer's covered payroll	\$ 6,467,801	\$ 6,905,245	\$ 7,364,424	\$ 8,098,539
Employer's proportionate share of the net pension asset as a percentage of covered payroll	35.41%	19.20%	44.36%	61.24%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	106.04%	113.36%	118.50%

*Notes to Schedule:*

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

*Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par 5)*

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**Public Employees' Retirement System - Plan 1  
As of December 31, 2018  
Last 4 Fiscal Years**

	<u>2015*</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily or contractually required contributions	\$ 665,362	\$ 744,788	\$ 803,900	\$ 898,917
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (665,362)</u>	<u>\$ (744,788)</u>	<u>\$ (803,900)</u>	<u>\$ (898,917)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 15,082,608	\$ 15,418,859	\$ 16,211,486	\$ 17,859,775
Contributions as a percentage of covered payroll	4.41%	4.83%	4.96%	5.03%

**Public Employees' Retirement System - Plan 2/3  
As of December 31, 2018  
Last 4 Fiscal Years**

	<u>2015*</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily or contractually required contributions	\$ 817,579	\$ 877,097	\$ 1,030,587	\$ 1,222,074
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (817,579)</u>	<u>\$ (877,097)</u>	<u>\$ (1,030,587)</u>	<u>\$ (1,222,074)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 14,116,258	\$ 14,394,571	\$ 15,148,685	\$ 16,758,726
Contributions as a percentage of covered payroll	5.79%	6.09%	6.80%	7.29%

*Notes to Schedule:*

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

*Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par.5)*

*Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contribution that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB82, Par. 8)*

*\*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*

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**Public Safety Employees' Retirement System - Plan 2  
As of December 31, 2018  
Last 4 Fiscal Years**

	<u>2015*</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily or contractually required contributions	\$ 55,473	\$ 53,412	\$ 55,562	\$ 58,825
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (55,473)</u>	<u>\$ (53,412)</u>	<u>\$ (55,562)</u>	<u>\$ (58,825)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 838,497	\$ 788,947	\$ 833,865	\$ 829,259
Contributions as a percentage of covered employee payroll	6.62%	6.77%	6.66%	7.09%

**Law Enforcement Officers & Fire Fighters' Retirement System  
Plan 2  
As of December 31, 2018  
Last 4 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily or contractually required contributions	\$ 350,634	\$ 373,246	\$ 396,548	\$ 435,467
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (350,634)</u>	<u>\$ (373,246)</u>	<u>\$ (396,548)</u>	<u>\$ (435,467)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 6,721,887	\$ 7,136,631	\$ 7,696,906	\$ 8,294,618
Contributions as a percentage of covered employee payroll	5.22%	5.23%	5.15%	5.25%

*Notes to Schedule:*

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

*Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par.5)*

*Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contribution that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB82, Par. 8)*

*\*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*

**City of Marysville**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**LEOFF 1**  
**For the year ended December 31, 2018**  
**Last Fiscal Years\***

	<u>2018</u>
<b>Total OPEB liability - beginning</b>	\$ 3,579,606
Service cost	-
Interest	125,984
Changes in benefit terms	-
Differences between expected and actual experience	(117,331)
Changes of assumptions	-
Benefit payments	(122,089)
Other changes	
<b>Total OPEB liability - ending</b>	<u><u>3,466,170</u></u>
<b>Covered-employee payroll</b>	\$ -
<b>Total OPEB liability as a % of covered payroll</b>	N/A

**Notes to Schedule:**

- \* Until a full 10-year trend is compiled, only information for those years available is presented.  
 No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

# **COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES**

## **GOVERNMENTAL FUNDS**



**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,799,887	\$ 253,538	\$ 2,492,084	\$ 4,545,509
Investments	4,178,310	437,901	11,584,274	16,200,485
Receivables (net)	56,866	-	792,265	849,131
<b>TOTAL ASSETS</b>	<b>\$ 6,035,063</b>	<b>\$ 691,439</b>	<b>\$ 14,868,623</b>	<b>\$ 21,595,125</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and accrued exp.	10,725	-	882,257	892,982
Due to other funds	-	-	1,403,010	1,403,010
Other current liabilities	-	-	27,983	27,983
<b>TOTAL LIABILITIES</b>	<b>10,725</b>	<b>-</b>	<b>2,313,250</b>	<b>2,323,975</b>
<b>FUND BALANCES</b>				
<b>Restricted for:</b>				
Law Enforcement	77,815	-	-	77,815
Hotel/Motel	117,007	-	-	117,007
Technology Infrastructure	422,891	-	-	422,891
REET	3,962,592	-	-	3,962,592
Transportation Benefit District	1,426,639	-	-	1,426,639
<b>Committed to:</b>				
Law Enforcement	11,125	-	-	11,125
Community Center	6,269	-	-	6,269
<b>Assigned to:</b>				
Street Construction	-	-	13,357,375	13,357,375
Debt Service	-	691,439	-	691,439
<b>Unassigned:</b>				
Capital Project Funds	-	-	(802,002)	(802,002)
<b>TOTAL FUND BALANCES</b>	<b>6,024,338</b>	<b>691,439</b>	<b>12,555,373</b>	<b>19,271,150</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 6,035,063</b>	<b>\$ 691,439</b>	<b>\$ 14,868,623</b>	<b>\$ 21,595,125</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$ 6,061,085	\$ -	\$ -	\$ 6,061,085
Intergovernmental	430,752	-	2,418,492	2,849,244
Charges for Services	-	-	2,397,027	2,397,027
Fines and Forfeits	55,971	-	-	55,971
Investment Interest	93,685	27,763	194,109	315,557
Rents & Leases	-	-	29,189	29,189
Miscellaneous Revenues	1,152	-	6,431	7,583
<b>TOTAL REVENUES</b>	<b>6,642,645</b>	<b>27,763</b>	<b>5,045,248</b>	<b>11,715,656</b>
<b>EXPENDITURES</b>				
Current				
General Government	62,544	-	-	62,544
Public Safety	20,521	-	-	20,521
Transportation	-	-	138,527	138,527
Economic Environment	227,067	-	-	227,067
Culture & Recreation	759	-	1,317,534	1,318,293
Capital Outlay	-	-	6,446,844	6,446,844
Debt Service				
Principal	79,368	1,635,000	-	1,714,368
Interest & fiscal charges	8,145	989,710	225,512	1,223,367
<b>TOTAL EXPENDITURES</b>	<b>398,404</b>	<b>2,624,710</b>	<b>8,128,417</b>	<b>11,151,531</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,244,241</b>	<b>(2,596,947)</b>	<b>(3,083,169)</b>	<b>564,125</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	2,623,508	2,447,987	5,071,495
Transfer Out	(3,757,324)	-	(1,371,217)	(5,128,541)
Debt proceeds	-	-	11,375,000	11,375,000
Premium on issuance of long-term debt	-	-	838,252	838,252
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,757,324)</b>	<b>2,623,508</b>	<b>13,290,022</b>	<b>12,156,206</b>
Net change in fund balances	2,486,917	26,561	10,206,853	12,720,331
Fund Balances-Beginning	3,537,421	664,878	2,348,520	6,550,819
<b>FUND BALANCES-ENDING</b>	<b>\$ 6,024,338</b>	<b>\$ 691,439</b>	<b>\$ 12,555,373</b>	<b>\$ 19,271,150</b>

# 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, 2018**

	<b>103 DRUG SEIZURE</b>	<b>104 TRIBAL GAMING</b>	<b>105 HOTEL/ MOTEL</b>	<b>106 KBCC APPRECIATION</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & Cash Equivalents	\$ 23,330	\$ 3,335	\$ 46,507	\$ 1,880
Investments	54,485	7,790	83,563	4,389
Receivables (net)	-	-	(2,338)	-
<b>TOTAL ASSETS</b>	<b>\$ 77,815</b>	<b>\$ 11,125</b>	<b>\$ 127,732</b>	<b>\$ 6,269</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued exp.	\$ -	\$ -	\$ 10,725	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>10,725</b>	<b>-</b>
<b>FUND BALANCES</b>				
<b>Restricted for:</b>				
Law enforcement	77,815	-	-	-
Hotel/Motel	-	-	117,007	-
Technology Infrastructure	-	-	-	-
REET	-	-	-	-
Transporation Benefit District	-	-	-	-
<b>Committed to:</b>				
Law Enforcement	-	11,125	-	-
Community Center	-	-	-	6,269
<b>TOTAL FUND BALANCES</b>	<b>77,815</b>	<b>11,125</b>	<b>117,007</b>	<b>6,269</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 77,815</b>	<b>\$ 11,125</b>	<b>\$ 127,732</b>	<b>\$ 6,269</b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018**

	108	110	111	114	TOTAL
	I/NET	GMA- REET I	GMA- REET II	TRANSPORTATION BENEFIT DISTRICT	NONMAJOR SPECIAL REVENUE FUNDS
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash & Cash Equivalents	\$ 126,791	\$ 595,189	\$ 592,872	\$ 409,983	\$ 1,799,887
Investments	296,100	1,389,971	1,384,560	957,452	4,178,310
Receivables (net)	-	-	-	59,204	56,866
<b>TOTAL ASSETS</b>	<b>\$ 422,891</b>	<b>\$ 1,985,160</b>	<b>\$ 1,977,432</b>	<b>\$ 1,426,639</b>	<b>\$ 6,035,063</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued exp.	\$ -	\$ -	\$ -	\$ -	\$ 10,725
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,725</b>
<b>FUND BALANCES</b>					
<b>Restricted for:</b>					
Law enforcement	-	-	-	-	77,815
Hotel/Motel	-	-	-	-	117,007
Technology Infrastructure	422,891	-	-	-	422,891
REET	-	1,985,160	1,977,432	-	3,962,592
Transporation Benefit District	-	-	-	1,426,639	1,426,639
<b>Committed to:</b>					
Law Enforcement	-	-	-	-	11,125
Community Center	-	-	-	-	6,269
<b>TOTAL FUND BALANCES</b>	<b>422,891</b>	<b>1,985,160</b>	<b>1,977,432</b>	<b>1,426,639</b>	<b>6,024,338</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 422,891</b>	<b>\$ 1,985,160</b>	<b>\$ 1,977,432</b>	<b>\$ 1,426,639</b>	<b>\$ 6,035,063</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>103 DRUG SEIZURE</b>	<b>104 TRIBAL GAMING</b>	<b>105 HOTEL/ MOTEL</b>	<b>106 KBCC APPRECIATION</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 95,386	\$ -
Intergovernmental	-	-	-	-
Fines & Forfeitures	55,971	-	-	-
Investment Earnings	1,259	286	2,127	96
Miscellaneous	-	-	-	1,152
<b>TOTAL REVENUES</b>	<b>57,230</b>	<b>286</b>	<b>97,513</b>	<b>1,248</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	20,521	-	-
Transportation	-	-	-	-
Economic Environment	-	-	18,275	-
Culture & Recreation	-	-	-	759
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>20,521</b>	<b>18,275</b>	<b>759</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>57,230</b>	<b>(20,235)</b>	<b>79,238</b>	<b>489</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1,338)	(7,307)	(50,205)	-
<b>Total other financing sources (uses)</b>	<b>(1,338)</b>	<b>(7,307)</b>	<b>(50,205)</b>	<b>-</b>
Net change in fund balances	55,892	(27,542)	29,033	489
Fund balances - beginning	21,923	38,667	87,974	5,780
<b>FUND BALANCES - ENDING</b>	<b>\$ 77,815</b>	<b>\$ 11,125</b>	<b>\$ 117,007</b>	<b>\$ 6,269</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	108	109	110	111	114
	I/NET	CDBG	GMA- REET I	GMA- REET II	TRANSPORTATION BENEFIT DISTRICT
<b>REVENUES:</b>					
Taxes	\$ 113,697	\$ -	\$ 1,681,013	\$ 1,681,013	\$ 2,489,976
Intergovernmental	-	430,752	-	-	-
Fines & Forfeitures	-	-	-	-	-
Investment Earnings	6,403	-	24,965	23,706	34,843
Miscellaneous	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>120,100</b>	<b>430,752</b>	<b>1,705,978</b>	<b>1,704,719</b>	<b>2,524,819</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	62,544	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	208,792	-	-	-
Culture & Recreation	-	-	-	-	-
Debt Service					
Principal	-	-	79,368	-	-
Interest	-	-	8,145	-	-
<b>TOTAL EXPENDITURES</b>	<b>62,544</b>	<b>208,792</b>	<b>87,513</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>57,556</b>	<b>221,960</b>	<b>1,618,465</b>	<b>1,704,719</b>	<b>2,524,819</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out	-	(221,960)	(650,000)	(650,000)	(2,176,514)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(221,960)</b>	<b>(650,000)</b>	<b>(650,000)</b>	<b>(2,176,514)</b>
Net change in fund balances	57,556	-	968,465	1,054,719	348,305
Fund balances - beginning	365,335	-	1,016,695	922,713	1,078,334
<b>FUND BALANCES - ENDING</b>	<b>\$ 422,891</b>	<b>\$ -</b>	<b>\$ 1,985,160</b>	<b>\$ 1,977,432</b>	<b>\$ 1,426,639</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

		<b>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</b>
<b>REVENUES:</b>		
Taxes	\$	6,061,085
Intergovernmental		430,752
Fines & Forfeitures		55,971
Investment Earnings		93,685
Miscellaneous		1,152
<b>TOTAL REVENUES</b>		<b>6,642,645</b>
<b>EXPENDITURES:</b>		
Current:		
General Government		62,544
Public Safety		20,521
Transportation		-
Economic Environment		227,067
Culture & Recreation		759
Debt Service		
Principal		79,368
Interest		8,145
<b>TOTAL EXPENDITURES</b>		<b>398,404</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>		<b>6,244,241</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers Out		(3,757,324)
<b>Total other financing sources (uses)</b>		<b>(3,757,324)</b>
Net change in fund balances		2,486,917
Fund balances - beginning		3,537,421
<b>FUND BALANCES - ENDING</b>	<b>\$</b>	<b>6,024,338</b>

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# 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* accounts for all of the interest and principal payments on the City's LTGO debt
  
- 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, 2018**

	206 LTGO BOND FUND	299 LID GUARANTY	TOTAL NONMAJOR DEBT SERVICE FUNDS
<b>ASSETS</b>			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 66,027	\$ 187,511	\$ 253,538
Investments	-	437,901	437,901
<b>TOTAL ASSETS</b>	<b>66,027</b>	<b>625,412</b>	<b>691,439</b>
<b>FUND BALANCE</b>			
<b>Assigned to:</b>			
Debt Service	66,027	625,412	691,439
<b>TOTAL FUND BALANCES</b>	<b>66,027</b>	<b>625,412</b>	<b>691,439</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 66,027</b>	<b>\$ 625,412</b>	<b>\$ 691,439</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>206 LTGO DEBT SERVICE</b>	<b>299 LID GUARANTY</b>	<b>TOTAL NONMAJOR DEBT SERVICE FUNDS</b>
<b>REVENUES</b>			
Investment Earnings	\$ 18,137	\$ 9,626	\$ 27,763
<b>TOTAL REVENUES</b>	<b>18,137</b>	<b>9,626</b>	<b>27,763</b>
<b>EXPENDITURES</b>			
Debt Service			
Principal	1,635,000	-	1,635,000
Interest & fiscal charges	989,710	-	989,710
<b>TOTAL EXPENDITURES</b>	<b>2,624,710</b>	<b>-</b>	<b>2,624,710</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(2,606,573)</b>	<b>9,626</b>	<b>(2,596,947)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	2,623,508	-	2,623,508
<b>Total other financing sources (uses)</b>	<b>2,623,508</b>	<b>-</b>	<b>2,623,508</b>
Net change in fund balances	16,935	9,626	26,561
Fund balances -- beginning	49,092	615,786	664,878
<b>FUND BALANCES - ENDING</b>	<b>\$ 66,027</b>	<b>\$ 625,412</b>	<b>\$ 691,439</b>

# CAPITAL PROJECT FUNDS

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

- 305**      The *Street Construction Fund* accounts for the design and construction of the City's infrastructure
  
- 310**      The *Parks Construction Fund* accounts for the design and construction of City parks, trails and recreational facilities.

**COMBINING BALANCE SHEET  
NON MAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2018**

	<b>305 Street Construction</b>	<b>310 Park Construction</b>	<b>TOTAL 2018</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash & cash equivalents	\$ 2,049,780	\$ 442,304	\$ 2,492,084
Investments	11,466,938	117,336	11,584,274
Receivables (net)	332,545	459,720	792,265
<b>TOTAL ASSETS</b>	<b>13,849,263</b>	<b>1,019,360</b>	<b>14,868,623</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued exp.	488,101	394,156	882,257
Due to other funds	-	1,403,010	1,403,010
Other Current Liabilities	3,787	24,196	27,983
<b>TOTAL LIABILITIES</b>	<b>491,888</b>	<b>1,821,362</b>	<b>2,313,250</b>
<b>FUND BALANCE</b>			
<b>Assigned:</b>			
Street Construction	13,357,375	-	13,357,375
Unassigned	-	(802,002)	(802,002)
<b>TOTAL FUND BALANCES</b>	<b>13,357,375</b>	<b>(802,002)</b>	<b>12,555,373</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,849,263</b>	<b>\$ 1,019,360</b>	<b>\$ 14,868,623</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON MAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>305 Street Construction</b>	<b>310 Parks Construction</b>	<b>TOTAL 2018</b>
<b>REVENUES:</b>			
Intergovernmental	\$ 1,921,272	\$ 497,220	\$ 2,418,492
Charges for Services	2,001,041	395,986	2,397,027
Investment Earnings	188,834	5,275	194,109
Rents & Leases	-	29,189	29,189
Miscellaneous Revenues	6,431	-	6,431
<b>TOTAL REVENUES</b>	<b>4,117,578</b>	<b>927,670</b>	<b>5,045,248</b>
<b>EXPENDITURES:</b>			
Current:			
Transportation	138,527	-	138,527
Culture & Recreation	-	1,317,534	1,317,534
Capital Outlay	4,994,961	1,451,883	6,446,844
Debt Service			
Interest	212,502	13,010	225,512
<b>TOTAL EXPENDITURES</b>	<b>5,345,990</b>	<b>2,782,427</b>	<b>8,128,417</b>
<b>EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(1,228,412)</b>	<b>(1,854,757)</b>	<b>(3,083,169)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	1,659,559	788,428	2,447,987
Transfers Out	(1,212,883)	(158,334)	(1,371,217)
Debt proceeds	11,375,000	-	11,375,000
Premium on issuance of long-term debt	838,252	-	838,252
Total other financing sources (uses)	12,659,928	630,094	13,290,022
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>12,659,928</b>	<b>630,094</b>	<b>13,290,022</b>
Net change in fund balances	11,431,516	(1,224,663)	10,206,853
Fund balances - beginning	1,925,859	422,661	2,348,520
<b>FUND BALANCES - ENDING</b>	<b>\$ 13,357,375</b>	<b>\$ (802,002)</b>	<b>\$ 12,555,373</b>

# 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, 2018**

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Fines & Forfeits	\$ 20,000	\$ 20,000	\$ 16,326	\$ 55,971	\$ 72,297	\$ 52,297
Investment Earnings	300	300	1,280	1,259	2,539	2,239
<b>TOTAL REVENUES</b>	<b>20,300</b>	<b>20,300</b>	<b>17,606</b>	<b>57,230</b>	<b>74,836</b>	<b>54,536</b>
<b>EXPENDITURES</b>						
Current:						
Public Safety	-	19,373	-	-	-	19,373
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>19,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,373</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>20,300</b>	<b>927</b>	<b>17,606</b>	<b>57,230</b>	<b>74,836</b>	<b>73,909</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	(240,000)	(278,700)	(278,659)	(1,338)	(279,997)	(1,297)
<b>Total other financing sources (uses)</b>	<b>(240,000)</b>	<b>(278,700)</b>	<b>(278,659)</b>	<b>(1,338)</b>	<b>(279,997)</b>	<b>(1,297)</b>
Net change in fund balances	(219,700)	(277,773)	(261,053)	55,892	(205,161)	72,612
Fund balances - beginning	238,555	282,976	282,976	21,923	282,976	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 18,855</b>	<b>\$ 5,203</b>	<b>\$ 21,923</b>	<b>\$ 77,815</b>	<b>\$ 77,815</b>	<b>\$ 72,612</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 104 - TRIBAL GAMING FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Investment Earnings	\$ 225	\$ 225	\$ 346	\$ 286	\$ 632	\$ 407
<b>TOTAL REVENUES</b>	<b>225</b>	<b>225</b>	<b>346</b>	<b>286</b>	<b>632</b>	<b>407</b>
<b>EXPENDITURES</b>						
Current:						
Public Safety	21,853	38,353	-	20,521	20,521	17,832
<b>TOTAL EXPENDITURES</b>	<b>21,853</b>	<b>38,353</b>	<b>-</b>	<b>20,521</b>	<b>20,521</b>	<b>17,832</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(21,628)</b>	<b>(38,128)</b>	<b>346</b>	<b>(20,235)</b>	<b>(19,889)</b>	<b>18,239</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	-	-	-	(7,307)	(7,307)	(7,307)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,307)</b>	<b>(7,307)</b>	<b>(7,307)</b>
Net change in fund balances	(21,628)	(38,128)	346	(27,542)	(27,196)	10,932
Fund balances - beginning	29,406	38,321	38,320	38,666	38,320	(1)
<b>FUND BALANCES - ENDING</b>	<b>\$ 7,778</b>	<b>\$ 193</b>	<b>\$ 38,666</b>	<b>\$ 11,124</b>	<b>\$ 11,124</b>	<b>\$ 10,931</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 105 - HOTEL/MOTEL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Taxes	\$ 180,000	\$ 180,000	\$ 97,095	\$ 95,386	\$ 192,481	\$ 12,481
Investment Earnings	700	700	931	2,127	3,058	2,358
<b>TOTAL REVENUES</b>	<b>180,700</b>	<b>180,700</b>	<b>98,026</b>	<b>97,513</b>	<b>195,539</b>	<b>14,839</b>
<b>EXPENDITURES</b>						
Current:						
Economic Environment	173,692	173,692	19,041	18,275	\$ 37,316	136,376
<b>TOTAL EXPENDITURES</b>	<b>173,692</b>	<b>173,692</b>	<b>19,041</b>	<b>18,275</b>	<b>37,316</b>	<b>136,376</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>7,008</b>	<b>7,008</b>	<b>78,985</b>	<b>79,238</b>	<b>158,223</b>	<b>151,215</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	(20,000)	(20,000)	(67,995)	(50,205)	\$ (118,200)	(98,200)
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(67,995)</b>	<b>(50,205)</b>	<b>(118,200)</b>	<b>(98,200)</b>
Net change in fund balances	(12,992)	(12,992)	10,990	29,033	40,023	53,015
Fund balances - beginning	95,455	95,455	76,983	87,973	76,983	(18,472)
<b>FUND BALANCES - ENDING</b>	<b>\$ 82,463</b>	<b>\$ 82,463</b>	<b>\$ 87,973</b>	<b>\$ 117,006</b>	<b>\$ 117,006</b>	<b>\$ 34,543</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 106 - KBCC APPRECIATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Investment Earnings	\$ 150	\$ 150	\$ 53	\$ 96	\$ 149	\$ (1)
Miscellaneous Revenues	2,400	2,400	1,305	1,152	2,457	57
<b>TOTAL REVENUES</b>	<b>2,550</b>	<b>2,550</b>	<b>1,358</b>	<b>1,248</b>	<b>2,606</b>	<b>56</b>
<b>EXPENDITURES</b>						
Current:						
Culture & Recreation	5,344	5,344	2,014	759	2,773	2,571
<b>TOTAL EXPENDITURES</b>	<b>5,344</b>	<b>5,344</b>	<b>2,014</b>	<b>759</b>	<b>2,773</b>	<b>2,571</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(2,794)</b>	<b>(2,794)</b>	<b>(656)</b>	<b>489</b>	<b>(167)</b>	<b>2,627</b>
Net change in fund balances	(2,794)	(2,794)	(656)	489	(167)	2,627
Fund balances - beginning	6,394	6,394	6,436	5,780	6,436	42
<b>FUND BALANCES - ENDING</b>	<b>\$ 3,600</b>	<b>\$ 3,600</b>	<b>\$ 5,780</b>	<b>\$ 6,269</b>	<b>\$ 6,269</b>	<b>\$ 2,669</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 108 - I/NET FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Taxes	\$ 236,000	\$ 236,000	\$ 118,682	\$ 113,697	\$ 232,379	\$ (3,621)
Investment Earnings	2,000	2,000	3,181	6,403	9,584	7,584
<b>TOTAL REVENUES</b>	<b>238,000</b>	<b>238,000</b>	<b>121,863</b>	<b>120,100</b>	<b>241,963</b>	<b>3,963</b>
<b>EXPENDITURES</b>						
Current:						
General Government	246,607	246,607	68,649	62,544	131,193	115,414
<b>TOTAL EXPENDITURES</b>	<b>246,607</b>	<b>246,607</b>	<b>68,649</b>	<b>62,544</b>	<b>131,193</b>	<b>115,414</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(8,607)</b>	<b>(8,607)</b>	<b>53,214</b>	<b>57,556</b>	<b>110,770</b>	<b>119,377</b>
Net change in fund balances	(8,607)	(8,607)	53,214	57,556	110,770	119,377
Fund balances - beginning	311,370	311,370	312,121	365,335	312,121	751
<b>FUND BALANCES - ENDING</b>	<b>\$ 302,763</b>	<b>\$ 302,763</b>	<b>\$ 365,335</b>	<b>\$ 422,891</b>	<b>\$ 422,891</b>	<b>\$ 120,128</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 109 - CDBG FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Intergovernmental	\$ 700,000	\$1,200,000	\$ 516,615	\$ 430,752	\$ 947,367	\$ (252,633)
<b>TOTAL REVENUES</b>	<b>700,000</b>	<b>1,200,000</b>	<b>516,615</b>	<b>430,752</b>	<b>947,367</b>	<b>(252,633)</b>
<b>EXPENDITURES</b>						
Current:						
Economic Environment	512,800	1,012,800	141,124	208,792	349,916	662,884
<b>TOTAL EXPENDITURES</b>	<b>512,800</b>	<b>1,012,800</b>	<b>141,124</b>	<b>208,792</b>	<b>349,916</b>	<b>662,884</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>187,200</b>	<b>187,200</b>	<b>375,491</b>	<b>221,960</b>	<b>597,451</b>	<b>410,251</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	(187,200)	(187,200)	(375,491)	(221,960)	(597,451)	(410,251)
<b>Total other financing sources (uses)</b>	<b>(187,200)</b>	<b>(187,200)</b>	<b>(375,491)</b>	<b>(221,960)</b>	<b>(597,451)</b>	<b>(410,251)</b>
Net change in fund balances	-	-	-	-	-	-
Fund balances - beginning	-	-	-	-	-	-
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 110- GMA REET I FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,513,468	\$ 1,681,013	\$ 3,194,481	\$ 1,594,481
Investment Earnings	1,000	1,000	7,102	24,965	32,067	31,067
<b>TOTAL REVENUES</b>	<b>1,601,000</b>	<b>1,601,000</b>	<b>1,520,570</b>	<b>1,705,978</b>	<b>3,226,548</b>	<b>1,625,548</b>
<b>EXPENDITURES</b>						
Debt Service						
Principal	155,385	155,385	76,017	79,368	155,385	-
Interest	20,090	20,090	11,945	8,145	20,090	-
<b>TOTAL EXPENDITURES</b>	<b>175,475</b>	<b>175,475</b>	<b>87,962</b>	<b>87,513</b>	<b>175,475</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>1,425,525</b>	<b>1,425,525</b>	<b>1,432,608</b>	<b>1,618,465</b>	<b>3,051,073</b>	<b>1,625,548</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	(1,700,000)	(1,700,000)	(1,050,000)	(650,000)	(1,700,000)	-
<b>Total other financing sources (uses)</b>	<b>(1,700,000)</b>	<b>(1,700,000)</b>	<b>(1,050,000)</b>	<b>(650,000)</b>	<b>(1,700,000)</b>	<b>-</b>
Net change in fund balances	(274,475)	(274,475)	382,608	968,465	1,351,073	1,625,548
Fund balances - beginning	319,271	319,271	634,087	1,016,695	634,087	314,816
<b>FUND BALANCES - ENDING</b>	<b>\$ 44,796</b>	<b>\$ 44,796</b>	<b>\$ 1,016,695</b>	<b>\$ 1,985,160</b>	<b>\$ 1,985,160</b>	<b>\$ 1,940,364</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 111- GMA REET II FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,513,467	\$ 1,681,013	\$ 3,194,480	\$ 1,594,480
Investment Earnings	2,500	2,500	6,165	23,706	29,871	27,371
<b>TOTAL REVENUES</b>	<b>1,602,500</b>	<b>1,602,500</b>	<b>1,519,632</b>	<b>1,704,719</b>	<b>3,224,351</b>	<b>1,621,851</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	1,602,500	1,602,500	1,519,632	1,704,719	3,224,351	1,621,851
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	(1,850,000)	(1,850,000)	(1,200,000)	(650,000)	(1,850,000)	-
<b>Total other financing sources (uses)</b>	<b>(1,850,000)</b>	<b>(1,850,000)</b>	<b>(1,200,000)</b>	<b>(650,000)</b>	<b>(1,850,000)</b>	<b>-</b>
Net change in fund balances	(247,500)	(247,500)	319,632	1,054,719	1,374,351	1,621,851
Fund balances - beginning	289,634	289,634	603,080	922,712	603,080	313,446
<b>FUND BALANCES - ENDING</b>	<b>\$ 42,134</b>	<b>\$ 42,134</b>	<b>\$ 922,712</b>	<b>\$ 1,977,431</b>	<b>\$ 1,977,431</b>	<b>\$ 1,935,297</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 114 - TRANSPORTATION BENEFIT DISTRICT  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Taxes	\$ 3,980,000	\$ 4,507,670	\$ 2,250,113	\$ 2,489,976	\$ 4,740,089	\$ 232,419
Investment Earnings	6,000	6,000	16,756	34,843	51,599	45,599
<b>TOTAL REVENUES</b>	<b>3,986,000</b>	<b>4,513,670</b>	<b>2,266,869</b>	<b>2,524,819</b>	<b>4,791,688</b>	<b>278,018</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	3,986,000	4,513,670	2,266,869	2,524,819	4,791,688	278,018
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out	(3,147,000)	(4,747,000)	(2,365,839)	(2,176,514)	(4,542,353)	204,647
<b>Total other financing sources (uses)</b>	<b>(3,147,000)</b>	<b>(4,747,000)</b>	<b>(2,365,839)</b>	<b>(2,176,514)</b>	<b>(4,542,353)</b>	<b>204,647</b>
Net change in fund balances	839,000	(233,330)	(98,970)	348,305	249,335	482,665
Fund balances - beginning	1,169,744	1,169,744	1,177,304	1,078,334	1,177,304	7,560
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,008,744</b>	<b>\$ 936,414</b>	<b>\$ 1,078,334</b>	<b>\$ 1,426,639</b>	<b>\$ 1,426,639</b>	<b>\$ 490,225</b>

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 206 - LTGO DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Investment Earnings	\$ 6,000	\$ 6,000	\$ 8,707	\$ 18,137	\$ 26,844	\$ 20,844
<b>TOTAL REVENUES</b>	<b>6,000</b>	<b>6,000</b>	<b>8,707</b>	<b>18,137</b>	<b>26,844</b>	<b>20,844</b>
<b>EXPENDITURES</b>						
Current						
Debt Service:						
Principal	3,630,000	3,630,000	1,330,000	1,635,000	2,965,000	665,000
Interest & fiscal charges	1,652,250	1,652,250	851,601	989,710	1,841,311	(189,061)
<b>TOTAL EXPENDITURES</b>	<b>5,282,250</b>	<b>5,282,250</b>	<b>2,181,601</b>	<b>2,624,710</b>	<b>4,806,311</b>	<b>475,939</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,276,250)</b>	<b>(5,276,250)</b>	<b>(2,172,894)</b>	<b>(2,606,573)</b>	<b>(4,779,467)</b>	<b>496,783</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	5,280,550	5,280,550	2,180,385	2,623,508	4,803,893	(476,657)
Total other financing sources (uses)	<b>5,280,550</b>	<b>5,280,550</b>	<b>2,180,385</b>	<b>2,623,508</b>	<b>4,803,893</b>	<b>(476,657)</b>
Net Change in fund balance	4,300	4,300	7,491	16,935	24,426	20,126
Fund balances - beginning	30,786	30,786	41,601	49,092	49,092	18,306
<b>FUND BALANCES - ENDING</b>	<b>\$ 35,086</b>	<b>\$ 35,086</b>	<b>\$ 49,092</b>	<b>\$ 66,027</b>	<b>\$ 73,518</b>	<b>\$ 38,432</b>

SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 271 - LID 71 FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>						
Investment Earnings	\$ 451,606	\$ 451,606	\$ 214,666	\$ 255,199	\$ 469,865	\$ 18,259
Special Assessments	334,000	552,600	302,209	541,350	843,559	290,959
<b>TOTAL REVENUES</b>	<b>785,606</b>	<b>1,004,206</b>	<b>516,875</b>	<b>796,549</b>	<b>1,313,424</b>	<b>309,218</b>
<b>EXPENDITURES</b>						
Current						
Debt Service:						
Principal	470,000	688,600	330,000	330,000	660,000	28,600
Interest & fiscal charges	353,670	353,670	175,030	163,774	338,804	14,866
<b>TOTAL EXPENDITURES</b>	<b>823,670</b>	<b>1,042,270</b>	<b>505,030</b>	<b>493,774</b>	<b>998,804</b>	<b>43,466</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(38,064)	(38,064)	11,845	302,775	314,620	352,684
Net Change in fund balance	(38,064)	(38,064)	11,845	302,775	314,620	352,684
Fund balances - beginning	67,421	67,421	124,195	136,040	124,195	56,774
<b>FUND BALANCES - ENDING</b>	<b>\$ 29,357</b>	<b>\$ 29,357</b>	<b>\$ 136,040</b>	<b>\$ 438,815</b>	<b>\$ 438,815</b>	<b>\$ 409,458</b>

SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 305 - STREET CONSTRUCTION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>						
Intergovernmental	\$ 4,338,500	\$ 4,338,500	\$ 814,042	\$ 1,921,272	\$ 2,735,314	\$ (1,603,186)
Charges for Services	2,040,000	2,040,000	1,836,179	2,001,041	3,837,220	1,797,220
Investment Earnings	10,000	10,000	10,969	188,834	199,803	189,803
Rents & Leases	-	-	4,346	-	4,346	4,346
Miscellaneous Revenues	-	-	32,600	6,431	39,031	39,031
<b>TOTAL REVENUES</b>	<b>6,388,500</b>	<b>6,388,500</b>	<b>2,698,136</b>	<b>4,117,578</b>	<b>6,815,714</b>	<b>427,214</b>
<b>EXPENDITURES:</b>						
Current						
Transportation	-	-	712,029	138,527	850,556	(850,556)
Capital Outlay	22,807,000	22,807,000	3,105,456	4,994,961	8,100,417	14,706,583
Debt Service						
Interest & fiscal charges	-	-	-	212,502	212,502	(212,502)
<b>TOTAL EXPENDITURES</b>	<b>22,807,000</b>	<b>22,807,000</b>	<b>3,817,485</b>	<b>5,345,990</b>	<b>9,163,475</b>	<b>13,643,525</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(16,418,500)</b>	<b>(16,418,500)</b>	<b>(1,119,349)</b>	<b>(1,228,412)</b>	<b>(2,347,761)</b>	<b>14,070,739</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	3,997,000	3,997,000	2,973,222	1,659,559	4,632,781	635,781
Transfers (Out)	(1,824,500)	(1,824,500)	(799,900)	(1,212,883)	(2,012,783)	(188,283)
Debt proceeds	10,933,231	10,933,231	-	11,375,000	11,375,000	441,769
Premium on issuance of long-term debt	-	-	-	838,252	838,252	838,252
<b>Total other financing sources (uses)</b>	<b>13,105,731</b>	<b>13,105,731</b>	<b>2,173,322</b>	<b>12,659,928</b>	<b>14,833,250</b>	<b>1,727,519</b>
Net change in fund balances	(3,312,769)	(3,312,769)	1,053,973	11,431,516	12,485,489	15,798,258
Fund balances - beginning	3,312,769	3,312,769	871,886	1,925,859	871,886	(2,440,883)
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,925,859</b>	<b>\$ 13,357,375</b>	<b>\$ 13,357,375</b>	<b>\$ 13,357,375</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 310 - PARK CONSTRUCTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2017 ACTUAL	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>						
Intergovernmental	-	-	116,718	497,220	613,938	613,938
Charges for Services	420,000	420,000	584,869	395,986	980,855	560,855
Investment Earnings	-	-	1,824	5,275	7,099	7,099
Rents & Leases	58,000	58,000	29,282	29,189	58,471	471
<b>TOTAL REVENUES</b>	<b>478,000</b>	<b>478,000</b>	<b>732,693</b>	<b>927,670</b>	<b>1,660,363</b>	<b>1,182,363</b>
<b>EXPENDITURES:</b>						
Culture & Recreation	3,336,220	4,336,220	450,161	1,317,534	1,767,695	2,568,525
Capital Outlay	-	-	-	1,451,883	1,451,883	(1,451,883)
Debt Service						
Interest	-	-	-	13,010	13,010	(13,010)
<b>TOTAL EXPENDITURES</b>	<b>3,336,220</b>	<b>4,336,220</b>	<b>450,161</b>	<b>2,782,427</b>	<b>3,232,588</b>	<b>1,103,632</b>
<b>EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(2,858,220)</b>	<b>(3,858,220)</b>	<b>282,532</b>	<b>(1,854,757)</b>	<b>(1,572,225)</b>	<b>2,285,995</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	3,091,220	4,091,220	203,281	788,428	991,709	(3,099,511)
Transfers (Out)	(255,519)	(255,519)	(97,185)	(158,334)	(255,519)	-
<b>Total other financing sources (uses)</b>	<b>2,835,701</b>	<b>3,835,701</b>	<b>106,096</b>	<b>630,094</b>	<b>736,190</b>	<b>(3,099,511)</b>
Net change in fund balances	(22,519)	(22,519)	388,628	(1,224,663)	(836,035)	(813,516)
Fund balances - beginning	267,723	267,723	34,033	422,661	34,033	(233,690)
<b>FUND BALANCES - ENDING</b>	<b>\$ 245,204</b>	<b>\$ 245,204</b>	<b>\$ 422,661</b>	<b>\$ (802,002)</b>	<b>\$ (802,002)</b>	<b>\$ (1,047,206)</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 314 - GENERAL CAPITAL IMPROVEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ORIGINAL BUDGET 2017-2018	FINAL BUDGET 2017-2018	2018 ACTUAL	ACTUAL 2017-2018 BIENNIUM	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>					
Investment Earnings	-	-	133,642	133,642	133,642
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>133,642</b>	<b>133,642</b>	<b>133,642</b>
<b>EXPENDITURES:</b>					
Current					
General Government	-	-	130,196	130,196	(130,196)
Capital Outlay	-	3,522,737	3,228,529	3,228,529	294,208
Debt Service					
Interest	-	332,061	327,850	327,850	4,211
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>3,854,798</b>	<b>3,686,575</b>	<b>3,686,575</b>	<b>168,223</b>
<b>EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(3,854,798)</b>	<b>(3,552,933)</b>	<b>(3,552,933)</b>	<b>301,865</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	502,132	502,132	502,132
Debt Proceeds	-	35,831,801	31,280,000	31,280,000	(4,551,801)
Premium on issuance of long-term debt	-	-	4,551,801	4,551,801	4,551,801
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>35,831,801</b>	<b>36,333,933</b>	<b>36,333,933</b>	<b>502,132</b>
Net change in fund balances	-	31,977,003	32,781,000	32,781,000	803,997
Fund balances - beginning	-	-	-	-	-
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ 31,977,003</b>	<b>\$ 32,781,000</b>	<b>\$ 32,781,000</b>	<b>\$ 803,997</b>

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, 2018**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 331,769	\$ 72,106	\$ 107,338	\$ 511,213
Investments	520,641	91,054	95,050	706,745
Receivables (net)	-	-	16,578	16,578
Inventories	193,444	-	-	193,444
Total Current Assets	<u>1,045,854</u>	<u>163,160</u>	<u>218,966</u>	<u>1,427,980</u>
<b>NONCURRENT ASSETS</b>				
Depreciable assets (net)	9,003,822	-	-	9,003,822
Total Noncurrent Assets	<u>9,003,822</u>	<u>-</u>	<u>-</u>	<u>9,003,822</u>
<b>TOTAL ASSETS</b>	<b>\$ 10,049,676</b>	<b>\$ 163,160</b>	<b>\$ 218,966</b>	<b>\$ 10,431,802</b>
Deferred Outflow of resources:				
Pension	27,428	11,211	33,359	71,998
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>27,428</b>	<b>11,211</b>	<b>33,359</b>	<b>71,998</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW</b>	<b>\$ 10,077,104</b>	<b>\$ 174,371</b>	<b>\$ 252,325</b>	<b>\$ 10,503,800</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued exp.	\$ 109,516	\$ 33,116	\$ 65,594	\$ 208,226
Compensated absences	18,583	9,156	23,384	51,123
Total Current Liabilities	<u>128,099</u>	<u>42,272</u>	<u>88,978</u>	<u>259,349</u>
<b>NONCURRENT LIABILITIES:</b>				
Net Pension Liability	67,032	27,788	82,090	176,910
Compensated absences	18,582	9,155	23,384	51,121
Total Noncurrent Liabilities	<u>85,614</u>	<u>36,943</u>	<u>105,474</u>	<u>228,031</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 213,713</b>	<b>\$ 79,215</b>	<b>\$ 194,452</b>	<b>\$ 487,380</b>
Deferred Inflow of resources:				
Pension	75,609	31,235	92,426	199,270
<b>TOTAL DEFERRED INFLOWS</b>	<b>75,609</b>	<b>31,235</b>	<b>92,426</b>	<b>199,270</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOW</b>	<b>\$ 289,322</b>	<b>\$ 110,450</b>	<b>\$ 286,878</b>	<b>\$ 686,650</b>
<b>NET POSITION</b>				
Net investment in capital assets	9,003,822	-	-	9,003,822
Unrestricted	783,960	63,921	(34,553)	813,328
<b>TOTAL NET POSITION</b>	<b>\$ 9,787,782</b>	<b>\$ 63,921</b>	<b>\$ (34,553)</b>	<b>\$ 9,817,150</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>501 FLEET MAINTENANCE</b>	<b>502 FACILITIES MAINTENANCE</b>	<b>503 INFORMATION SERVICES</b>	<b>TOTAL INTERNAL SERVICE FUNDS</b>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,521,088	\$ 624,445	\$ 1,166,787	\$ 4,312,320
<b>Total operating revenues</b>	<b>2,521,088</b>	<b>624,445</b>	<b>1,166,787</b>	<b>4,312,320</b>
<b>OPERATING EXPENSES:</b>				
Maintenance & operations	1,099,384	600,620	1,188,200	2,888,204
Depreciation	1,030,788	-	-	1,030,788
<b>Total operating expenses</b>	<b>2,130,172</b>	<b>600,620</b>	<b>1,188,200</b>	<b>3,918,992</b>
Operating income (loss)	390,916	23,825	(21,413)	393,328
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	11,621	2,242	3,338	17,201
Gain (loss) on disposition of assets	(10,543)	-	-	(10,543)
<b>Total nonoperating revenues (expenses)</b>	<b>1,078</b>	<b>2,242</b>	<b>3,338</b>	<b>6,658</b>
Income (Loss) Before Transfers	391,994	26,067	(18,075)	399,986
Transfers in	252,542	-	43,316	295,858
	252,542	-	43,316	295,858
<b>CHANGE IN NET POSITION</b>	<b>644,536</b>	<b>26,067</b>	<b>25,241</b>	<b>695,844</b>
NET POSITION-BEGINNING	9,143,246	37,854	(59,794)	9,121,306
<b>NET POSITION-ENDING</b>	<b>\$ 9,787,782</b>	<b>\$ 63,921</b>	<b>\$ (34,553)</b>	<b>\$ 9,817,150</b>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>Cash Flows From Operating Activities:</b>				
Cash received from interfund charges	\$ 2,521,089	\$ 624,445	\$ 1,166,787	\$ 4,312,321
Cash paid to suppliers for goods and services	(546,803)	(326,684)	(489,724)	(1,363,211)
Cash paid to employees for services	(638,076)	(287,444)	(738,049)	(1,663,569)
<b>Net cash provided by operating activities</b>	<b>\$ 1,336,210</b>	<b>\$ 10,317</b>	<b>\$ (60,986)</b>	<b>\$ 1,285,541</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfers from other funds	252,542	-	43,316	295,858
<b>Net cash used for noncapital financing activities</b>	<b>\$ 252,542</b>	<b>\$ -</b>	<b>\$ 43,316</b>	<b>\$ 295,858</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition/Construction-capital	(1,383,966)	-	-	(1,383,966)
<b>Net Cash From Capital and Related Financing Activities</b>	<b>\$ (1,383,966)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,383,966)</b>
<b>Cash Flows From Investing Activities:</b>				
Purchase of Investments	(163,192)	(9,450)	-	(172,642)
Proceeds from Sale of Investments	-	-	20,480	20,480
Interest on Investments	11,622	2,242	3,338	17,202
<b>Net Cash From Investing Activities</b>	<b>\$ (151,570)</b>	<b>\$ (7,208)</b>	<b>\$ 23,818</b>	<b>\$ (134,960)</b>
Net Increase (Decrease) in Cash & Equivalents	53,216	3,109	6,148	62,473
Cash and Equivalents January 1, 2018	278,553	68,997	101,190	448,740
<b>Cash and Cash Equivalents, December 31</b>	<b>\$ 331,769</b>	<b>\$ 72,106</b>	<b>\$ 107,338</b>	<b>\$ 511,213</b>
Unrestricted cash and cash equivalents	331,769	72,106	107,338	511,213
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 331,769</b>	<b>\$ 72,106</b>	<b>\$ 107,338</b>	<b>\$ 511,213</b>

**STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 390,916	\$ 23,825	\$ (21,413)	\$ 393,328
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	1,030,789	-	-	1,030,789
Changes in Assets and Liabilities:				
(Increase)/Decrease in Inventories	(20,394)	-	-	(20,394)
(Increase)/Decrease in Receivables	-	-	(16,578)	(16,578)
Increase/(Decrease) in Accounts Payable	(19,921)	(270)	23,406	3,215
Increase/(Decrease) in Net Pension Expense Contra	(45,180)	(13,238)	(46,401)	(104,819)
TOTAL ADJUSTMENTS	945,294	(13,508)	(39,573)	892,213
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,336,210</b>	<b>\$ 10,317</b>	<b>\$ (60,986)</b>	<b>\$ 1,285,541</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Gain (losses) on sale of capital asset (NBV)	(10,543)	-	-	(10,543)
<b>TOTAL NON-CASH ACTIVITIES</b>	<b>\$ (10,543)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,543)</b>

# 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.

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE January 1, 2018	ADDITIONS	DEDUCTIONS	BALANCE December 31, 2018
<b>FUND 632 - PAYROLL CLEARING</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	26,533	-	26,533	-
<b>TOTAL ASSETS</b>	<b>\$ 26,533</b>	<b>\$ -</b>	<b>\$ 26,533</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts Payable	26,533	-	26,533	-
<b>TOTAL LIABILITIES</b>	<b>\$ 26,533</b>	<b>\$ -</b>	<b>\$ 26,533</b>	<b>\$ -</b>
<b>FUND 642 - SCHOOL MITIGATION</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	90,759	986,621	773,508	303,872
<b>TOTAL ASSETS</b>	<b>\$ 90,759</b>	<b>\$ 986,621</b>	<b>\$ 773,508</b>	<b>\$ 303,872</b>
<b>LIABILITIES</b>				
Accounts Payable	58,111	95,424	58,111	95,424
Custodial Accounts	32,648	891,197	715,397	208,448
<b>TOTAL LIABILITIES</b>	<b>\$ 90,759</b>	<b>\$ 986,621</b>	<b>\$ 773,508</b>	<b>\$ 303,872</b>
<b>FUND 643 - DRUG SEIZURE</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	21,552	55,031	57,776	18,807
<b>TOTAL ASSETS</b>	<b>\$ 21,552</b>	<b>\$ 55,031</b>	<b>\$ 57,776</b>	<b>\$ 18,807</b>
<b>LIABILITIES</b>				
Accounts Payable	68	6,313	5,815	566
Custodial Accounts	21,484	53,615	56,858	18,241
<b>TOTAL LIABILITIES</b>	<b>\$ 21,552</b>	<b>\$ 59,928</b>	<b>\$ 62,673</b>	<b>\$ 18,807</b>
<b>FUND 644 - FLEX ACCOUNT</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	12,436	14,196	12,436	14,196
<b>TOTAL ASSETS</b>	<b>\$ 12,436</b>	<b>\$ 14,196</b>	<b>\$ 12,436</b>	<b>\$ 14,196</b>
<b>LIABILITIES</b>				
Custodial Accounts	12,436	14,196	12,436	14,196
<b>TOTAL LIABILITIES</b>	<b>\$ 12,436</b>	<b>\$ 14,196</b>	<b>\$ 12,436</b>	<b>\$ 14,196</b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	151,280	1,055,848	870,253	336,875
<b>TOTAL ASSETS</b>	<b>\$ 151,280</b>	<b>\$ 1,055,848</b>	<b>\$ 870,253</b>	<b>\$ 336,875</b>
<b>LIABILITIES</b>				
Accounts Payable	84,712	101,737	90,459	95,990
Custodial Accounts	66,568	959,008	784,691	240,885
<b>TOTAL LIABILITIES</b>	<b>\$ 151,280</b>	<b>\$ 1,060,745</b>	<b>\$ 875,150</b>	<b>\$ 336,875</b>

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# 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.

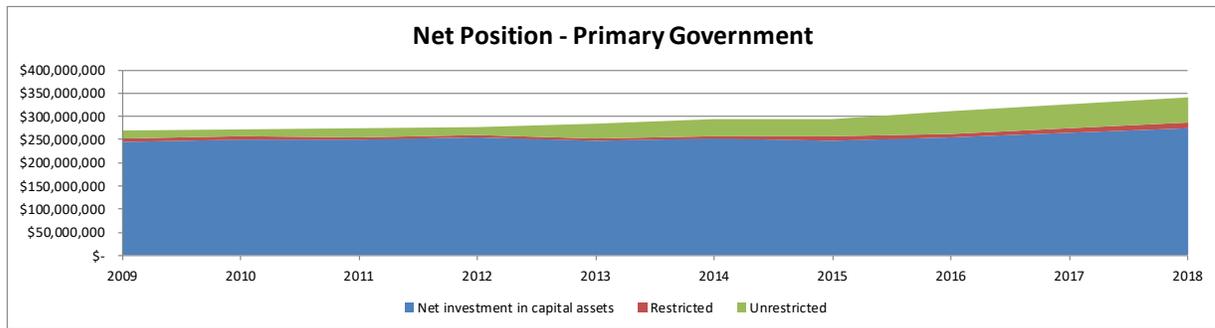
**Sources:** Unless otherwise noted, the information in the schedules is derived from the annual financial reports for the relevant year. The City implemented GASB statement 34 in 2005; schedules presenting government-wide information include information beginning in that year.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 132,178,004	\$ 137,097,566	\$ 141,419,590	\$ 148,249,723	\$ 141,355,210	\$ 137,368,413	\$ 140,810,400	\$ 144,212,253	\$ 148,708,065	\$ 155,816,528
Restricted	2,108,687	2,049,006	68,026	69,854	77,059	989,700	3,839,953	2,262,992	4,308,231	6,056,413
Unrestricted	5,019,228	4,612,175	4,025,630	(2,640,846)	8,362,436	16,024,164	10,317,772	24,363,378	24,780,759	25,686,947
<b>Total governmental activities net position</b>	<b>\$ 139,305,919</b>	<b>\$ 143,758,747</b>	<b>\$ 145,513,246</b>	<b>\$ 145,678,731</b>	<b>\$ 149,794,705</b>	<b>\$ 154,382,277</b>	<b>\$ 154,968,125</b>	<b>\$ 170,838,623</b>	<b>\$ 177,797,055</b>	<b>\$ 187,559,888</b>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 113,461,572	\$ 111,913,370	\$ 108,202,336	\$ 106,815,932	\$ 106,095,062	\$ 114,086,816	\$ 106,818,354	\$ 110,531,409	\$ 116,082,683	\$ 119,473,225
Restricted	4,564,552	5,471,235	5,513,903	5,529,858	5,544,027	4,550,455	5,526,424	5,547,716	5,538,711	5,518,347
Unrestricted	12,146,285	10,454,168	14,986,203	19,012,887	22,831,308	20,292,994	26,927,156	23,714,131	25,889,043	29,765,261
<b>Total business-type activities net position</b>	<b>\$ 130,172,409</b>	<b>\$ 127,838,773</b>	<b>\$ 128,702,442</b>	<b>\$ 131,358,677</b>	<b>\$ 134,470,397</b>	<b>\$ 138,930,265</b>	<b>\$ 139,271,934</b>	<b>\$ 139,793,256</b>	<b>\$ 147,510,437</b>	<b>\$ 154,756,833</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 245,639,576	\$ 249,010,936	\$ 249,621,926	\$ 255,065,655	\$ 247,450,272	\$ 251,455,229	\$ 247,628,754	\$ 254,743,662	\$ 264,790,748	\$ 275,289,753
Restricted	6,673,239	7,520,241	5,581,929	5,599,712	5,621,086	5,540,155	9,366,377	7,810,708	9,846,942	11,574,760
Unrestricted	17,165,513	15,066,343	19,011,833	16,372,041	31,193,744	36,317,158	37,244,928	48,077,509	50,669,802	55,452,208
<b>Total primary government net position</b>	<b>\$ 269,478,328</b>	<b>\$ 271,597,520</b>	<b>\$ 274,215,688</b>	<b>\$ 277,037,408</b>	<b>\$ 284,265,102</b>	<b>\$ 293,312,542</b>	<b>\$ 294,240,059</b>	<b>\$ 310,631,879</b>	<b>\$ 325,307,492</b>	<b>\$ 342,316,721</b>



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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXPENSES</b>										
<b>Governmental activities</b>										
Judicial	\$ 1,740,587	\$ 1,577,202	\$ 1,285,070	\$ 1,361,713	\$ 1,297,685	\$ 1,369,450	\$ 1,350,483	\$ 1,494,861	\$ 1,409,968	\$ 1,372,830
General Government	2,358,743	2,251,876	2,136,271	1,948,738	3,116,991	3,586,931	5,507,340	3,603,151	3,833,055	4,310,306
Public Safety	20,348,972	21,588,815	23,680,935	23,179,163	23,130,412	25,154,574	25,654,989	27,246,035	29,378,604	29,615,366
Physical Environment	1,297,066	1,130,427	1,052,902	984,599	1,083,953	1,013,456	1,076,714	1,224,366	1,630,297	1,838,623
Transportation	3,845,674	3,935,772	5,748,898	8,200,060	5,379,629	6,448,078	8,420,679	7,944,384	8,678,946	8,692,781
Economic Environment	2,410,303	2,068,799	1,677,323	1,831,180	1,904,920	2,135,367	2,256,138	2,543,445	1,985,412	2,299,217
Health	10,987	12,371	14,454	15,784	27,342	33,371	40,693	23,594	12,811	70,863
Culture & Recreation	2,688,232	2,554,646	2,370,314	2,370,633	2,479,042	3,165,436	3,160,313	3,840,971	3,377,268	4,369,074
Interest on Long-term Debt	792,399	732,408	867,578	909,150	898,610	1,453,855	1,224,025	1,288,998	1,038,576	2,039,290
<b>Total governmental activities expenses</b>	<b>35,492,963</b>	<b>35,852,316</b>	<b>38,833,745</b>	<b>40,801,020</b>	<b>39,318,584</b>	<b>44,360,518</b>	<b>48,691,374</b>	<b>49,209,805</b>	<b>51,344,937</b>	<b>54,608,350</b>
<b>Business-type activities</b>										
Water/Sewer/Surface Water	20,914,243	21,678,568	20,367,834	21,096,110	23,324,404	21,911,544	23,038,255	28,221,547	26,040,860	27,960,076
Solid Waste	3,862,350	4,050,841	4,054,792	4,386,858	4,492,323	5,338,501	5,351,900	5,491,363	6,917,507	7,201,464
Golf	1,559,074	1,653,228	1,166,763	1,138,670	1,090,135	1,050,097	1,195,081	1,135,229	1,216,084	1,119,339
<b>Total business-type activities</b>	<b>26,335,667</b>	<b>27,382,637</b>	<b>25,589,389</b>	<b>26,621,638</b>	<b>28,906,862</b>	<b>28,300,142</b>	<b>29,585,236</b>	<b>34,848,139</b>	<b>34,174,451</b>	<b>36,280,879</b>
<b>Total primary government expenses</b>	<b>\$ 61,828,630</b>	<b>\$ 63,234,953</b>	<b>\$ 64,423,134</b>	<b>\$ 67,422,658</b>	<b>\$ 68,225,446</b>	<b>\$ 72,660,660</b>	<b>\$ 78,276,610</b>	<b>\$ 84,057,944</b>	<b>\$ 85,519,388</b>	<b>\$ 90,889,229</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental activities</b>										
Charges for Services:										
Judicial (Note 1)	3,363,105	(195,862)	902,524	868,678	620,473	729,959	746,871	631,591	762,199	934,320
General Government	1,219,743	1,767,303	1,313,095	1,453,997	2,282,519	4,198,818	3,763,483	3,113,252	3,589,885	3,744,627
Public Safety	1,577,840	1,076,410	1,015,553	918,100	816,528	999,881	1,103,582	859,651	1,027,128	1,042,593
Physical Environment	3,250	250	1,250	1,000	750	750	3,134	1,500	1,000	1,250
Transportation	521,989	360,984	1,345,480	981,799	814,950	660,549	1,138,282	948,281	1,978,549	2,114,883
Economic Environment	1,432,550	1,749,282	1,596,674	1,632,994	2,173,887	2,100,299	1,720,524	2,031,443	1,779,045	2,231,919
Culture & Recreation	377,344	418,492	428,820	395,835	358,802	349,518	353,895	570,426	1,000,414	829,319
Operating grants and contributions	4,613,034	5,835,075	1,748,346	1,661,264	1,894,736	3,053,117	5,958,337	3,026,528	3,676,058	5,514,467
Capital grants and contributions	71,335	407,110	(2,464)	-	-	50,000	273,403	-	13,728	-
<b>Total governmental activities program revenues</b>	<b>13,180,190</b>	<b>11,419,044</b>	<b>8,349,278</b>	<b>7,913,667</b>	<b>8,962,645</b>	<b>12,142,891</b>	<b>15,061,511</b>	<b>11,182,672</b>	<b>13,828,006</b>	<b>16,413,378</b>
<b>Business-type activities:</b>										
Charges for Services:										
Water/Sewer/Surface Water (Note 2)	21,077,873	22,730,907	22,560,781	24,313,325	25,882,491	26,768,139	30,258,766	30,665,035	33,547,693	32,712,894
Solid Waste	4,405,596	4,815,910	5,329,957	6,051,999	6,232,260	6,866,097	7,037,150	7,269,832	7,520,347	7,624,583
Golf	1,181,955	1,126,323	970,658	955,819	957,912	895,476	1,063,146	1,093,665	978,258	1,139,732
Operating grants and contributions	-	-	-	-	1,017,696	233,663	70,494	20,876	45,793	-
Capital grants and contributions	2,929,060	134,792	325,693	679,599	406,274	1,560,763	771,052	766,209	662,206	2,959,173
<b>Total business-type activities program revenues</b>	<b>29,594,484</b>	<b>28,807,932</b>	<b>29,187,089</b>	<b>32,000,742</b>	<b>34,496,633</b>	<b>36,324,138</b>	<b>39,200,608</b>	<b>39,815,617</b>	<b>42,754,297</b>	<b>44,436,382</b>
<b>Total primary government program revenues</b>	<b>\$ 42,774,674</b>	<b>\$ 40,226,976</b>	<b>\$ 37,536,367</b>	<b>\$ 39,914,409</b>	<b>\$ 43,459,278</b>	<b>\$ 48,467,029</b>	<b>\$ 54,262,119</b>	<b>\$ 50,998,289</b>	<b>\$ 56,582,303</b>	<b>\$ 60,849,760</b>

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.

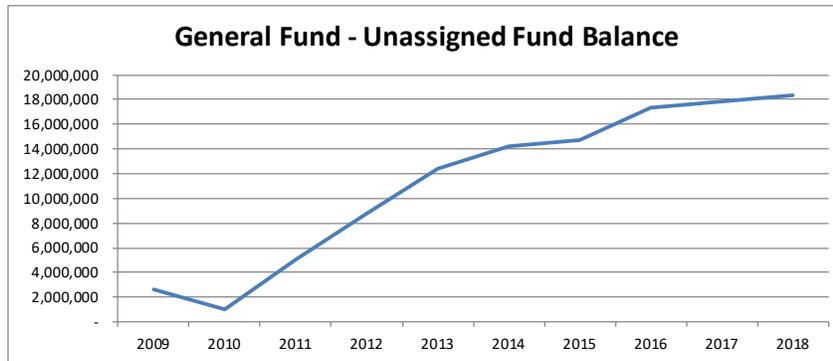
Note 2 – Increase between 2008 and 2009 due to a change in the way the funds are being consolidated for reporting purposes.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (22,312,773)	\$ (24,433,272)	\$ (30,484,467)	\$ (32,887,353)	\$ (30,355,939)	\$ (32,217,627)	\$ (33,629,863)	\$ (38,027,133)	\$ (37,516,931)	\$ (38,194,972)
Business-type activities	3,258,817	1,425,295	3,597,700	5,379,104	5,589,771	8,023,996	9,615,372	4,967,478	8,579,846	8,155,503
<b>Total primary government net expense</b>	<b>(19,053,956)</b>	<b>(23,007,977)</b>	<b>(26,886,767)</b>	<b>(27,508,249)</b>	<b>(24,766,168)</b>	<b>(24,193,631)</b>	<b>(24,014,491)</b>	<b>(33,059,655)</b>	<b>(28,937,085)</b>	<b>(30,039,469)</b>
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET POSITION</b>										
<b>Governmental activities:</b>										
Taxes										
Property	10,178,672	11,496,517	13,208,185	15,304,643	15,423,843	16,146,732	15,728,430	15,915,807	16,432,004	17,540,346
Sales	7,710,983	7,028,575	7,390,973	8,422,733	8,811,666	10,969,729	13,696,505	14,520,863	15,472,713	16,933,902
Business	2,201,450	2,188,957	2,593,188	2,984,068	3,091,719	3,272,989	3,477,925	3,305,925	6,593,380	6,470,971
Other	1,996,690	1,771,026	2,067,140	2,453,918	2,795,237	1,793,736	3,168,967	4,181,263	4,530,484	4,929,761
Investment Earnings	665,090	203,670	103,483	84,140	93,065	939,124	180,600	287,542	324,561	837,430
Miscellaneous	880,249	(62,987)	-	-	-	185,440	-	-	-	(744,940)
Transfers	1,631,159	2,305,961	3,523,131	2,989,464	2,837,308	3,721,362	5,103,038	4,747,284	1,122,221	1,436,482
Total government activities	25,264,293	24,931,719	28,886,100	32,238,966	33,052,838	37,029,112	41,355,465	42,958,684	44,475,363	47,403,952
Business-type activities:										
Investment Earnings	1,365,502	461,324	107,633	215,433	114,439	157,234	108,266	301,128	259,556	527,375
Transfers	(1,631,159)	(2,305,961)	(3,523,131)	(2,989,464)	(2,837,308)	(3,721,362)	(5,103,038)	(4,747,284)	1,122,221	(1,436,482)
Total business-type activities	(265,657)	(1,844,637)	(3,415,498)	(2,774,031)	(2,722,869)	(3,564,128)	(4,994,772)	(4,446,156)	1,381,777	(909,107)
<b>Total primary government general revenues &amp; other changes in net position</b>	<b>24,998,636</b>	<b>23,087,082</b>	<b>25,470,602</b>	<b>29,464,935</b>	<b>30,329,969</b>	<b>33,464,984</b>	<b>36,360,693</b>	<b>38,512,528</b>	<b>45,857,140</b>	<b>46,494,845</b>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	(160,675)	2,618,946	4,452,828	1,754,499	165,485	4,811,485	7,725,602	4,931,551	6,958,432	9,208,980
Business-type activities	697,513	1,414,180	(1,990,203)	823,669	2,656,235	4,459,868	4,620,600	521,322	7,717,181	7,246,396
<b>Total primary government</b>	<b>\$ 536,838</b>	<b>\$ 4,033,126</b>	<b>\$ 2,462,625</b>	<b>\$ 2,578,168</b>	<b>\$ 2,821,720</b>	<b>\$ 9,271,353</b>	<b>\$ 12,346,202</b>	<b>\$ 5,452,873</b>	<b>\$ 14,675,613</b>	<b>\$ 16,455,376</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Assigned to:										
Unassigned	2,655,501	1,058,199	5,004,624	8,805,096	12,406,520	14,224,582	14,756,671	17,360,240	17,890,333	18,331,221
<b>Total general fund</b>	<b>\$ 2,655,501</b>	<b>\$ 1,058,199</b>	<b>\$ 5,004,624</b>	<b>\$ 8,805,096</b>	<b>\$ 12,406,520</b>	<b>\$ 14,224,582</b>	<b>\$ 14,756,671</b>	<b>\$ 17,360,240</b>	<b>\$ 17,890,333</b>	<b>\$ 18,331,221</b>
<b>All other governmental funds</b>										
Restricted For:										
Preservation of Infrastructure	34,292	476,454	-	-	-	-	-	-	-	-
Law Enforcement	32,345	53,375	62,302	55,963	50,620	88,758	187,600	282,976	21,923	77,815
Tourism	88,251	105,698	113,718	50,312	35,219	75,368	63,709	76,982	87,973	117,007
Technology Infrastructure	27,659	61,665	18,663	26,605	49,622	139,057	238,469	312,121	365,335	422,891
REET	245,730	73,121	193,028	388,257	423,628	81,653	274,188	1,237,167	1,939,407	3,962,592
Transportation Benefit Distric	-	-	-	-	-	-	-	-	1,078,334	1,426,639
Street Construction/Maint	2,546,422	2,413,160	-	-	-	-	-	-	-	-
Parks Construction	32,297	-	-	-	-	-	-	-	-	-
Committed to:										
Law Enforcement	234,903	191,739	132,868	118,221	100,951	85,020	54,161	38,319	38,666	11,125
Community Center	33,621	21,952	18,905	15,475	12,197	10,027	9,119	6,436	5,780	6,269
Assigned to:										
Civic Campus Construction	-	-	-	-	-	-	-	-	-	32,781,000
Streets	402,898	1,103,879	793,633	-	32,104	374,189	2,262,876	2,263,429	1,997,033	13,522,538
Parks Construction	-	-	-	56,869	110,987	124,804	249,022	34,033	422,661	-
Debt Service	154,809	133,866	68,026	69,854	77,059	989,700	1,363,138	776,253	800,917	1,130,253
Unassigned	(1,122,634)	(498,020)	(3,667,010)	(13,955,667)	(5,047,873)	1,045,177	-	-	-	(802,002)
<b>Total all other governmental funds</b>	<b>\$ 2,710,593</b>	<b>\$ 4,136,889</b>	<b>\$ (2,265,867)</b>	<b>\$ (13,174,111)</b>	<b>\$ (4,155,486)</b>	<b>\$ 3,013,753</b>	<b>\$ 4,702,282</b>	<b>\$ 5,027,716</b>	<b>\$ 6,758,029</b>	<b>\$ 52,656,127</b>



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

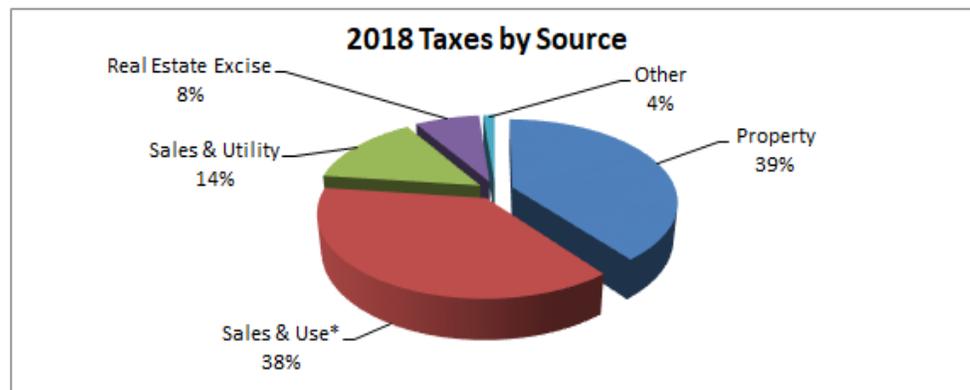
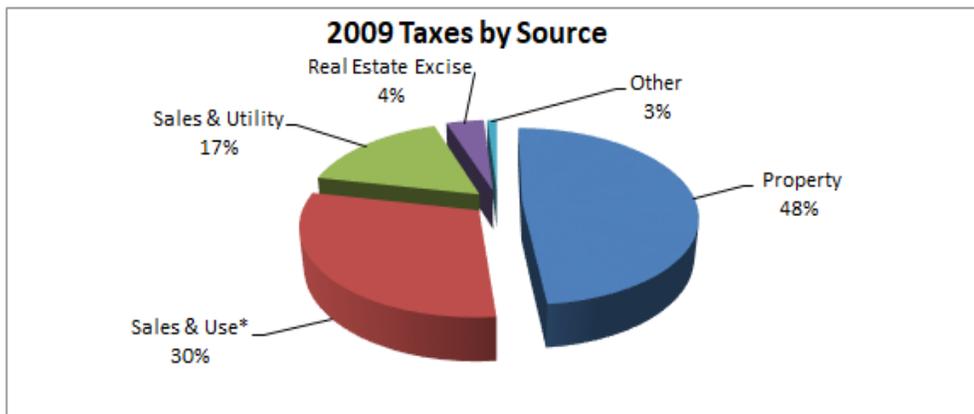
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Taxes	\$ 23,344,821	\$ 26,099,750	\$ 30,173,771	\$ 31,450,171	\$ 32,594,141	\$ 34,542,134	\$ 37,880,120	\$ 39,684,473	\$ 41,815,144	\$ 44,811,311
Licenses & Permits	1,084,774	1,920,945	1,757,971	1,710,163	2,202,023	2,251,750	1,856,916	2,245,458	2,163,799	2,387,517
Intergovernmental	6,735,735	7,718,297	3,563,050	3,507,954	2,745,830	4,042,241	7,202,783	4,168,675	4,826,504	6,705,570
Charges for Services	4,682,809	4,202,150	5,308,979	5,136,745	5,726,569	6,191,303	6,578,202	4,280,902	6,214,282	6,749,387
Fines & Forfeitures	587,833	554,437	686,154	661,103	538,082	585,865	647,959	517,004	443,952	509,396
Other Revenues	675,835	838,112	464,273	571,185	522,317	2,251,696	1,965,996	1,426,012	1,392,120	2,038,236
<b>Total Revenues</b>	<b>37,111,807</b>	<b>41,333,691</b>	<b>41,954,198</b>	<b>43,037,321</b>	<b>44,328,962</b>	<b>49,864,989</b>	<b>56,131,976</b>	<b>52,322,524</b>	<b>56,855,801</b>	<b>63,201,417</b>
<b>EXPENDITURES</b>										
General Government	5,959,983	5,921,345	5,453,777	5,624,331	5,935,422	6,648,721	6,921,063	4,840,595	5,288,277	5,905,566
Security of Persons and Property	19,743,869	21,245,679	23,271,474	23,265,472	23,267,452	24,504,740	25,720,364	26,908,051	28,763,734	30,775,148
Physical Environment	1,288,462	1,119,502	1,021,823	1,010,942	1,101,277	1,021,108	1,096,568	1,187,622	1,656,661	1,911,924
Transportation	2,567,455	2,401,849	4,226,268	6,219,929	3,238,781	4,153,612	6,526,990	5,933,816	6,551,949	6,791,948
Economic Environment	2,261,770	2,076,603	1,712,297	1,837,469	1,915,487	2,118,549	2,469,400	2,535,744	2,482,083	2,795,288
Health & Human Services	10,987	12,371	14,454	15,784	27,342	33,371	40,693	23,594	12,811	70,863
Culture & Recreation	2,431,296	2,327,247	2,099,482	2,132,048	2,295,922	2,868,420	2,993,965	3,599,742	3,281,669	4,275,950
Capital Outlay	8,586,552	10,098,609	5,553,417	8,457,518	1,893,334	3,247,469	5,685,748	1,978,410	4,197,764	9,762,064
Debt Service										
Principal	1,009,971	1,590,047	1,094,902	937,635	1,018,560	1,191,967	2,225,271	2,215,508	1,736,017	2,044,368
Interest	792,399	732,408	867,578	909,150	1,122,523	1,453,855	1,224,025	1,288,998	1,038,576	1,714,991
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>44,652,744</b>	<b>47,525,660</b>	<b>45,315,472</b>	<b>50,410,278</b>	<b>41,816,100</b>	<b>47,241,812</b>	<b>54,904,087</b>	<b>50,512,080</b>	<b>55,009,541</b>	<b>66,048,110</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(7,540,937)</b>	<b>(6,191,969)</b>	<b>(3,361,274)</b>	<b>(7,372,957)</b>	<b>2,512,862</b>	<b>2,623,177</b>	<b>1,227,889</b>	<b>1,810,444</b>	<b>1,846,260</b>	<b>(2,846,693)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	4,698,907	4,181,765	3,705,563	4,396,302	6,156,367	10,439,187	9,578,841	8,188,285	10,341,720	11,175,076
Transfers out	(3,627,913)	(3,285,426)	(2,800,620)	(4,131,117)	(5,701,532)	(10,114,195)	(8,586,112)	(7,167,570)	(9,927,576)	(10,034,453)
Debt proceeds & capital leases	-	5,124,624	-	-	16,429,615	6,022,846	-	-	-	48,045,053
Refunding debt proceeds	-	-	-	-	(6,777,263)	-	-	5,207,805	-	-
Disposition of capital assets	-	-	-	-	-	16,286	-	-	-	-
Payment to Refunding bond escrow	-	-	-	-	-	-	-	(5,109,961)	-	-
<b>Total other financing sources (uses)</b>	<b>1,070,994</b>	<b>6,020,963</b>	<b>904,943</b>	<b>265,185</b>	<b>10,107,187</b>	<b>6,364,124</b>	<b>992,729</b>	<b>1,118,559</b>	<b>414,144</b>	<b>49,185,676</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (6,469,943)</b>	<b>\$ (171,006)</b>	<b>\$ (2,456,331)</b>	<b>\$ (7,107,772)</b>	<b>\$ 12,620,049</b>	<b>\$ 8,987,301</b>	<b>\$ 2,220,618</b>	<b>\$ 2,929,003</b>	<b>\$ 2,260,404</b>	<b>\$ 46,338,983</b>
Debt service as percentage of non-capital expenditures	5.00%	6.21%	4.94%	4.40%	5.36%	6.01%	7.01%	7.22%	5.46%	6.68%

GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS

Year	Regular Property	EMS Property	Sales & Use*	Utility	Gambling	Admission	Real Estate Excise	Other <sup>(1)</sup>	Total
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
2017	13,887,470	2,481,544	15,373,791	6,485,175	108,542	227,705	3,026,936	223,982	41,815,144
2018	14,088,844	3,578,935	16,836,808	6,348,666	122,280	252,245	3,362,026	221,507	44,811,311
% Change 2009-2018	56.61%	55.02%	141.52%	64.55%	49.15%	11.89%	248.87%	34.14%	91.95%

\*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**

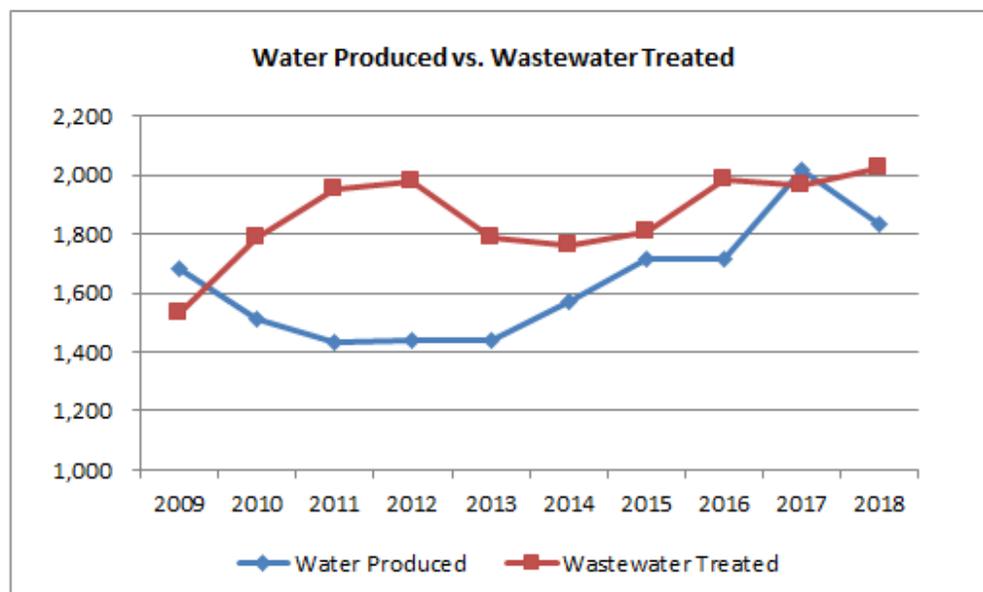
Year	(units in millions)		Total Direct Bi-Monthly Rates			
	Gallons of Water Produced	Gallons of Wastewater Treated	Water Base Rate*	Water Usage Rate	Sewer Base Rate	Sewer Usage Rate
2009	1,681	1,535	\$ 24.17	\$ 2.60	\$ 66.40	\$ 1.02
2010	1,511	1,787	\$ 19.73	**	\$ 70.44	\$ 1.54
2011	1,435	1,955	\$ 20.12	**	\$ 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
2017	2,021	1,963	\$ 22.66	**	\$ 84.49	\$ 1.77
2018	1,832	2,024	\$ 23.12	**	\$ 86.18	\$ 1.81

\*Rate shown is for 5/8" meters (most common meter for single family households).

\*\*2010 usage rate is now a 4 tier rate structure:

1st Tier	0 to 6,000 Gal	\$ 1.25
2nd Tier	7,000-20,000 Gal	\$ 4.35
3rd Tier	21,000-30,000 Gal	\$ 4.97
4th Tier	31,000 + Gal	\$ 5.60

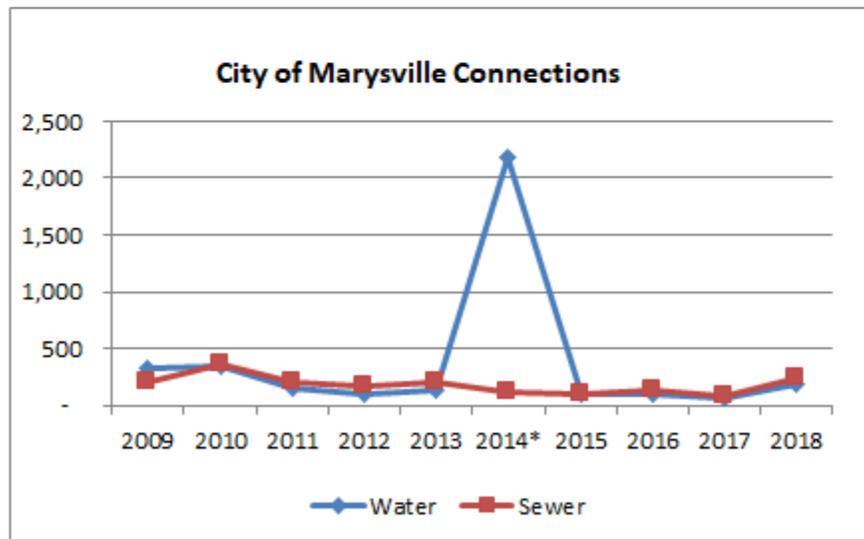
See STAT 6d for other meter sizes and rates.



STAT6b

**ANNUAL CONNECTIONS  
LAST TEN FISCAL YEAR**

Year	Water Connections	Sewer Connections	Total Connections
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
2017	59	92	151
2018	188	236	424



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

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

<b>WATER</b>				
<b>Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Other</b>	<b>Total</b>
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
2017	20,289	952	248	21,489
2018	20,420	951	233	21,604

<b>SEWER</b>				
<b>Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Other</b>	<b>Total</b>
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
2017	16,429	901	0	17,330
2018	16,569	901	0	17,470

\* The 2014 number includes the acquisition of the PUD Water customers

**WATER/SEWER/SURFACE WATER RATES  
LAST TEN FISCAL YEARS**

**WATER RATE HISTORY**

		2009	2010*	2011	2012	2013	2014	2015	2016	2017	2018
<b>Bi-Monthly Charge</b>											
<b>3/4" Service (w/ 5/8" meter)</b>											
	first 6,000 gallons	\$ 24.17	\$ 19.73	\$ 20.12	\$ 20.53	\$ 20.94	\$ 21.36	\$ 21.79	\$ 22.22	\$ 22.66	\$ 23.12
	per additional 1,000 gallons	\$ 2.60									
1st Tier	0 to 6,000 Gal	\$ 1.06	\$ 1.08	\$ 1.11	\$ 1.13	\$ 1.15	\$ 1.18	\$ 1.20	\$ 1.22	\$ 1.25	
2nd Tier	7,000-20,000 Gal	\$ 3.71	\$ 3.78	\$ 3.86	\$ 3.94	\$ 4.02	\$ 4.10	\$ 4.18	\$ 4.26	\$ 4.35	
3rd Tier	21,000-30,000 Gal	\$ 4.24	\$ 4.32	\$ 4.41	\$ 4.50	\$ 4.59	\$ 4.68	\$ 4.78	\$ 4.88	\$ 4.97	
4th Tier	31,000 + Gal	\$ 4.77	\$ 4.87	\$ 4.97	\$ 5.07	\$ 5.17	\$ 5.27	\$ 5.38	\$ 5.49	\$ 5.60	
<b>3/4" Service (w/ 3/4" meter)</b>											
	first 9,000 gallons	\$ 31.82	\$ 29.60	\$ 30.19	\$ 30.80	\$ 31.42	\$ 32.05	\$ 32.69	\$ 33.34	\$ 34.01	\$ 34.69
	per additional 1,000	\$ 2.60									
Commercial Rates	0 to 6,000 Gal	\$ 1.06	\$ 1.08	\$ 1.10	\$ 1.13	\$ 1.15	\$ 1.18	\$ 1.20	\$ 1.22	\$ 1.25	
1st Tier	7,000+	\$ 2.65	\$ 2.70	\$ 2.76	\$ 2.82	\$ 2.88	\$ 2.93	\$ 2.99	\$ 3.05	\$ 3.11	
2nd Tier											

**SEWER RATE HISTORY**

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Single Family Residential</b>											
	Bi-Monthly Flat Rate	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05	\$ 79.61	\$ 81.20	\$ 82.83	\$ 84.49	\$ 86.18
<b>Class 1 Commercial/Industrial</b>											
	(per 1,000 gal) Bi-Monthly*	\$ 1.02	\$ 1.54	\$ 1.57	\$ 1.61	\$ 1.64	\$ 1.67	\$ 1.71	\$ 1.74	\$ 1.77	\$ 1.81
	Minimum Charge*	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05	\$ 79.61	\$ 81.20	\$ 82.83	\$ 84.49	\$ 86.18

**STORM WATER RATE HISTORY**

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Single Family (annual rate)</b>											
		N/A									
<b>Condominium (annual rate)</b>											
		N/A									
<b>Other Customers</b>											
<b>\$/Month/ 1/4 Acre (annual rate)</b>											
<b>Impervious %</b>											
	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									
<b>Residential (1 ERU = 3,200 sq.ft.)</b>											
	1 ERU (bi-monthly rate)	\$ 16.64	\$ 20.00	\$ 20.40	\$ 20.80	\$ 21.22	\$ 21.64	\$ 22.08	\$ 22.52	\$ 22.98	\$ 23.42
<b>Non-Residential (1 ERU = 3,200 sq.ft.)</b>											
	sq.ft. of impervious surface/1 ERU	\$ 16.64	\$ 20.00	\$ 20.40	\$ 20.80	\$ 21.22	\$ 21.64	\$ 22.08	\$ 22.52	\$ 22.98	\$ 23.42

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

LARGEST WATER/SEWER CUSTOMERS  
CURRENT YEAR AND TEN YEARS AGO

Customer	2018 Water Revenue			2009 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
NATIONAL FOOD CORP^	55,843	1	0.59%			
CITY OF MARYSVILLE	40,274	2	0.43%			
UTILITY INVOICE PROCESSING CEN	39,016	3	0.41%			
VINTAGE AT LAKEWOOD, LLC	34,872	4	0.37%			
SMOKEY POINT MOBILE PARK	24,557	5	0.26%			
WINDSOR SQUARE APARTMENTS	22,233	6	0.24%			
MOBILE MANOR-OFFICE^	20,499	7	0.22%			
CAPTAIN DIZZY'S CAR WASH	18,242	8	0.19%			
GREENMAN III ROBERT F	17,866	9	0.19%			
KLEIN FAMILY PROPERTIES LLC	17,543	10	0.19%			
Pacific Coast Feather Co				\$ 43,078	1	0.62%
National Food Corp				34,567	2	0.50%
City of Marysville				34,418	3	0.50%
US Navy				24,321	4	0.35%
National Food Corp				21,762	5	0.31%
Mobile Manor				18,096	6	0.26%
Glenwood Mobile Estates				18,046	7	0.26%
Windsor Square Apartments				15,478	8	0.22%
Smokey Point Mobile Park				14,487	9	0.21%
Midway Garden Mobile Hm Pk				14,297	10	0.21%
Subtotal	290,944		3.08%	238,550		3.45%
Balance from other customers	9,166,925		96.92%	6,684,254		96.55%
Grand Total	9,457,868		100.00%	6,922,804		100.00%

Customer	2018 Sewer Revenue			2009 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
VINTAGE AT LAKEWOOD, LLC	\$ 96,711	1	0.77%	\$		
SMOKEY POINT MOBILE PARK	61,110	2	0.49%			
KLEIN FAMILY PROPERTIES LLC	55,975	3	0.45%			
BEST WESTERN HOTEL	54,793	4	0.44%			
JS GROUP	52,623	5	0.42%			
GLENWOOD MOBILE ESTATES	51,547	6	0.41%			
NATIONAL FOOD CORP^	51,413	7	0.41%			
WINDSOR SQUARE APARTMENTS	47,047	8	0.38%			
GREENMAN III, ROBERT F^	44,183	9	0.35%			
KLEIN FAMILY PROPERTIES LLC	40,560	10	0.32%			
Medallion Hotel				\$ 40,542	1	0.44%
Glenwood Mobile Estates				39,715	2	0.44%
Smokey Point Mobile Park				33,948	3	0.37%
Windsor Square Apartments				35,539	4	0.39%
Mobile Haven Adult Park				34,042	5	0.37%
National Food Corp				32,129	6	0.35%
Holiday Inn Express				27,815	7	0.31%
Pacific Coast Feather Co				26,994	8	0.30%
Merrill Gardens at Marysville				26,432	9	0.29%
Midway Garden Mobile Home Park				25,720	10	0.28%
Subtotal	555,960		4.43%	322,876		3.54%
Balance from other customers	11,989,277		95.57%	8,790,435		96.46%
Grand Total	\$ 12,545,238		100.00%	\$ 9,113,311		100.00%

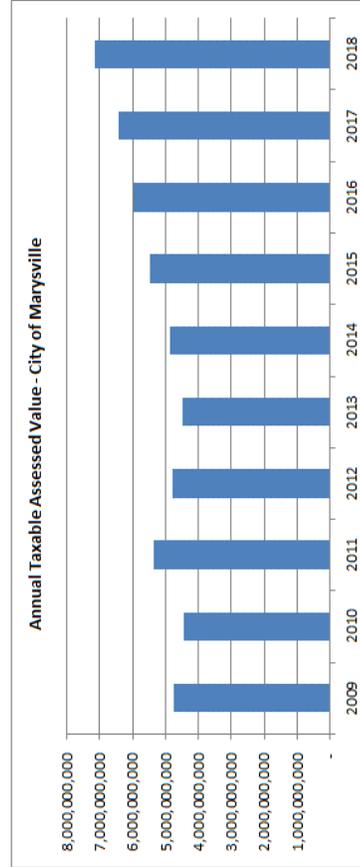
STAT 7a

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 Less: Tax Exempt Property	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate <sup>2</sup>
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
2017	4,746,796,849	815,479,265	104,764,100	5,700,300	396,633,317	171,020,966	128,931,009	56,337,411	(514,120)	6,425,149,097	2.548
2018	5,289,535,729	863,754,495	110,322,200	6,514,600	499,825,740	185,271,580	130,138,709	55,963,510	2,763,280	7,144,089,843	2.470

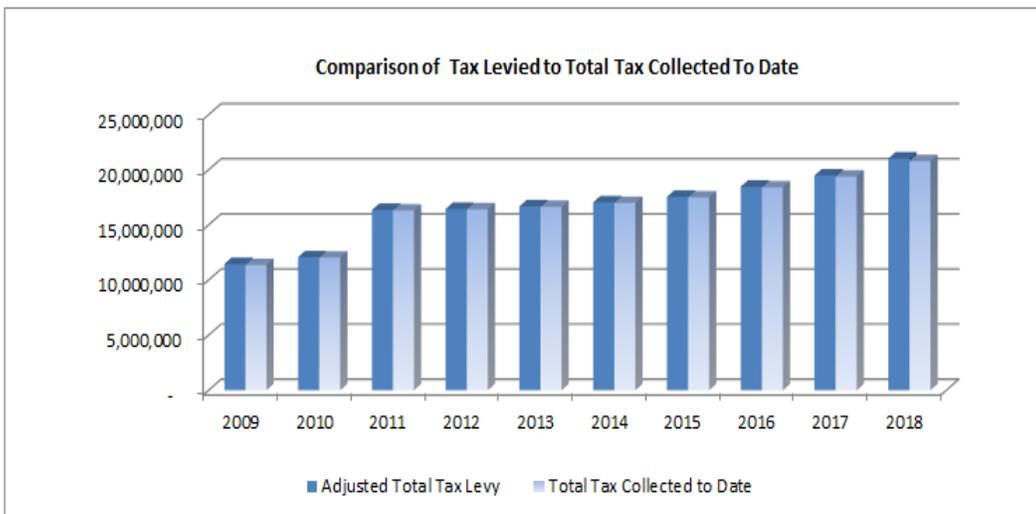
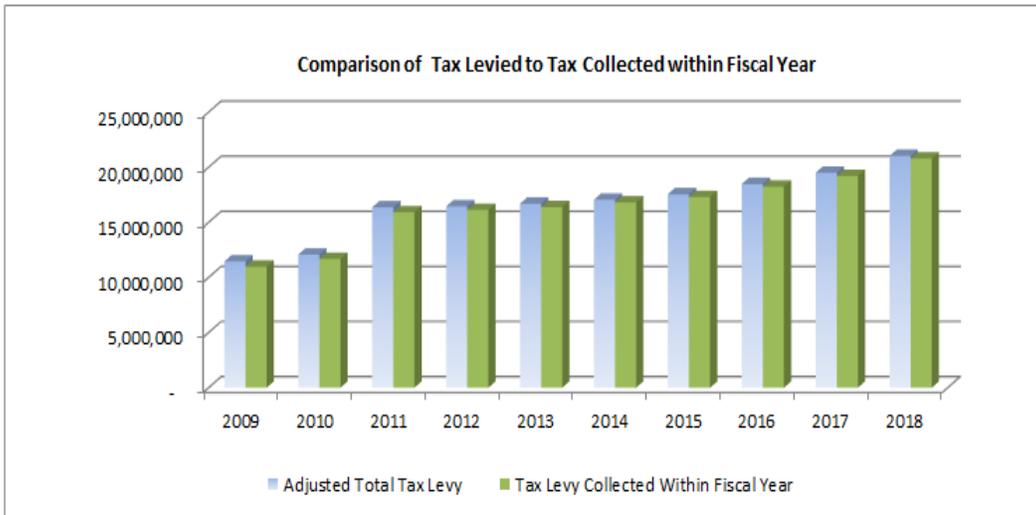
<sup>1</sup>Washington State law requires all property be assessed at 100% of its true and fair market value.

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



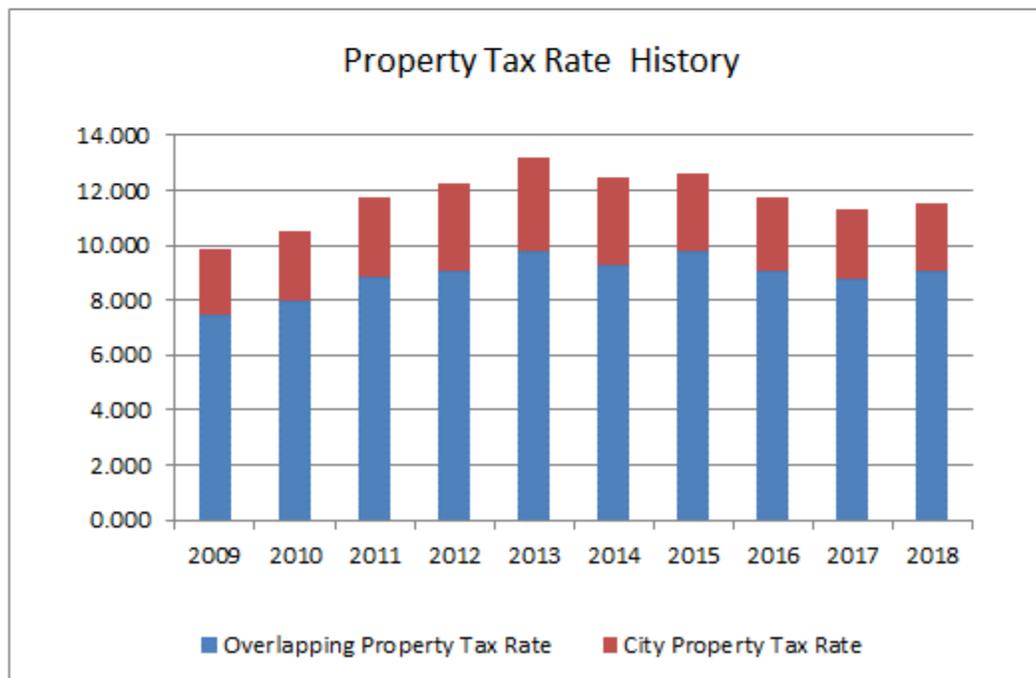
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

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
2009	11,487,789	(26,631)	11,461,158	10,981,704	95.8%	399,428	11,381,132	99.3%
2010	11,429,913	656,776	12,086,689	11,687,351	96.8%	354,999	12,042,350	99.6%
2011	15,442,158	929,924	16,372,083	15,919,912	97.2%	404,979	16,324,891	99.7%
2012	15,213,984	1,246,371	16,460,355	16,134,014	98.0%	289,267	16,423,281	99.8%
2013	15,245,259	1,457,665	16,702,924	16,390,520	98.1%	255,796	16,646,316	99.7%
2014	15,528,646	1,531,678	17,060,324	16,813,473	98.6%	196,162	17,009,635	99.7%
2015	15,709,247	1,849,844	17,559,091	17,302,532	98.5%	207,957	17,510,489	99.7%
2016	16,025,914	2,458,844	18,484,758	18,238,891	98.7%	183,113	18,422,004	99.7%
2017	16,369,551	3,136,902	19,506,452	19,219,979	98.5%	185,283	19,405,262	99.5%
2018	17,643,646	3,393,420	21,037,067	20,800,503	98.9%	-	20,800,503	98.9%



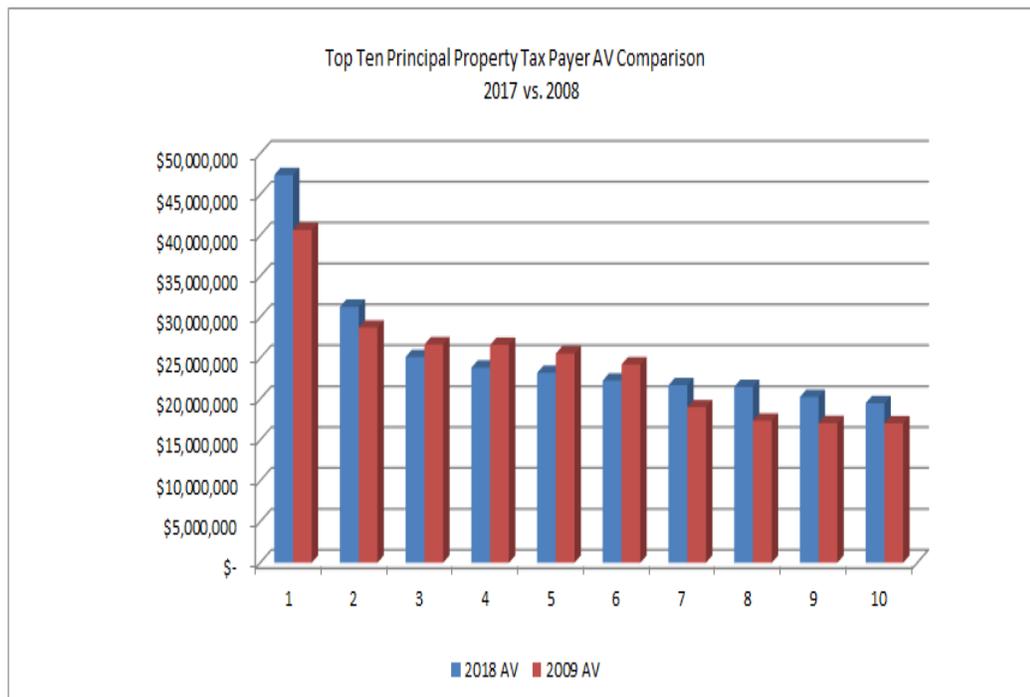
**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**  
(rate per \$1,000 of assessed value)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>City Direct Rates:</b>										
Regular	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905	\$2.717	\$2.437	\$2.278	\$2.161	\$1.970
Subtotal-Regular Levy	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905	\$2.717	\$2.437	\$2.278	\$2.161	\$1.970
Emergency Medical	0.500	0.500	0.500	0.500	0.500	0.472	0.428	0.404	0.387	0.500
86 GO Bond	0.048	0.051	0.043	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>City Total</b>	<b>\$2.415</b>	<b>\$2.576</b>	<b>\$2.883</b>	<b>\$3.190</b>	<b>\$3.405</b>	<b>\$3.189</b>	<b>\$2.865</b>	<b>\$2.682</b>	<b>\$2.548</b>	<b>\$2.470</b>
<b>Overlapping Taxes:</b>										
County	0.716	0.782	0.868	0.982	1.030	1.079	0.999	0.933	0.879	0.791
State School	1.909	1.993	2.206	2.379	2.433	2.384	2.279	2.124	2.028	2.848
Local School	4.533	4.799	5.315	5.238	5.851	5.342	6.020	5.594	5.439	5.074
Library District	0.314	0.400	0.451	0.500	0.500	0.500	0.468	0.442	0.415	0.380
	<b>7.472</b>	<b>7.974</b>	<b>8.840</b>	<b>9.099</b>	<b>9.814</b>	<b>9.305</b>	<b>9.766</b>	<b>9.093</b>	<b>8.761</b>	<b>9.093</b>
<b>Grand Total</b>	<b>\$9.887</b>	<b>\$10.551</b>	<b>\$11.723</b>	<b>\$12.289</b>	<b>\$13.219</b>	<b>\$12.494</b>	<b>\$12.631</b>	<b>\$11.775</b>	<b>\$11.309</b>	<b>\$11.563</b>



PRINCIPAL PROPERTY TAXPAYERS  
Principal Taxpayers Historical Comparison

Taxpayer	Common Name	Service or Product	2018			2009		
			Assessed Valuation <sup>(1)</sup>	Rank	As a Percentage of Total City Valuation <sup>(1)</sup>	Assessed Valuation <sup>(2)</sup>	Rank	As a Percentage of Total City Valuation <sup>(2)</sup>
CARROLLS CREEK APARTMENTS PROP OWN	Carrolls Creek Landing	Apartments	\$ 47,383,100	1	0.66%			
SMOKEY POINT APARTMENTS LLC	Smokey Pt Apartments	Apartments	31,281,000	2	0.44%			
SMOKEY POINT APARTMENTS II LLC	Smokey Pt Apartments	Apartments	25,138,500	3	0.35%			
NORTHWEST COMPOSITES INC	NW Composites	Manufacturing	23,841,000	4	0.33%			
PUGET SOUND ENERGY/GAS	PSE	Natural Gas	23,216,858	5	0.32%			
HEALTHCARE PARTNERS RE LLC	Everett Clinic	Medical Services	22,270,300	6	0.31%			
SMOKEY POINT COMMERCIAL		Property Mgmt	21,709,100	7	0.30%			
INLAND WESTERN MARYSVILLE LLC	Safeway Plaza	Shopping Center	21,491,000	8	0.30%			
ROIC WASHINGTON LLC	Gateway Shopping Ctr	Property Mgmt	20,259,800	9	0.28%			
WAL-MART REAL ESTATE BUSINESS TRUST	Wal Mart	Retail	19,500,000	10	0.27%			
Gateway Trident LLC	18111 25th Ave	Apartments				\$ 40,680,100	1	0.86%
Michael R Mastro						28,737,000	2	0.60%
Inland Western Marysville LLC	Safeway Plaza	Shopping Center				26,686,500	3	0.56%
Harbour Homes Inc		Home Builder				26,626,600	4	0.56%
Northwest Composites Inc.	12806 State Ave	Manufacturing				25,577,000	5	0.54%
Marysville Capital LLC	Towne Center	Shopping Center				24,228,100	6	0.51%
Verizon Northwest Inc.		Communications				19,003,278	7	0.40%
Costco Wholesale Corp.	16616 Twin Lakes	Wholesale Shopping				17,365,300	8	0.36%
Smokey Pt Invstmt - Undi Fam LLC		Investment				17,067,600	9	0.36%
Oceanfront V LLC	Fred Meyer	Shopping Center				17,045,500	10	0.36%
			\$ 256,090,658		3.58%	\$ 243,016,978		5.11%



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 <sup>^</sup>	Public Works Trust Fund Loans	Special Assessment Bonds <sup>^^</sup>	Interlocal Agreement	General Obligation Bonds <sup>^^^</sup>	Revenue Bonds <sup>^^^</sup>	Public Works Trust Fund Loans <sup>^^^</sup>						
2009	17,589,500	750,000	70,000	739,256	3,152,347	56,480,000	20,106,380	98,887,482	0.34%	1,720			
2010	16,720,000	562,500	0	680,042	2,948,891	54,580,000	18,731,835	94,223,268	0.32%	1,570			
2011	20,400,000	375,000	0	617,640	2,729,792	50,420,000	17,377,789	91,920,221	0.29%	1,515			
2012	19,555,000	187,500	0	552,506	2,499,742	48,955,000	15,884,010	87,633,758	0.26%	1,428			
2013	27,759,614	0	0	484,183	2,000,621	47,685,023	13,199,210	91,128,651	0.26%	1,467			
2014	26,546,088	0	6,022,846	412,216	1,730,707	46,124,141	11,868,542	92,704,540	0.27%	1,481			
2015	25,212,563	0	5,107,846	311,571	1,448,434	43,111,873	10,537,695	85,729,982	0.23%	1,337			
2016	24,156,842	0	4,250,000	238,910	1,148,460	40,484,604	9,206,939	79,485,755	0.20%	1,224			
2017	22,713,515	0	3,920,000	162,893	830,245	37,787,607	7,876,183	73,290,442	0.17%	1,112			
2018	69,010,242	0	3,590,000	83,525	55,500	35,004,643	6,545,425	114,289,335	0.27%	1,705			

\*See Stat 13 for personal income data

\*\*See Stat 13 for population data

<sup>^</sup> Due to CAFR Review, GO Bond data has been updated for 08-12, 15 and 16

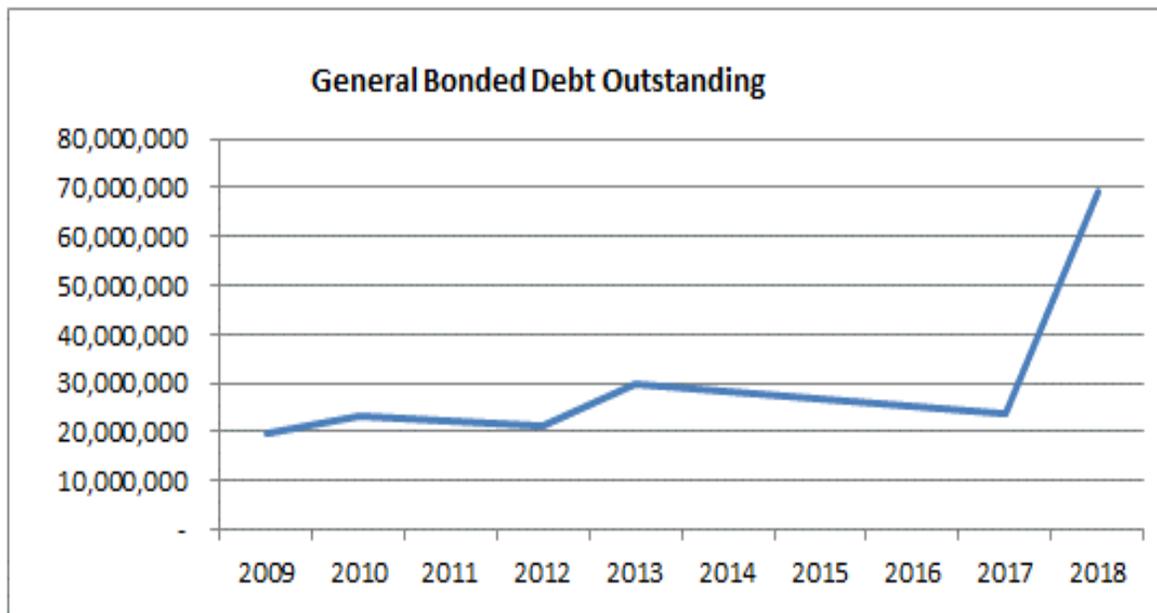
<sup>^^</sup> Due to CAFR Review, Spec Asses bonds were update for 2008 and 2009

<sup>^^^</sup> Due to CAFR Review Business Type Bonds were updated for 2008-12.

Note: Details regarding the citys outstanding debt can be found in the notes to the financial statements

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

Year	General Obligation Bonds <sup>1&amp;4</sup>	Less Debt Service Funds	Net Bonded Debt	Percent of Taxable Assessed Value <sup>2</sup>	Per Capita <sup>3</sup>
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	26,660,997	635,735	26,025,262	0.46%	406
2016	25,305,302	652,058	24,653,244	0.41%	380
2017	23,543,760	664,878	22,878,882	0.36%	347
2018	69,065,742	691,440	68,374,302	0.96%	1020



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

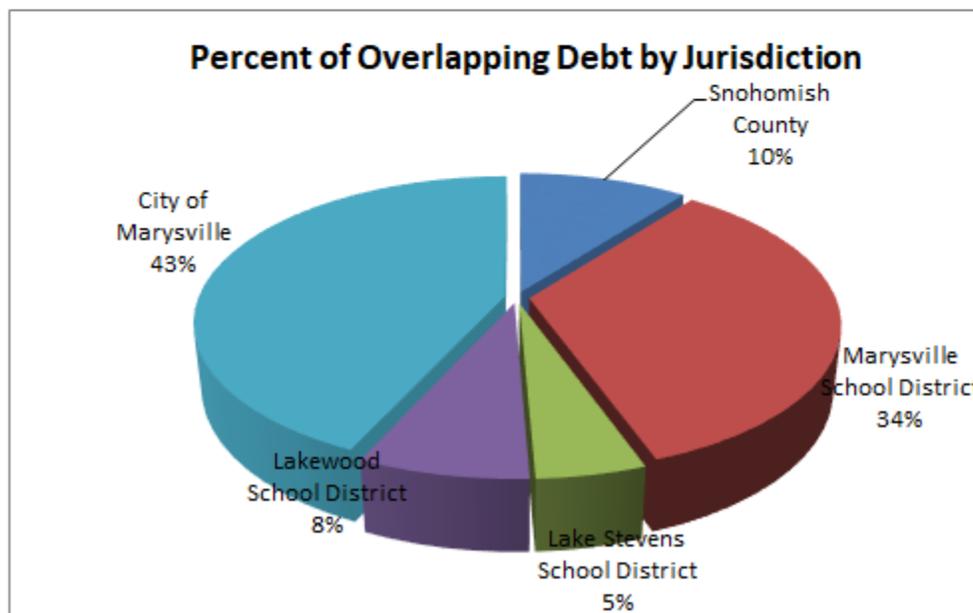
3 See Stat 13 for population data

4 Due to CAFR Review of 2016 Stats., GO Bond totals needed to be updated for 2015 and 2016

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Snohomish County	\$ 292,070,549	6.03%	\$ 17,620,489
Marysville School District No. 25	71,780,000	79.83%	57,300,793
Lake Stevens School District No. 4	105,030,000	7.74%	8,124,286
Lakewood School District No. 306	56,900,000	22.16%	12,608,274
<b>Other debt</b>			
			-
<b>Subtotal, overlapping debt</b>			95,653,841
<b>City direct debt</b>			72,683,767
<b>Total direct and overlapping debt</b>			<u>\$ 168,337,608</u>

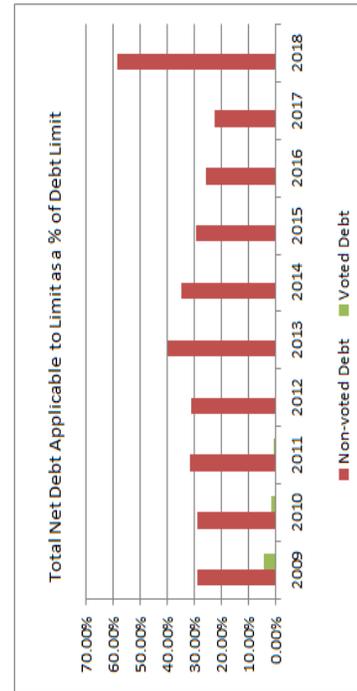
\* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable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



STAT 11

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

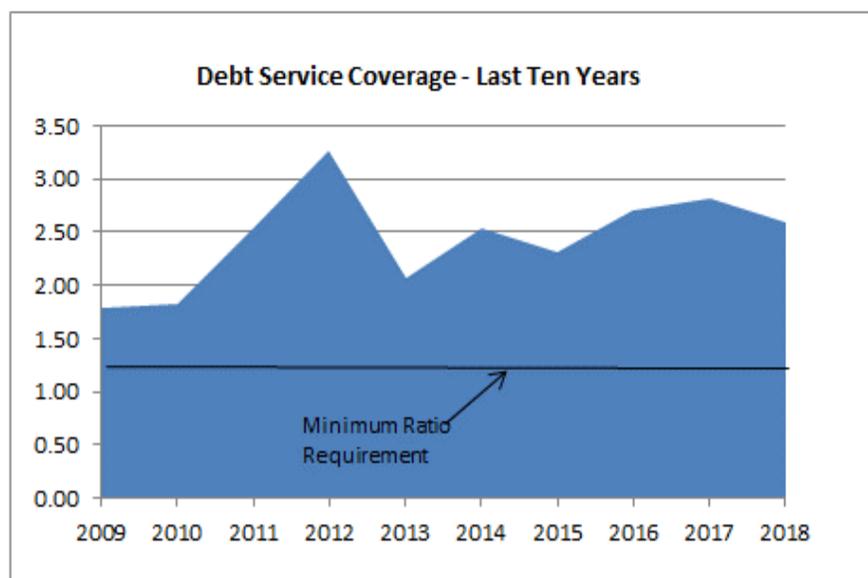
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value (AV)	4,437,265,961	5,357,774,475	4,769,475,472	4,476,525,057	4,476,525,057	4,869,342,321	5,483,698,785	5,976,816,814	6,425,149,097	7,144,089,843
Non-voted debt limit (1.5% of AV) Debt applicable to limit:	66,558,989	80,366,617	71,542,132	67,147,876	67,147,876	73,040,135	82,255,482	89,652,252	96,377,236	107,161,348
Total general obligation debt	19,188,147	23,432,334	22,662,383	20,918,925	26,650,000	25,530,000	24,290,000	23,110,000	21,780,000	62,800,000
Less: Amount set aside for repayment of GO debt	(46,473)	(19,244)	(20,584)	(19,001)	(24,715)	(27,168)	(30,087)	(41,600)	(49,092)	(66,027)
Total net debt applicable to limit	19,141,674	23,413,090	22,641,799	20,899,924	26,625,285	25,502,832	24,259,913	23,068,400	21,730,908	62,733,973
Legal Debt Margin	47,417,316	56,953,527	48,900,333	46,247,952	40,522,591	47,537,303	57,995,569	66,583,852	74,646,328	44,427,375
Total net debt applicable to the limit as a % of debt limit	28.76%	29.13%	31.65%	31.13%	39.65%	34.92%	29.49%	25.73%	22.55%	58.54%
Voted debt limit (1% of AV) Debt applicable to limit:	44,372,660	53,577,745	47,694,755	44,765,251	44,765,251	48,693,423	54,836,988	59,768,168	64,251,491	71,440,898
Total general obligation debt	1,970,000	940,000	385,000	0	0	0	0	0	0	0
Less: Amount set aside for repayment of GO debt	(72,664)	(70,479)	0	0	0	0	0	0	0	0
Total net debt applicable to limit	1,897,336	869,521	385,000	0	0	0	0	0	0	0
Legal Debt Margin	42,475,324	52,708,224	47,309,755	44,765,251	44,765,251	48,693,423	54,836,988	59,768,168	64,251,491	71,440,898
Total net debt applicable to the limit as a % of debt limit	4.28%	1.62%	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



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

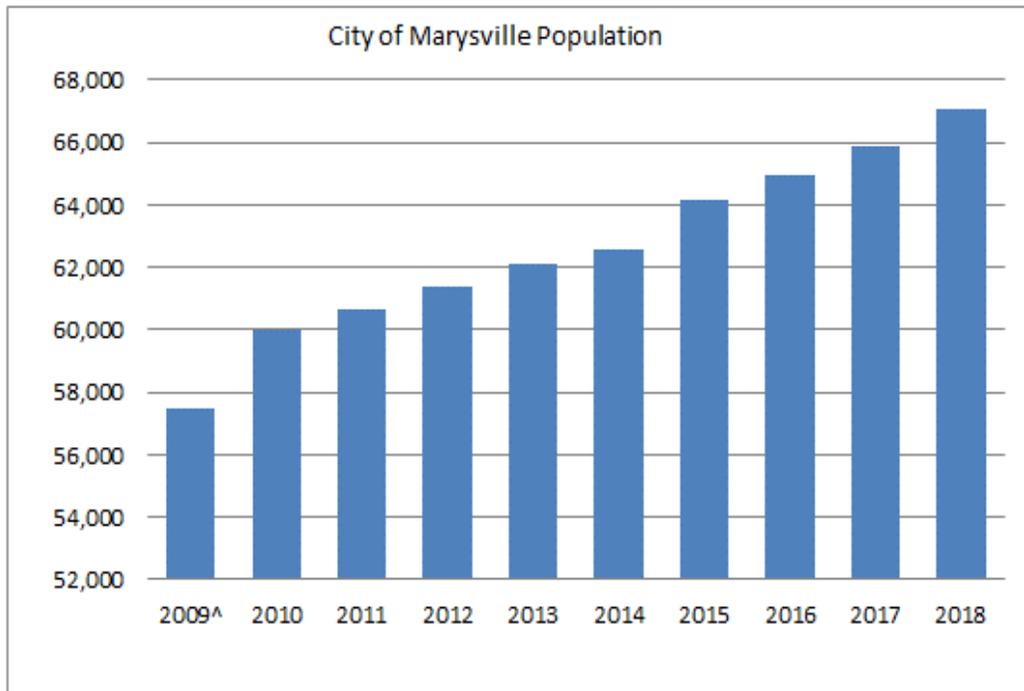
**SEWER AND WATER REVENUE BONDS**

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
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
2017	27,071,785	16,207,417	10,864,368	6,712,472	3,851,450	2.82	4.56
2018	27,476,992	17,476,821	10,000,171	6,440,634	3,850,050	2.60	4.27



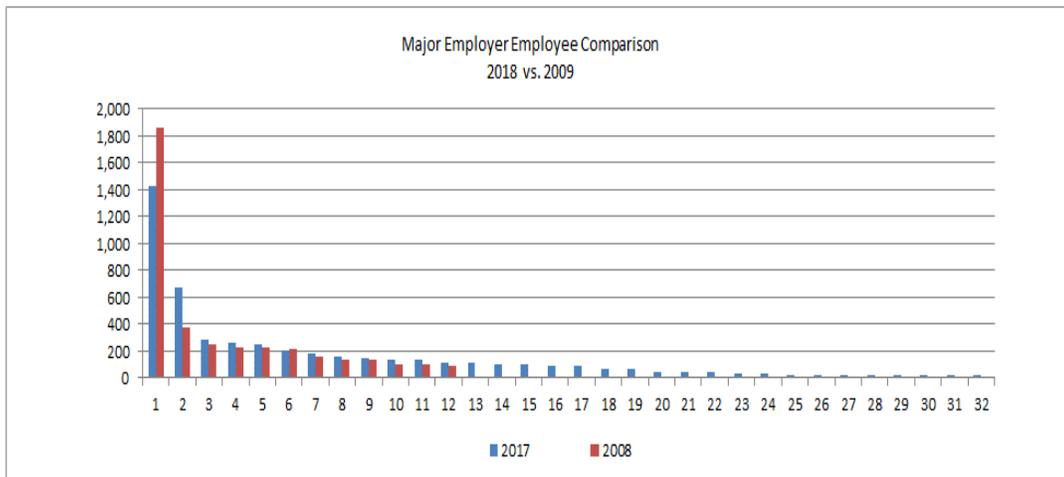
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Year	City of Marysville Population <sup>(1)</sup>	Personal Income <sup>(2)</sup> (millions of dollars)	Per Capita Personal Income <sup>(2)</sup>	Unemployment Rate - % of Labor Force <sup>(3)</sup>	Median Age <sup>(4)</sup>	School Enrollment <sup>(5)</sup>
2009 <sup>^</sup>	57,478	29,482	41,741	9.4%	36.68	11,909
2010	60,020	29,859	41,739	10.7%	37.12	11,570
2011	60,660	31,266	43,281	9.5%	37.42	11,597
2012	61,360	33,570	45,796	7.5%	37.73	11,643
2013	62,100	34,858	46,733	5.8%	38.04	11,426
2014	62,600	34,156	44,967	5.2%	38.34	11,347
2015	64,140	36,633	48,488	4.7%	38.57	11,227
2016	64,940	38,996	50,101	4.3%	38.87	11,085
2017	65,900	42,009	52,405	4.1%	39.08	11,180
2018	67,040	42,849 *	53,453 *	3.8%	39.22	11,092



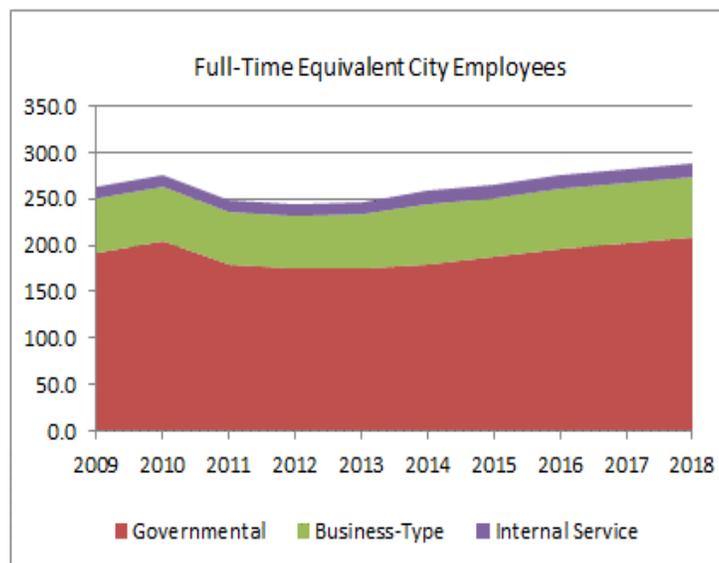
MAJOR EMPLOYERS WITHIN THE CITY OF MARYSVILLE  
CURRENT YEAR AND TEN YEARS AGO

		2018			2009				
Name of Employer	Service or Product	Employees	Rank	Percentage of	Name of Employer	Service or Product	Employees	Rank	Percentage of
				Total City					Total City
		Employment <sup>(1)</sup>			Employment <sup>(2)</sup>				
Marysville School District	Education	1,427	1	14.26%	Marysville School District	Education	1,200	1	18.46%
C&D Zodiac (f/k/a Northwest Composites)	Plastics/honeycomb tubing	675	2	6.74%	C&D Zodiac (f/k/a Northwest Composites)	Plastics/honeycomb tubing	750	2	11.54%
City of Marysville	City government	288	3	2.88%	City of Marysville	City government	262	3	4.03%
Walmart	Retail - variety	261	4	2.61%	Albertson's (2 locations)	Grocery/pharmacy	160	4	2.46%
Smokey Point Behavioral Hospital	Hospital	252	5	2.52%	Marysville Care Center	Health care center	146	5	2.25%
The Everett Clinic	Medical	199	6	1.99%	Gale Contractor Services	Contractor service products	130	6	2.00%
Fred Meyer, Inc.	Retail - variety	182	7	1.82%	The Everett Clinic	Health Care	120	7	1.85%
Marysville Care Center	Health care center	158	8	1.58%	K-Mart	Retail - variety	115	8	1.77%
Winco Foods	Grocery/pharmacy	147	9	1.47%	Costco	Retail - Warehouse Club	100	9	1.54%
Costco	Retail - Warehouse Club	139	10	1.39%	Fred Meyer, Inc.	Retail - variety	96	10	1.48%
Target	Retail - variety	137	11	1.37%	Pacific Grinding Wheel	Grinding wheel manufacturer	95	11	1.46%
Marysville Ford	Auto Dealership	117	12	1.17%	Madeline Villa Health Care	Health care center	85	12	1.31%
Marysville Toyota	Auto Dealership	109	13	1.09%	Red Robin	Restaurant	70	13	1.08%
Marysville Honda	Auto Dealership	106	14	1.06%	Grace Academy	Education	50	14	0.77%
Madeline Villa Health Care	Health care center	102	15	1.02%	Coca Cola Bottling	Distribution	47	15	0.72%
Safeway	Grocery/pharmacy	92	16	0.92%					
Albertson's	Grocery/pharmacy	87	17	0.87%					
Dicks Sporting Goods	Retail - Sporting Goods	72	18	0.72%					
Evergreen Restaurant Group	Outback and Bonefish Grill	68	19	0.68%					
Hobby Lobby	Craft Supplies	47	20	0.47%					
Walgreens	Retail - variety	42	21	0.42%					
Haggens	Grocery/pharmacy	39	22	0.39%					
Petco	Pet Supplies	36	23	0.36%					
Rock Solid Restaurants LLC	Hop Jacks	28	24	0.28%					
Parr Lumber	Lumber and wood products	27	25	0.27%					
Red Robin	Restaurant	26	26	0.26%					
Tuesday Morning	Retail	25	27	0.25%					
PetSmart	Pet Supplies	24	28	0.24%					
Gale Contractors	Contractor service products	23	29	0.23%					
Village Tap House and Grill	Restaurant	22	30	0.22%					
Jimmy John's	Sandwich Shop	19	31	0.19%					
Jersey Mike's	Sandwich Shop	18	32	0.18%					
Harbor Freight	Retail Tools	15	33	0.15%					
		<u>5,009</u>		<u>50.04%</u>			<u>3,426</u>		<u>52.72%</u>



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

Function/Program	Full-time equivalent employees as of December 31*									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities:</b>										
General governmental services	67.0	68.0	53.0	53.0	53.0	55.0	60.5	63.5	63.5	64.3
Police	80.5	89.5	84.5	81.5	82.5	87.5	89.5	92.5	98.0	101.0
Engineering	17.0	16.0	17.0	15.0	15.0	11.0	12.0	12.0	13.0	14.0
Transportation	12.0	14.5	12.5	12.5	12.5	12.5	12.5	14.5	14.5	15.0
Culture and recreation	16.0	17.0	12.5	12.5	12.5	12.5	13.5	13.5	14.0	14.0
Total FTEs governmental activities	192.5	205.0	179.5	174.5	175.5	178.5	188.0	196.0	203.0	208.3
<b>Business-Type Activities:</b>										
Water/Sewer/Surface Water	44.0	45.5	46.0	47.0	47.0	53.75	55.25	55.75	56.00	56.25
Solid Waste	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.5	8.5	9.3
Golf	6.0	6.0	4.0	4.0	4.0	4.0	0.0	0.0	0.0	0.0
Total FTEs business-type activities	57.0	58.5	57.0	58.0	58.0	65.75	63.25	64.25	64.50	65.55
<b>Internal Service:</b>										
Fleet Services	5.0	4.0	4.0	4.0	5.0	5.5	5.5	6.5	6.5	6.3
Facilities Maintenance	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.3
Computer Services	5.5	6.5	5.5	5.5	5.5	5.75	6.75	5.75	5.75	6.00
Total FTEs internal service <sup>(2)</sup>	12.5	12.5	11.5	11.5	12.5	13.75	14.75	14.75	14.75	14.60
<b>Total City FTEs<sup>(1)</sup></b>	<b>262.0</b>	<b>276.0</b>	<b>248.0</b>	<b>244.0</b>	<b>246.0</b>	<b>258.0</b>	<b>266.0</b>	<b>275.0</b>	<b>282.3</b>	<b>288.4</b>
<b>Annual percent change total city</b>	<b>-0.76%</b>	<b>5.34%</b>	<b>-10.14%</b>	<b>-1.61%</b>	<b>0.82%</b>	<b>4.88%</b>	<b>3.10%</b>	<b>3.38%</b>	<b>2.64%</b>	<b>2.18%</b>



STAT 16

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police</b>										
Bookings	5,893	3,849	4,068	3,671	3,668	3,935	2,893	3,097	2,795	3,243
Citations (Total)	5,413	5,443	5,274	5,813	5,805	7,316	6,012	5,860	4,842	6,319
Parking Violations	413	342	301	138	110	113	182	223	511	583
Illegal Passing of School Buses										355
Calls for Service / Ave Per Month	4,407	5,437	5,135	5,412	5,662	6,163	5,987	5,409	5,587	5,983
<b>Fire</b>										
Number of Incidents	10,434	9,833	9,644	10,052	10,417	11,368	12,856	13,861	15,345	14,158
EMS Transports	4,592	4,416	4,216	4,357	4,766	5,052	5,350	5,946	6,289	5,971
<b>Water</b>										
New Connections	330	342	154	100	132	2182 <sup>^</sup>	98	107	59	188
Average Yearly Water Consumption (millions of gallons)	1,681.0	1,511.0	1,435.0	1,438.0	1,443.0	1,571.9	1,717.4	1,718.3	2,021.4	1,832.0
<b>Sewer</b>										
New Connections	211	368	210	171	205	112	108	144	92	236
<b>Sanitation</b>										
Refuse Collected (tons per year)	13,375.74	13,250.39	12,851.21	13,991.39	14,325.67	15,905.42	16,129.80	16,406.25	16,830.69	17,804.67
<b>Wastewater</b>										
Average Monthly Wastewater Treatment	5.40	4.25	5.36	5.06	4.90	5.19	4.97	5.43	5.38	5.55
Influent	5.09	3.75	5.21	5.40	4.97	5.08	4.86	5.26	5.33	5.53
<b>Culture and Recreation</b>										
Registrations	3,393	4,550	7,075	8,424	8,436	8,680	8,495	8,485	12,777	15,283
Rentals	1,314	1,380	1,525	967*	983	975***	927***	1,033	1,031	1,031
Community Center Attendance	16,296	15,854	16,684	19,044	18,017	16,838***	11,143***	11,593	11,120	16,096
Opera House Paid Attendance****	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,137	5,294	5,349
<b>Municipal Court</b>										
Total Filings (Arlington, Lake Stevens, Marysville)	13,623	10,263	11,087	8,741	7,920	10,362	8,674	9,249	9,791	12,474
<b>Community Development</b>										
New/Improved Building Valuations	\$ 47,731,574	\$ 77,455,905	\$ 86,500,497	\$ -	\$ -	\$ -	\$ 53,098,316	\$ 118,806,080	\$ 59,518,376	\$ 94,977,856
Single Family Permits	164	261	236	0	0	0	184	199	147	243
Multi Family Permits	2	24	5	0	0	0	0	28	13	6
Commercial Permits	12	2	10	0	0	0	83	78	81	99
Total Permits**^	-	-	-	2,434	3,275	3,369	3,208	3,672	3,747	4,426
<b>Golf</b>										
Total Rounds	45,398	44,201	37,380	34,530	36,691	31,223	35,321	35,443	29,586	33,981

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

Starting in 2018, the City now owns the Opera House Venue

STAT 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Fire Stations	5	5	5	5	5	5	5	5	5	5
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Culture and Recreation</b>										
Parks Acreage	434	436	527	527	527	527	527	538	538	538
Parks	28	29	32	32	32	32	32	32	32	32
Community Centers <sup>A</sup>	1	1	1	1	1	1	1	2**	2**	2 <sup>A</sup>
Library	1	1	1	1	1	1	0	0	0	0
<b>Transportation</b>										
Paved Streets (in miles)	195.6	200.6	200.9	201.6	202.4	202.4	202.8	203.9	204.6	204.6
Signs	8,607	9,794	9,382	9,237	9,524	9,129	9,386	9,531	9,633	9,822
Signalized Intersections	28	36	36	38	38	43	44	44	45	45
Street Lights	3,632	4,107	4,139	4,139	435*	681	585	435	492	505
<b>Water/Sewer/Surface Water</b>										
Water										
Water Mains (miles)	294	297	306	306	319	323	327	333****	335	335
Water Storage Capacity (mg)	24	24	24	24	24	24	24	24	24	24
Sewer										
Sanitary Sewers (miles)	225	226	230	230	227	227	227	229****	230	231
Storm Sewers (miles)	156	177	185	186	187	170	172	178	178	179
Treatment Capacity (mgd)	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
<b>Sanitation</b>										
Collection Trucks	7	9	9	9	9	9	8	11***	11	11
<b>Golf</b>										
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

\*\*\*\* 2016 Water and Sewer Miles were recalculated and updated.

<sup>A</sup> Starting in 2018, City now owns the Opera House venue

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