

THE CITY OF MARYSVILLE, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

(For the Year Ending December 31, 2015)



Comprehensive Annual Financial Report

For the Fiscal Year Ending
December 31, 2015



Finance Director/City Clerk
Sandy Langdon, CPA

Financial Planning Manager
Denise Gritton
Financial Operations Manager
John Nield

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Sandy Langdon
Finance Director
1049 State Avenue
Marysville, WA 98270

24 June 2016

To the Honorable Mayor and Members of the City Council,
Citizens of the City of Marysville and the Financial Community:

This correspondence will formally transmit the Comprehensive Annual Financial Report (CAFR) of the City of Marysville for the year ended December 31, 2015. 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).

The responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures rests with the city's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and agencies of the city. All disclosures necessary to enable the reader to gain an understanding of Marysville's financial activities have been included.

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, 2015 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 exceeded the threshold, so the City was 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.

Governmental Profile

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

and businesses a way of life that provides opportunities to prosper, while preserving the unhurried qualities we have all come to treasure in this fast-growing region.

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

The City of Marysville is a non-charter code city operating under a Council-Mayor form of government. City Council elections are held every two years with Council members elected to staggered four-year terms. The Mayoral elections are held every four years. Citizens of Marysville may run for Mayor or City Council if they are at least 18 years old and residents of the City for the previous twelve months.

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

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

- Police Protection
- Construction and Code Enforcement
- Planning and Zoning
- Parks Maintenance
- Recreation Programs
- Municipal Golf Course
- Engineering Services
- Street Maintenance
- Water Distribution
- Sewer Collection and Treatment
- Storm Water Collection and Treatment
- Garbage Collection

Factors Affecting Financial Condition

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

For 2016, the City continues to face challenging times ahead and recovery has not been as quick as we had hoped, but we are definitely starting to turn a corner. With cautious optimism we are moving ahead with several initiatives that were put on hold due to the economy. The City will be investing in the revitalization of the core downtown area as the City seeks to create a downtown and waterfront area that is a more vibrant, attractive and pedestrian-friendly place for visitors and shoppers. All of these things are being done while still maintaining and actually building the cash reserves in the General Fund. We are moving forward with an approach that is customer-focused and reflects the vision and priorities of our community. To help ensure financial stability the City has transitioned to a biennial budget to encourage long range planning allowing us to better serve our community.

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, 2014. 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

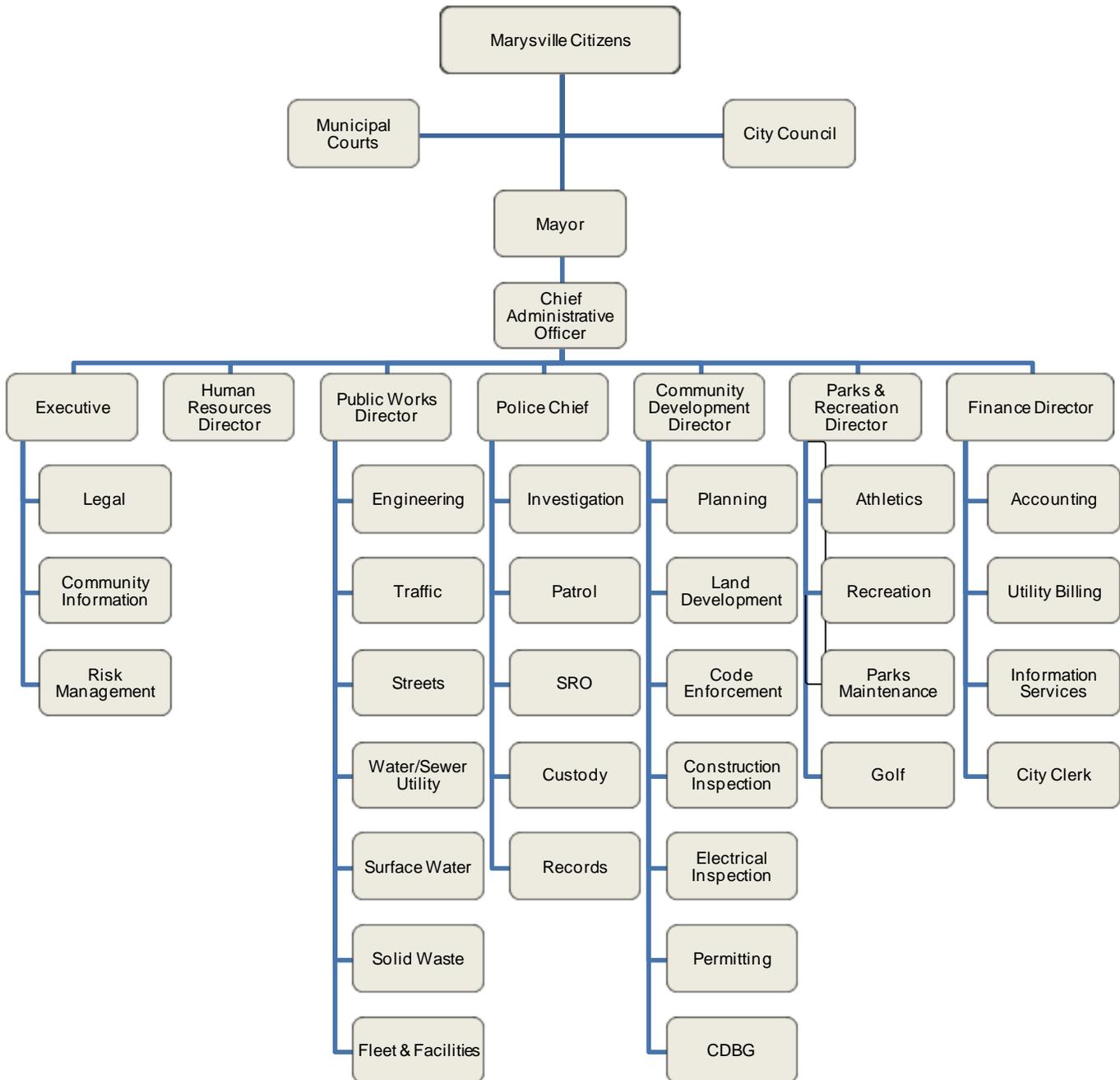
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

A handwritten signature in black ink, which appears to read "Jeffrey R. Emswiler". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF MARYSVILLE ORGANIZATIONAL CHART



**CITY OF MARYSVILLE
PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2015**

ELECTED OFFICIALS

Jon Nehring	Mayor	12/31/18
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CITY COUNCIL

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

JUDGE

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

ADMINISTRATIVE STAFF

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



Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 17, 2016

Mayor and City Council
City of Marysville
Marysville, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marysville, Snohomish County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marysville, Snohomish County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the City has changed its presentation of the Transportation Benefit District from a blended component unit to a special revenue fund for the year ended December 31, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 22, budgetary comparison information on pages 63 through 64, pension plan information on pages 65 through 69 and information on postemployment benefits other than pensions on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 71 through 100 and page 129 is presented

for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 17, 2016, 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 "Troy X. Kelley".

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Marysville presents this discussion and analysis of its financial performance to provide an overview of the City's financial activities for fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the associated notes.

FINANCIAL HIGHLIGHTS

- Assets of the City of Marysville exceed its liabilities at the close of December 31, 2015 by approximately \$ 294 million. Of this amount approximately \$ 37 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's overall financial position increased compared to 2014. In 2015, the City's total net position increased \$ 1.0 million. Governmental activities increased by \$.6 million and business-type activities increased by \$.4 million.
- As of December 31, 2015, the City's governmental funds reported a combined ending fund balance of \$ 19.5 million, an increase of \$ 2.3 million from 2014.
- As of December 31, 2015, unassigned fund balance in the General Fund was \$ 14.8 million, or 38% of total General Fund expenditures.
- The City's total debt decreased by \$ 6.6 million during calendar year 2015. The decrease is the result of the annual debt service payment.

The financial statements presented herein include all of the activities of the City of Marysville (City), using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 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.

OVERVIEW OF THE FINANCIAL STATEMENTS**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements included all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or spent.

These two statements report the City's net position and the corresponding changes. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and sales tax base, major sources of revenue for most cities.

In the Statement of Net Position and 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 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. This is designed to explain the difference created by the integrated approach.

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

The combining statements in connection with non-major governmental funds and internal service funds can be found on pages 69-99 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

In evaluating the financial position of any entity the status of the entity's net position is a very useful indicator. The same is true for the City of Marysville the Statement of Net Position can be used as a financial indicator. The City's net position as of December 31, 2015 totaled \$ 294 million. The following is a condensed version of the government-wide statement of net position:

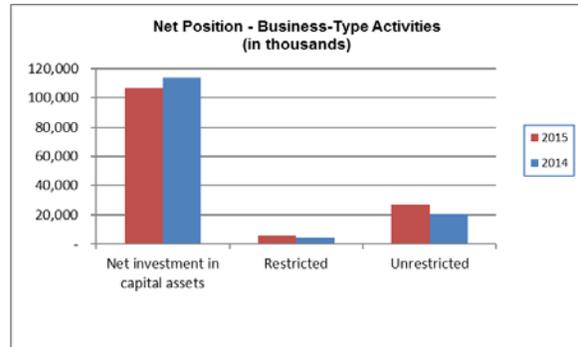
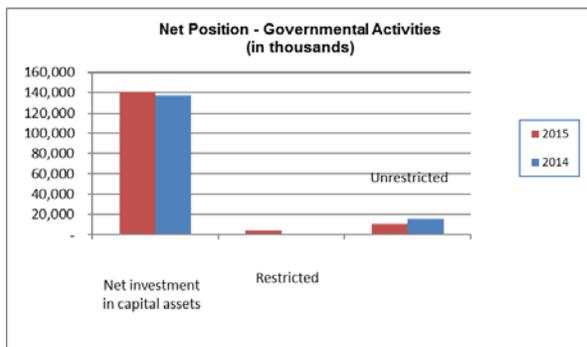
Figure 1: Condensed Statement of Net Position
(in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	31,990	28,850	37,732	33,783	69,722	62,633
Capital assets (net of accumulated depreciation)	171,442	168,317	161,346	165,305	332,788	333,622
TOTAL ASSETS	\$ 203,432	\$ 197,168	\$ 199,077	\$ 199,088	\$ 402,510	\$ 396,255
Deferred outflows	1,512	-	1,026	627	2,539	627
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 204,945	\$ 197,168	\$ 200,103	\$ 199,715	\$ 405,048	\$ 396,883
LIABILITIES						
Current and other liabilities	6,141	7,419	832	772	6,972	8,191
Long-term liabilities	41,781	35,366	59,424	60,013	101,205	95,379
TOTAL LIABILITIES	\$ 47,922	\$ 42,785	\$ 60,255	\$ 60,785	\$ 108,177	\$ 103,570
Deferred inflows	2,055	-	576	-	2,631	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 49,977	\$ 42,785	\$ 60,831	\$ 60,785	\$ 110,808	\$ 103,570
Net investment in capital assets	140,810	137,368	106,818	114,087	247,629	251,455
Restricted	3,840	990	5,526	4,550	9,366	5,540
Unrestricted	10,319	16,025	26,927	20,293	37,246	36,318
TOTAL NET POSITION	\$ 154,968	\$ 154,382	\$ 139,272	\$ 138,930	\$ 294,240	\$ 293,313

The City's largest portion of net position, \$ 247 million or 82%, is our investment in capital assets such as land, buildings, infrastructure and equipment, less any related outstanding debt issued to purchase those assets. These assets are used to provide necessary services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, these capital assets cannot be used to repay the debt. Other resources are needed to liquidate the debt.

An additional portion of the City of Marysville's net position, \$ 9.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 37.2 million may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the calendar year, the City of Marysville reported positive balances in all three categories of net position, for both the Governmental Activities and Business-Type Activities.



Statement of Activities

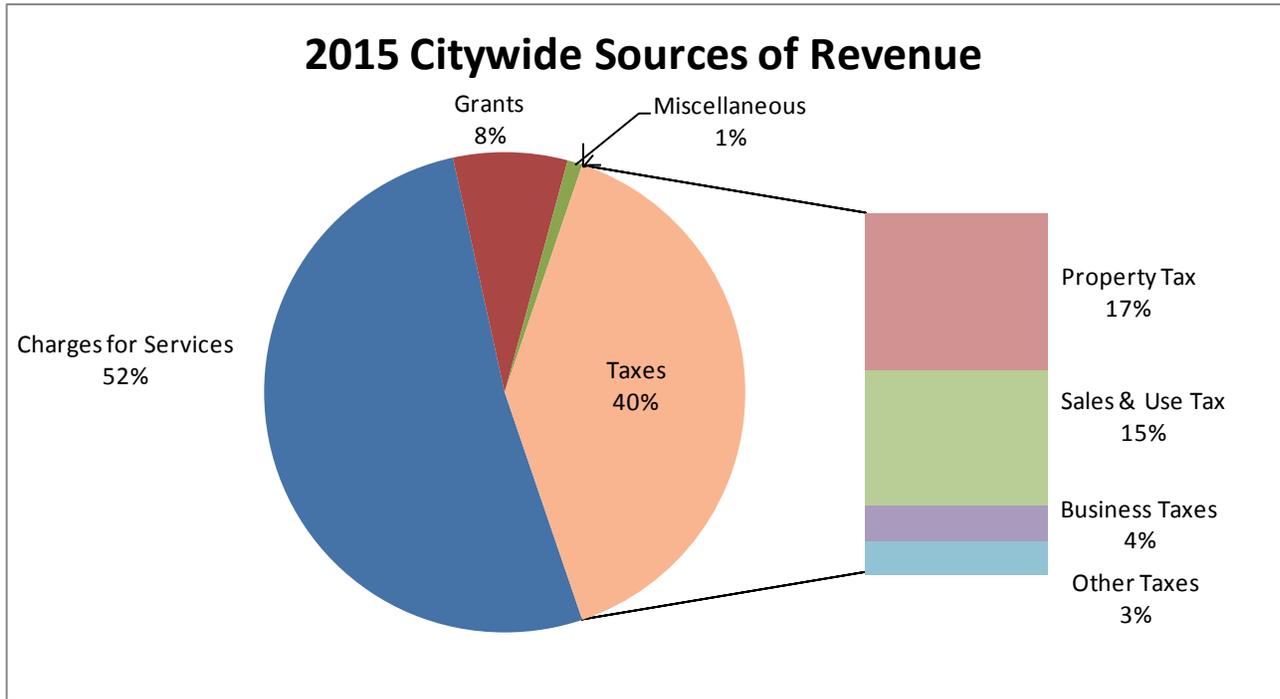
As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time. The Statement of Activities provides details on how net position changed from the beginning of the year to the end of the year and whether net position increased or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

Figure 2: Condensed Statement of Activities
 For Year Ended December 31, 2015
 (in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenue:						
Charges for Services	\$ 8,830	\$ 9,040	\$ 38,359	\$ 34,530	\$ 47,188	\$ 43,569
Operating Grants and Contributions	5,958	3,053	70	234	6,029	3,287
Capital Grants and Contributions	273	50	771	1,561	1,044	1,611
General Revenues:						
Property Taxes	15,728	16,147	-	-	15,728	16,147
Sales Taxes	13,697	10,970	-	-	13,697	10,970
Other Taxes	6,647	6,006	-	-	6,647	6,006
Interest and Investment Earnings	180	185	108	157	288	342
Total Revenue	51,314	45,451	39,309	36,481	90,623	81,932
Program Expenses						
Governmental Activities						
Judicial	1,350	1,369	-	-	1,350	1,369
General Government	5,507	3,587	-	-	5,507	3,587
Public Safety	25,655	25,155	-	-	25,655	25,155
Physical Environment	1,076	1,012	-	-	1,076	1,012
Transportation	8,421	6,448	-	-	8,421	6,448
Economic Environment	2,256	2,135	-	-	2,256	2,135
Health	41	33	-	-	41	33
Culture & Recreation	3,160	3,165	-	-	3,160	3,165
Interest on Long-term Debt	1,224	1,454	-	-	1,224	1,454
Business-Type Activities						
Water/Sewer/Surface Water	-	-	23,038	21,912	23,038	21,912
Garbage & Solid Waste	-	-	5,352	5,339	5,352	5,339
Golf Course	-	-	1,195	1,050	1,195	1,050
Total Expenses	48,690	44,360	29,585	28,300	78,277	72,662
Increase in Net Position Before Transfers	2,623	1,090	9,724	8,181	12,346	9,271
Transfers	5,103	3,721	(5,103)	(3,721)	-	-
Increase in Net Position	7,726	4,813	4,621	4,460	12,346	9,271
Net Position - Beginning of Year	154,382	149,795	138,930	134,470	293,313	284,265
Changes in Accounting Principles-GASB 68	(7,140)	-	(4,279)	-	(11,419)	-
Prior Period Adjustment	-	(224)	-	-	-	(224)
Net Position - End of Year	\$ 154,968	\$ 154,382	\$ 139,272	\$ 138,930	\$ 294,240	\$ 293,313

As shown in the chart below, charges for services made up 52% of the total revenue received by the city as a whole in 2015. Forty (40%) percent of the revenue sources were made up of taxes. Of the 40%, 17% is from property taxes, 15% 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.

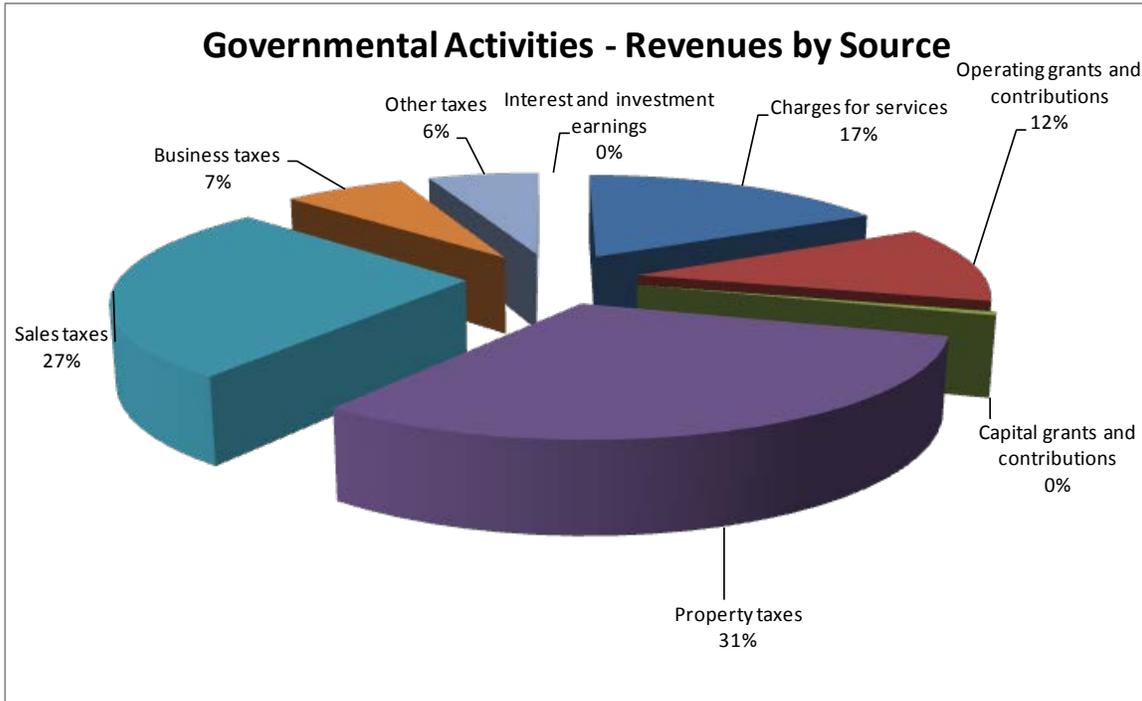


GOVERNMENTAL ACTIVITIES ANALYSIS

As shown in the Statement of Activities, the total cost of all governmental activities in 2015 was \$ 48.7 million. Of this amount \$ 15.1 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 \$ 33.7 million was the cost of governmental activity services paid primarily by city taxpayers.

Revenues

Total governmental activity revenue (excluding transfers) increased by \$ 5.8 million or 13%. As the chart below depicts, the majority of governmental activity revenue, 71%, is from taxes. Combined taxes were up \$ 2.9 million, or 8.9% from 2014.

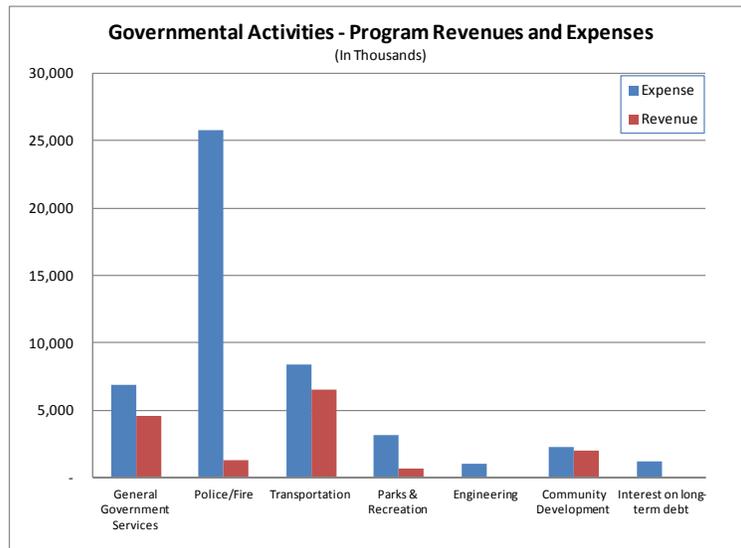


Sales tax increased by \$ 2.7 million or 25% from 2014 demonstrating signs of the economy stabilizing. Other taxes increased by 8.1% from 2014. This category includes utility taxes assessed on utilities, such as telephone, electric and natural gas for services sold within the city limits. The increase in utility tax is the result of rate increases imposed by the utility companies.

Expenses

Total governmental activity expenses increased by \$ 4.3 million or 9.8%, compared to 2014. The largest increases were in General Government up \$ 1.9 million or 53% due to the transfer of the Library building and land to Library District and Transportation up \$2.0 million or 30.6% due to increased overlays and maintenance projects.

The chart below illustrates the cost of each of the City’s major governmental activities along with each activity’s generated revenues (charges for services, grants, and contributions specifically related to that activity). The difference is the amount that each program relies on taxes for funding.



BUSINESS-TYPE ACTIVITIES ANALYSIS

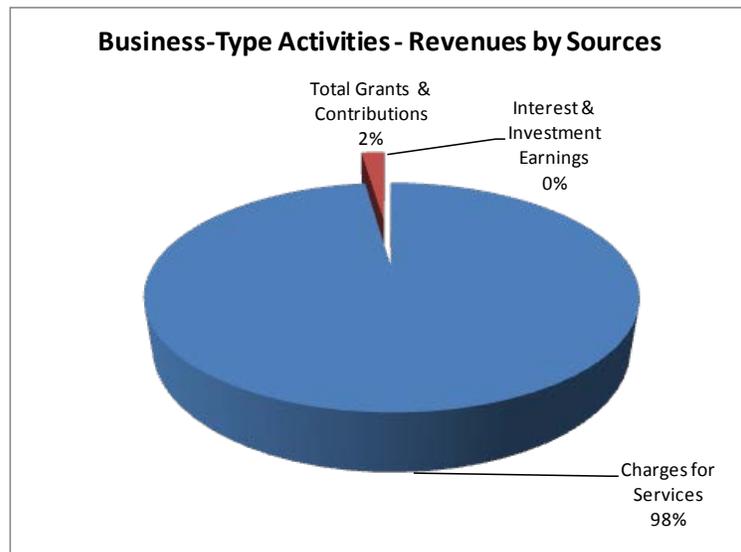
Total expenses of business-type activities in 2015 were \$ 29.6 million. Program revenue covered \$ 39.3 million, with \$ 5.1 million in transfers resulting in a net gain of \$ 4.6 million.

Revenues

Total revenues were up \$ 2.8 million or 7.8% from the prior year. As shown in the chart below, the majority of business-type activity revenue is from charges for services. Charges for services increased \$ 3.8 million from 2014, due to a combination of the annual 2.0% rate increase on water/sewer/surface water fees and increased usage or consumption.

Capital grants and contributions are made up of infrastructure constructed by the developer and then turned over to the City. Business-type capital contributions were down \$.8 million or 50% from 2014.

In 2015, interest earnings on investments increased 31%. Even though interest rates remained low, the City had more cash to invest.



Expenses

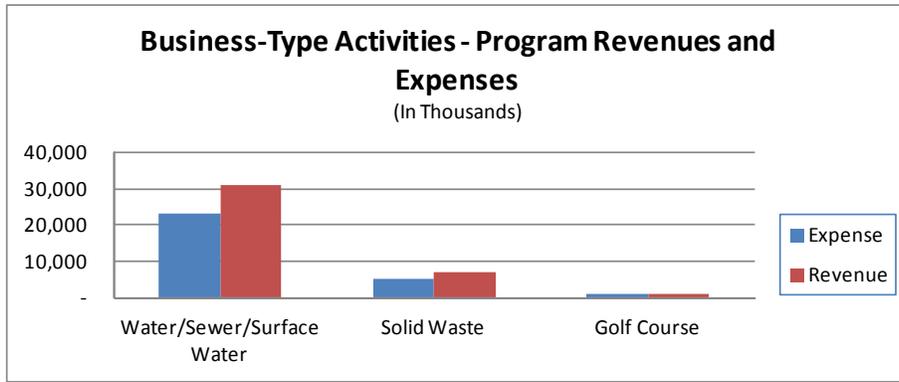
Total business-type expenses were up \$ 1.3 million or 4.7% from 2014

Water/Sewer activity expenses were up \$ 1.2 million or 5.2% from 2014.

In 2015, the Solid Waste activity expenses remained at the same level as 2014.

The golf course expenses increased by \$.1 million or 13%. In 2015, the City signed a contract with Premier Golf to take over the management of the Golf Course. Additional expenses were incurred as a result of this transition. The Golf Course did generate \$.1 million in revenue over what was realized in 2014 offsetting the increased expenses. Management continues to work hard to reduce expenses in an effort to reduce and/or eliminate the need for subsistence from the General Fund.

The chart below depicts the expense of each of the City's business-type programs along with each program's generated revenues. As shown, water/sewer and solid waste generated enough program revenue (primarily user fees) to cover the operating costs of providing services while golf did not. These activities are discussed in more detail in the Business-type Fund Analysis section.



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 \$ 19.5 million an increase of \$ 2.3 million from 2014. The majority of that increase is the result of the improved cash position.

Revenues for the governmental funds in 2015 were \$ 56.1 million up \$ 6.2 million or 12.4% from 2014 and expenditures were \$ 54.9 million up \$ 7.7 million or 16.3%.

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 2015, the fund balance of the General Fund was \$ 14.7 million up \$.5 million from 2014. As a measure of fund’s liquidity, the ending fund balance is 38% of the fund’s 2015 expenditures. As of December 31, 2015, total revenue was \$ 42.9 million an increase of \$.6 million or 1.3% and total expenditures were \$ 38.7 million. Of the \$ 14.7 million fund balance, \$ 14.7 million is unassigned which is available for discretionary spending. Even though the economy is starting to show signs of recovery, and the City is starting to stabilize, the City remains committed to managing costs and balancing current year revenue and expenses to ensure the financial security of the City.

Streets Capital Improvement Fund – The Street Capital Improvement Fund accounts for the construction of transportation within the city, such as roads, streets, park and rides, and bridges. The fund reported an increase of 3.5% in fund balance.

Street Maintenance Fund – The Street Maintenance fund accounts for the maintenance of streets, sidewalks and right-of-ways located within the city. This is the first year this fund is being reported as a major fund. The fund reported a 32.8% increase in fund balance due to an improved cash position.

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.

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

Combined, the Other Governmental Funds reported total assets of \$ 2.4 million, total liabilities of \$.4 million and a combined fund balance of \$ 2.0 million. This is an increase of \$.9 million from 2014.

Revenue for the Other Government Funds in 2015 was \$ 5.1 million up \$.9 million from 2014. Increases were in real estate excise taxes and sales tax.

Expenditures for the Other Government Funds in 2015 were \$ 3.2 million a decrease of \$ 3.8 million. The decrease is due to Streets Maintenance fund being reclassified to a major fund.

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 of \$ 192.1 million, total liabilities of \$58.8 million, and net position of \$ 134.2 million, an increase of \$.4 million or .2% increase from the prior year.

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 of \$ 5.8 million, total liabilities of \$.4 and net position of \$ 5.4 million, an increase of \$.4 million or 5.3% 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 of \$ 1.9 million, total liabilities of \$ 1.6 million, and net position of a \$.4 million an increase of \$.2 million.

General Fund Budgetary Highlights

The annual budget is developed to guide the City's financial direction. It outlines how financial resources will be managed during the fiscal year, while allowing for reallocation of resources. Major groups that participate in the budget process are the Mayor, City Council, Chief Administrative Officer, Department directors, Managers, and interested Marysville citizens.

Appropriation of operating funds are reviewed and amended as needed by the City Council. During 2015 the budget was amended one time. The final General Fund expenditure budget was \$ 156,241 higher from the original budget. The amendment was to account for various grants that were awarded to the City.

Actual results compared to final budget

General Fund revenues were less than the amended budget by \$.4 million or .1%. All revenues in the General Fund came in under budget except for Fines and Forfeitures which came in only slightly over budget.

General Fund expenditures were under the final amended budget by \$ 1.0 million or 2.4%. The most significant under runs were \$.6 in General Government and \$.3 million in Economic Environment. Both were associated with planned projects, that were pushed out to 2016.

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, 2015 amounts to \$ 332.8 million (net of accumulated depreciation) a decrease of \$.8 million from 2014.

The City's assessed valuation for determining debt capacity available is \$ 5.4 billion and the total amount of debt the City may issue is \$ 385.3 million.

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 2015. Assesses values (AV) for 2016 are estimated to increase. Prior to this AV was falling at an average rate of 9% per year. The levy rate for 2016 is \$2.6813 per \$1,000 of assessed valuation, an increase of 10% from the prior year of \$2.4369. The 2016 EMS levy rate decreased from \$.4278 per \$1,000 of AV to \$.4037.

Total General Fund revenues for 2016 are estimated to increase by \$ 1.1 million from the revised 2015 budget before transfers and the total General Fund expenditures are estimated to increase by \$.8 million from the revised 2015 budget before transfers. For 2015, the City continues to recover from the financial challenges in recent years, and has started to reinvest in the community. The City is moving forward with strategic investments necessary to lay the groundwork for a prosperous future. In 2015, the City transitioned from an annual budget, to a biennial budget. By transitioning to a biennial budget it will encourage long term planning that will further enhance the financial stability of the City and allow us to better serve our community.

Requests for Information

The City's financial statements are designed to provide users with a general overview of the City's finances as well as to demonstrate the City's accountability to its citizens, investors, creditors, and other customers. If you have a question about the report, please contact the City of Marysville Finance Director, 1049 State Avenue, Marysville, Washington, 98270, (360) 363-8000.

STATEMENT OF NET POSITION
DECEMBER 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & cash equivalents	11,788,079	15,268,272	27,056,351
Investments	8,873,339	12,093,993	20,967,332
Receivables (net)	7,595,599	5,407,827	13,003,426
Internal Balances	690,884	(690,884)	-
Inventories	161,186	126,135	287,321
Prepaid items	27,332	-	27,332
Restricted Cash & Investments:			
Investment	-	5,526,424	5,526,424
Investment in joint venture	376,660	-	376,660
Capital Assets			
Land	27,218,361	12,405,376	39,623,737
Depreciable assets (net)	139,978,772	145,238,594	285,217,366
Construction in progress	4,245,247	3,701,582	7,946,829
Net Pension Asset	2,476,815	-	2,476,815
TOTAL ASSETS	203,432,274	199,077,319	402,509,593
Deferred Outflows of resources			
Debt refunding	-	570,804	570,804
Related to pension	1,512,447	455,289	1,967,736
TOTAL ASSETS AND DEFERRED OUTFLOWS	204,944,721	200,103,412	405,048,133
LIABILITIES			
Accounts payable and accrued expenses	398,116	682,084	1,080,200
Unearned revenue	5,622,070	25,000	5,647,070
Other current liabilities	120,704	124,497	245,201
<i>Non-Current Liabilities (see Note 10)</i>			
Due within one year	2,278,845	4,116,260	6,395,105
Due in more than one year	39,501,887	55,307,508	94,809,395
Total Liabilities	47,921,622	60,255,349	108,176,971
Deferred Inflows of resources			
Related to pension	2,054,974	576,129	2,631,103
Total Deferred Inflows	2,054,974	576,129	2,631,103
TOTAL LIABILITIES AND DEFERRED INFLOWS	49,976,596	60,831,478	110,808,074
NET POSITION			
Net investments in capital assets	140,810,400	106,818,354	247,628,754
Restricted for:			
Debt service	1,363,138	5,526,424	6,889,562
Related to Pension	2,476,815	-	2,476,815
Unrestricted	10,317,772	26,927,156	37,244,928
TOTAL NET POSITION	154,968,125	139,271,934	294,240,059

The accompanying notes are an integral part of this statement

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Grants & Contributions		Governmental Activities	Business-type Activities	Total
			Operating	Capital			
<i>Governmental Activities:</i>							
Judicial	1,350,483	746,871	43,743	-	(559,869)	-	(559,869)
General Government	5,507,340	3,763,483	1,000	-	(1,742,857)	-	(1,742,857)
Public Safety	25,654,989	1,103,582	220,059	-	(24,331,348)	-	(24,331,348)
Physical Environment	1,076,714	3,134	-	-	(1,073,580)	-	(1,073,580)
Transportation	8,420,679	1,138,282	5,351,191	9,990	(1,921,216)	-	(1,921,216)
Economic Environment	2,256,138	1,720,524	300,844	-	(234,770)	-	(234,770)
Health	40,693	-	-	-	(40,693)	-	(40,693)
Culture & Recreation	3,160,313	353,895	41,500	263,413	(2,501,505)	-	(2,501,505)
Interest on long-term debt	1,224,025	-	-	-	(1,224,025)	-	(1,224,025)
Total Governmental	48,691,374	8,829,771	5,958,337	273,403	(33,629,863)	-	(33,629,863)
<i>Business-type Activities:</i>							
Water/Sewer/Surface Water	23,038,255	30,258,766	-	771,052	-	7,991,563	7,991,563
Solid Waste	5,351,900	7,037,150	70,494	-	-	1,755,744	1,755,744
Golf Course	1,195,081	1,063,146	-	-	-	(131,935)	(131,935)
Total Business-Type	29,585,236	38,359,062	70,494	771,052	-	9,615,372	9,615,372
Total Government	78,276,610	47,188,833	6,028,831	1,044,455	(33,629,863)	9,615,372	(24,014,491)
General Revenues							
Property Taxes					15,728,430	-	15,728,430
Sales Taxes					13,696,505	-	13,696,505
Utility Taxes					3,477,925	-	3,477,925
Excise Taxes					2,171,124	-	2,171,124
Other Taxes					997,843	-	997,843
Investment Earnings					180,600	108,266	288,866
Transfers					5,103,038	(5,103,038)	-
Total General Revenues & Transfers					41,355,465	(4,994,772)	36,360,693
Change in Net Position					7,725,602	4,620,600	12,346,202
Net Position - Beginning					154,382,277	138,930,265	293,312,542
Changes in Account Principles - GASB 68					(7,139,754)	(4,278,931)	(11,418,685)
Net Position - Ending					154,968,125	139,271,934	294,240,059

The accompanying notes are an integral part of this statement

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	GENERAL FUND	STREETS CAPITAL IMPROVEMENTS	LOCAL IMPROVEMENT DISTRICT 71	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
CURRENT ASSETS						
Cash & cash equivalents	\$ 7,125,762	\$ 1,198,365	\$ 727,403	\$ 290,459	\$ 1,955,048	\$ 11,297,037
Investments	7,262,762	530,108	-	230,276	460,897	8,484,043
Receivables (net)	1,960,827	-	228,543	12,702	-	2,202,072
Due from other funds	400,000	-	-	-	-	400,000
Special Assessment Receivable	-	-	5,393,527	-	-	5,393,527
Prepaid items	27,332	-	-	-	-	27,332
Total Current Assets	16,776,683	1,728,473	6,349,473	533,437	2,415,945	27,804,011
TOTAL ASSETS	\$ 16,776,683	\$ 1,728,473	\$ 6,349,473	\$ 533,437	\$ 2,415,945	\$ 27,804,011
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued expense	\$ 99,267	\$ 215,030	\$ -	\$ 2,766	\$ 47,723	\$ 364,786
Due to other funds	-	-	-	-	400,000	400,000
Unearned revenue	405,471	-	228,543	-	-	634,014
Deposits payable	83,247	3,787	-	33,670	-	120,704
Total Current Liabilities	587,985	218,817	228,543	36,436	447,723	1,519,504
TOTAL LIABILITIES	\$ 587,985	\$ 218,817	\$ 228,543	\$ 36,436	\$ 447,723	\$ 1,519,504
DEFERRED INFLOW						
Property Taxes	\$ 460,785	\$ -	\$ -	\$ -	\$ -	\$ 460,785
Special Assessments	-	-	5,393,527	-	-	5,393,527
Court Receivables	971,242	-	-	-	-	971,242
TOTAL DEFERRED INFLOWS	1,432,027	-	5,393,527	-	-	6,825,554
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 2,020,012	\$ 218,817	\$ 5,622,070	\$ 36,436	\$ 447,723	\$ 8,345,058
FUND BALANCE						
<i>Restricted For:</i>						
Law Enforcement	-	-	-	-	187,600	187,600
Tourism	-	-	-	-	63,709	63,709
Technology Infrastructure	-	-	-	-	238,469	238,469
REET	-	-	-	-	274,188	274,188
<i>Committed to:</i>						
Law Enforcement	-	-	-	-	54,161	54,161
Community Center	-	-	-	-	9,119	9,119
<i>Assigned to:</i>						
Street Construction & Maintenance	-	1,509,656	-	497,001	256,219	2,262,876
Parks Construction Projects	-	-	-	-	249,022	249,022
Debt Service	-	-	727,403	-	635,735	1,363,138
<i>Unassigned</i>	14,756,671	-	-	-	-	14,756,671
TOTAL FUND BALANCES	14,756,671	1,509,656	727,403	497,001	1,968,222	19,458,953
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 16,776,683	\$ 1,728,473	\$ 6,349,473	\$ 533,437	\$ 2,415,945	\$ 27,804,011

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, 2015**

Total governmental fund balance		\$ 19,458,953
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current period financial resources and therefore are not reported in the funds.		165,684,453
These assets consist of:		
Land	\$ 27,218,361	
Depreciable Assets (including Infrastructure)	164,099,386	
Construction in Progress	4,245,247	
Less: Accumulated Depreciation	(29,878,541)	
The investment in joint ventures is not reported at the fund financial reporting level but is reported on the statement of net position.		376,660
Other long term assets used in governmental activities are not current period financial resources and therefore are not reported in the funds		2,882,286
Net Pension Asset	2,476,815	
Current Property Taxes	228,826	
Court Receivable	176,645	
Deferred Inflow - Court Receivables		971,242
Deferred Inflow - Prior Years Property Taxes		460,785
Deferred Outflow - Related to Pension		1,381,028
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(41,185,904)
Compensated Absences	(1,738,931)	
General Obligation/Special Assessment Bonds	(30,631,980)	
Net Pension Obligation - (OPEB)	(986,298)	
Net Pension Liability	(7,828,695)	
Deferred Inflow - Related to Pension		(1,923,795)
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.		6,862,417
Internal service funds-total fund position	\$ 6,171,533	
Add back: amount allocated to internal balances - business-type activities	690,884	
Net position of governmental activities		\$ 154,968,125

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, 2015**

	GENERAL FUND	STREETS CAPITAL IMPROVEMENTS	LOCAL IMPROVEMENT DISTRICT 71	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	\$ 33,902,657	\$ -	\$ -	\$ -	\$ 3,977,463	\$ 37,880,120
Licenses & Permits	1,815,888	-	-	41,028	-	1,856,916
Intergovernmental	1,304,145	4,032,085	-	1,325,796	540,757	7,202,783
Charges for Services	5,023,180	1,097,254	-	49,343	408,425	6,578,202
Fines & Forfeitures	533,954	-	-	-	114,005	647,959
Investment Earnings	150,056	7,911	3,391	833	15,044	177,235
Rents & Leases	183,187	400	-	-	29,471	213,058
Special Assessments	-	-	1,432,131	-	-	1,432,131
Miscellaneous Revenues	78,711	4,700	-	45,974	14,187	143,572
Total Revenues	42,991,778	5,142,350	1,435,522	1,462,974	5,099,352	56,131,976
EXPENDITURES						
Current:						
Judicial	1,365,223	-	-	-	-	1,365,223
General Government	5,512,756	-	-	21,091	21,993	5,555,840
Public Safety	25,666,216	-	-	-	54,148	25,720,364
Physical Environment	1,096,568	-	-	-	-	1,096,568
Transportation	-	985,605	-	5,538,841	2,544	6,526,990
Health & Human Services	40,693	-	-	-	-	40,693
Economic Environment	2,273,175	-	-	-	196,225	2,469,400
Culture & Recreation	2,695,786	-	-	-	298,179	2,993,965
Capital Outlay						
Public safety	26,115	-	-	-	5,739	31,854
Transportation	-	5,325,000	-	-	-	5,325,000
Culture & Recreation	61,918	-	-	-	266,976	328,894
Debt Service						
Principal	-	-	915,000	-	1,310,271	2,225,271
Interest & fiscal charges	-	-	152,545	-	1,071,480	1,224,025
Total Expenditures	38,738,450	6,310,605	1,067,545	5,559,932	3,227,555	54,904,087
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	4,253,328	(1,168,255)	367,977	(4,096,958)	1,871,797	1,227,889
OTHER FINANCING SOURCES (USES)						
Transfers in	869,076	2,020,000	-	4,294,353	2,395,412	9,578,841
Transfers out	(4,590,315)	(904,139)	-	(74,583)	(3,017,075)	(8,586,112)
Total other financing sources (uses)	(3,721,239)	1,115,861	-	4,219,770	(621,663)	992,729
Net change in fund balances	532,089	(52,394)	367,977	122,812	1,250,134	2,220,618
Fund balances--beginning	14,224,582	1,562,050	359,426	374,189	718,088	17,238,335
FUND BALANCES - ENDING	\$ 14,756,671	\$ 1,509,656	\$ 727,403	\$ 497,001	\$ 1,968,222	\$ 19,458,953

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, 2015**

Net changes in fund balances for governmental funds \$ 2,220,618

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. 1,152,734

This is comprised of:

Capital Outlays	\$ 5,685,748
Depreciation	(2,542,144)
NBV of retired assets	(2,017,670)
Donated Property	26,800

Governmental funds do not report the change in the investment in the joint venture the change is reported on the statement of activity (79,958)

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

This is comprised of:

Current Property Taxes	10,571
Court Receivables	(114,957)
Special Funding - LEOFF 2	215,976

Deferred Outflows - Prior Years Property Taxes (26,885)

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:

Change in 800 mhz amortization schedule	30,374
GO debt retired	2,225,271
Unamortized premium	93,525

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

This is comprised of:

Accrued Compensated Absences	(163,110)
Net Pension Obligation - OPEB	(264,879)
Net Pension Expense - GASB 68 Adjustments	521,056

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

This is comprised of:

Interest revenue allocated from internal service funds	\$ 3,365	1,905,266
to governmental activities		
Net expense allocated from internal service funds	581,414	
to governmental activities		
Transfer Out	1,320,487	

Change in net position of governmental activities \$ 7,725,602

The accompanying notes are an integral part of this statement

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2015

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL ENTERPRISE FUNDS	
ASSETS					
CURRENT ASSETS:					
Cash & cash equivalents	\$ 12,752,916	\$ 2,513,756	\$ 1,600	\$ 15,268,272	\$ 491,042
Investments	10,101,093	1,992,900	-	12,093,993	389,296
Receivables (net)	4,123,134	1,284,693	-	5,407,827	-
Inventories	71,152	-	54,983	126,135	161,186
Total Current Assets	27,048,295	5,791,349	56,583	32,896,227	1,041,524
NONCURRENT ASSETS					
Restricted Cash & Investments:					
Investments	5,526,424	-	-	5,526,424	-
Capital Assets					
Land	11,587,364	-	818,012	12,405,376	-
Depreciable assets (net)	144,197,945	-	1,040,649	145,238,594	5,757,927
Construction in progress	3,701,582	-	-	3,701,582	-
Total Noncurrent Assets	165,013,315	-	1,858,661	166,871,976	5,757,927
TOTAL ASSETS	\$ 192,061,610	\$ 5,791,349	\$ 1,915,244	\$ 199,768,203	\$ 6,799,451
Deferred outflow of resources:					
Debt refunding	550,007	-	20,797	570,804	-
Related to pension	392,623	57,563	5,103	455,289	131,419
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 193,004,240	\$ 5,848,912	\$ 1,941,144	\$ 200,794,296	\$ 6,930,870
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued exp.	\$ 68,521	\$ 134,291	\$ -	\$ 202,812	\$ 33,330
Accrued interest payable	451,950	-	27,322	479,272	-
Compensated absences	142,751	17,778	-	160,529	51,718
Bonds, notes, loans payable	3,655,757	-	299,974	3,955,731	-
Unearned revenue	25,000	-	-	25,000	-
Deposits payable	5,374	-	3,500	8,874	-
Other current liabilities	60,225	-	55,398	115,623	-
Total Current Liabilities	4,409,578	152,069	386,194	4,947,841	85,048
NONCURRENT LIABILITIES:					
Bonds, notes, loans payable (net)	49,995,742	-	1,146,529	51,142,271	-
Net Pension Liability	3,770,388	215,242	19,078	4,004,708	491,392
Compensated absences	142,751	17,778	-	160,529	51,718
Total Noncurrent Liabilities	53,908,881	233,020	1,165,607	55,307,508	543,110
TOTAL LIABILITIES	58,318,459	385,089	1,551,801	60,255,349	628,158
Deferred Inflows of resources					
Related to pension	513,578	57,459	5,092	576,129	131,179
TOTAL LIABILITIES AND DEFERRED INFLOWS	58,832,037	442,548	1,556,893	60,831,478	759,337
NET POSITION					
Net investment in capital assets	106,385,399	-	432,955	106,818,354	5,757,927
Restricted for debt service	5,526,424	-	-	5,526,424	-
Unrestricted	22,260,380	5,406,364	(48,704)	27,618,040	413,606
TOTAL NET POSITION	\$ 134,172,203	\$ 5,406,364	\$ 384,251	\$ 139,962,818	\$ 6,171,533

The net effect of activities allocated from internal service funds is presented as an internal balance on the statement of net position (690,884)

Net position of business-type activities **\$ 139,271,934**

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, 2015

	BUSINESS TYPE ACTIVITIES				TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF			
OPERATING REVENUES:						
<i>Charges for Services:</i>						
Water/Sewer/Surface Water	\$ 25,505,609	\$ -	\$ -	\$ 25,505,609	\$ -	
Golf	-	-	1,029,109	1,029,109	-	
Garbage & Solid Waste	-	7,042,821	-	7,042,821	-	
Other Services	-	-	-	-	3,778,579	
Total Operating Revenues	25,505,609	7,042,821	1,029,109	33,577,539	3,778,579	
OPERATING EXPENSES:						
Maintenance & operations	14,599,012	5,157,217	1,032,957	20,789,186	2,434,947	
Taxes	2,661,360	1,213,851	4,541	3,879,752	-	
Depreciation	6,048,189	-	65,551	6,113,740	564,586	
Total Operating Expenses	23,308,561	6,371,068	1,103,049	30,782,678	2,999,533	
Operating income (loss)	2,197,048	671,753	(73,940)	2,794,861	779,046	
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental	-	70,494	-	70,494	-	
Investment earnings	85,163	23,071	32	108,266	3,365	
Miscellaneous nonoperating revenue	4,753,157	(5,671)	34,037	4,781,523	119,448	
Interest expense	(1,422,217)	-	(96,641)	(1,518,858)	-	
Miscellaneous nonoperating expenses	(390,600)	-	-	(390,600)	-	
Total Non-Operating Revenues (Expenses)	3,025,503	87,894	(62,572)	3,050,825	122,813	
Income (Loss) Before Capital Contributions & Transfers	5,222,551	759,647	(136,512)	5,845,686	901,859	
Capital contributions	771,052	-	-	771,052	-	
Transfers in	-	2,272	370,968	373,240	1,320,487	
Transfers (out)	(1,579,151)	(1,107,305)	-	(2,686,456)	-	
	(808,099)	(1,105,033)	370,968	(1,542,164)	1,320,487	
CHANGE IN NET POSITION	4,414,452	(345,386)	234,456	4,303,522	2,222,346	
NET POSITION-BEGINNING	133,794,409	5,974,299	169,519	139,938,227	4,457,260	
Changes in Accounting Principles-GASB 68	(4,036,658)	(222,549)	(19,724)	(4,278,931)	(508,073)	
NET POSITION-ENDING	\$ 134,172,203	\$ 5,406,364	\$ 384,251	\$ 139,962,818	\$ 6,171,533	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: 317,078

Change in net position of business-type activities \$ 4,620,600

The accompanying notes are an integral part of this statement

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL	ACTIVITIES- INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 25,327,730	\$ 7,013,521	\$ 1,012,623	\$ 33,353,874	\$ 3,778,579
Payments to suppliers	(8,469,340)	(3,989,362)	(542,648)	(13,001,350)	(1,053,510)
Payment to employees	(6,129,154)	(1,032,705)	(499,117)	(7,660,976)	(1,389,903)
Payments for taxes	(2,774,126)	(1,213,851)	(4,541)	(3,992,518)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,955,110	\$ 777,603	\$ (33,683)	\$ 8,699,030	\$ 1,335,166
Cash Flows From Non-Capital Financing Activities:					
Other Receipts (Payments)	4,347,969	(5,671)	34,037	4,376,335	119,448
Receipts from Non-Capital Grants	-	70,494	-	70,494	-
Transfer in from other funds	-	2,272	370,968	373,240	1,320,487
Transfer (out) to other funds	(1,579,151)	(1,107,305)	-	(2,686,456)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 2,768,818	\$ (1,040,210)	\$ 405,005	\$ 2,133,613	\$ 1,439,935
Cash Flows From Capital and Related Financing Activities:					
Acquisition/Construction-capital	(1,383,441)	-	-	(1,383,441)	(2,536,849)
Payments on debt principal	(4,040,757)	-	(282,273)	(4,323,030)	-
Payment on debt interest	(1,667,712)	-	(89,081)	(1,756,793)	-
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	\$ (7,091,910)	\$ -	\$ (371,354)	\$ (7,463,264)	\$ (2,536,849)
Cash Flows From Investing Activities:					
Purchase of Investments	(3,125,661)	-	-	(3,125,661)	(59,415)
Proceeds from Sale of Investments	2,902,029	458,359	-	3,360,388	-
Interest on Investments	85,163	23,071	32	108,266	3,365
NET CASH PROVIDED BY INVESTING ACTIVITIES	\$ (138,469)	\$ 481,430	\$ 32	\$ 342,993	\$ (56,050)
Net Increase (Decrease) in Cash & Equivalents	3,493,549	218,823	-	3,712,372	182,202
Cash and Equivalents January 1, 2015	9,259,367	2,294,933	1,600	11,555,900	308,840
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 12,752,916	\$ 2,513,756	\$ 1,600	\$ 15,268,272	\$ 491,042
Unrestricted cash and cash equivalents	12,752,916	2,513,756	1,600	15,268,272	491,042
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 12,752,916	\$ 2,513,756	\$ 1,600	\$ 15,268,272	\$ 491,042

The accompanying notes are an integral part of this statement

Page 1 of 2

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL	ACTIVITIES- INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 2,197,048	\$ 671,753	\$ (73,940)	\$ 2,794,861	\$ 779,046
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	6,048,189	-	65,551	6,113,740	564,586
Changes in Assets and Liabilities:					
(Increase)/Decrease in Inventories	(6,251)	-	10,583	4,332	(26,816)
(Increase)/Decrease in Receivables	(178,781)	(29,300)	-	(208,081)	-
Increase (Decrease) in Accounts Payable	40,220	142,561	(18,410)	164,371	35,271
Increase (Decrease) in Other Current Liabilities	(145,315)	(7,411)	(17,467)	(170,193)	(16,921)
TOTAL ADJUSTMENTS	5,758,062	105,850	40,257	5,904,169	556,120
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,955,110	\$ 777,603	\$ (33,683)	\$ 8,699,030	\$ 1,335,166
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital assets contributed by private developers	771,052	-	-	771,052	-
Increase (decrease) in fair value of investments	(82,142)	-	-	(82,142)	-
TOTAL NON-CASH ACTIVITIES	\$ 688,910	\$ -	\$ -	\$ 688,910	-

The accompanying notes are an integral part of this statement

Page 2 of 2

STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2015

	AGENCY FUNDS
ASSETS	
Cash & cash equivalents	\$ 78,497
Total Assets	\$ 78,497
LIABILITIES	
Accounts payable and accrued expenses	\$ 27,390
Other liabilities	\$ 51,107
Total Liabilities	\$ 78,497

The accompanying notes are an integral part of this statement

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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- Subsequent Events

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

The city reports the following major government funds:

- The General Fund is the city's operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Street Capital Improvement fund accounts for the design and construction of the city's infrastructure.
- The Street Maintenance fund accounts for the operation and maintenance of the city streets, right-of-ways, and sidewalks.
- The Local Improvement District (LID) #71 accounts for assessments related to the LID and provides payment to the Fiscal Agent for principal and interest on bonds issued in September 2014.

The city reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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

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.

New Accounting Standards

In 2015, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27." And also GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68." The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

D. Budgetary Information

Scope of Budget

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

Annual appropriated budgets are adopted at the fund level where expenditures may not exceed appropriations. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for all funds lapse at year-end.

Amending the Budget

The City Administrative Officer is authorized to transfer appropriations between programs within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the City Council. When City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a simple majority. The budget was amended by ordinance three (3) times during 2015. The budget amounts shown in the financial statements and schedules are the final authorized amounts as revised during the year.

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.

E. Assets, Liabilities, Fund Balances and Net Position

Cash and Cash Equivalents

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

including investment in the Washington State's Local Government Investment Pool, and short-term investments with a maturity of three months or less when purchased to be cash equivalents.

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

Investments (see note 3)

Investments are reported at fair value based on quoted market prices.

Receivables

Taxes receivable consists of property taxes, related interest and penalties. Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

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 13.

Amounts Due to and from Other Governmental Units

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

Special Assessments

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

Inventories

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

Restricted Assets and Liabilities

Constraints imposed by debt covenants and laws and regulations of other governments require that the City maintain cash accounts, investments and receivables for certain purposes. These accounts contain resources to ensure compliance with the revenue debt bond covenants.

Capital Assets (see note 5)

GASB Statement No. 34 established new financial reporting standards including the reporting of infrastructure assets of the general government as capital assets. 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 estimated fair market value at the date of donation.

Capital assets purchased, constructed, or leased by a governmental fund type are recorded as expenditures in that fund at the time the related expenditures are incurred. The associated capital assets are capitalized in the Governmental Activities column on the Government Wide Statement of Net Position. Capital assets of internal service funds are reported with governmental assets.

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

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

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

ESTIMATED SERVICE LIFE

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

Other Post-Employment Benefits (see note 6)

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.

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)

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 another 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.

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.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Fund 502 – Facility Maintenance and Fund 503 – Information Services, both internal service funds are reporting a negative ending net position. In both cases, the negative net position is the result of the implementation of GASB 68. Prior to the implementation, both funds reported a positive net position.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

The Washington Local Government Investment Pool (LGIP) is unrated and operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The fair value of the portfolio is calculated by the master custodian or by an independent pricing service under contract with the State Treasurer's Office. The fair value of the City's position in the State of Washington Local Government Investment Pool is the same as the value of the pool shares.

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.

As of December 31, 2015, the City had the following investments and deposits:

	Fair Value	Weighted Avg Maturity (in years)
Investments:		
FHLMC	\$ 512,761	
FNFM	14,119,241	
FICO STRIP CPN-1	5,539,720	
FFCB	2,000,000	
FHLB	4,322,034	
Total Investments	\$ 26,493,756	2.26
Deposits:		
Certificate of Deposit		
Bank of America	\$ 11,632	
Deposit Account - Opus Bank	5,127,558	
State Pool	7,499,612	
Total Deposits	\$ 12,638,802	
TOTAL INVESTMENTS & DEPOSITS	\$ 39,132,558	

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 2015 was \$2.8647 per \$1,000 on an assessed valuation of \$5,483,698,785. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

Purpose of Levy	Levy Rate Per \$1,000	Total Levy Amount
General Government	2.4369	\$ 13,363,444
Emergency Medical Service (EMS)	.4278	2,345,803
Total City Levy	2.8647	\$ 15,709,247

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

A summary of changes in governmental capital assets follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE 01/01/2015	ADDITIONS	DELETIONS	ENDING BALANCE 12/31/2015
Capital assets, not being depreciated:				
Land	26,500,265	1,106,044	(387,948)	27,218,361
Construction in progress	1,669,061	3,972,398	(1,396,212)	4,245,247
Total capital assets not being depreciated	28,169,326	5,078,442	(1,784,160)	31,463,608
Capital assets, being depreciated:				
Buildings and Structures	12,879,021	-	(2,655,502)	10,223,519
Improvements other than buildings	7,327,534	527,465	-	7,854,999
Infrastructure	143,990,763	1,409,084	-	145,399,847
Machinery and Equipment	12,024,952	2,630,621	(1,079,016)	13,576,557
	176,222,270	4,567,170	(3,734,518)	177,054,922
Less accumulated depreciation for:				
Buildings	(4,066,675)	(209,195)	1,026,794	(3,249,076)
Improvements other than buildings	(2,410,434)	(264,685)	-	(2,675,119)
Infrastructure	(21,508,094)	(2,040,522)	-	(23,548,616)
Machinery and Equipment	(8,089,009)	(592,328)	1,077,998	(7,603,339)
Total accumulated depreciation	(36,074,212)	(3,106,730)	2,104,792	(37,076,150)
Total assets being depreciated, net	140,148,058	1,460,440	(1,629,726)	139,978,772
Governmental activities capital assets, net	168,317,384	6,538,882	(3,413,886)	171,442,380

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

BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE 01/01/15	ADDITIONS	DELETIONS	ENDING BALANCE 12/31/15
Capital assets, not being depreciated:				
Land	11,827,652	577,724	-	12,405,376
Construction in progress	7,739,076	495,329	(4,532,823)	3,701,582
Total capital assets not being depreciated	19,566,728	1,073,053	(4,532,823)	16,106,958
Capital assets, being depreciated:				
Buildings and Structures	9,072,491	71,921	-	9,144,412
Improvements other than buildings	220,716,077	4,874,230	-	225,590,307
Machinery and Equipment	4,164,477	668,112	-	4,832,589
	233,953,045	5,614,263	-	239,567,308
Less accumulated depreciation for:				
Buildings	(3,206,587)	(164,929)	-	(3,371,516)
Improvements other than buildings	(82,013,806)	(5,890,350)	-	(87,904,156)
Machinery and Equipment	(2,994,581)	(58,461)	-	(3,053,042)
Total accumulated depreciation	(88,214,974)	(6,113,740)	-	(94,328,714)
Total assets being depreciated, net	145,738,071	(499,477)	-	145,238,594
Business-type activities capital assets, net	\$ 165,304,799	\$ 573,576	\$ (4,532,823)	\$ 161,345,552

Depreciation

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

<u>Governmental Activities</u>	
General Government Services	\$ 166,936
Protection of Persons & Property	59,505
Transportation	2,116,423
Culture & Recreation	199,280
Internal Service	564,586
Total Depreciation-Governmental Activities	<u>\$ 3,106,730</u>
 <u>Business-type Activities</u>	
Waterworks Utility	\$ 6,048,189
Golf	65,551
Total Depreciation-Business-Type Activities	<u>\$ 6,113,740</u>

Construction Commitments

As of December 31, 2015, 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
General Fund Projects	\$ 215,179	\$ 84,176
Street Construction	2,323,016	1,192,933
Utility Construction	2,943,173	1,199,027
Total	\$ 5,481,368	\$ 2,476,136

NOTE 6 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	12,324,584
Pension assets	2,476,815
Deferred outflows of resources	1,967,736
Deferred inflows of resources	(2,621,694)
Pension expense/expenditures	(700,770)

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

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

The City's actual contributions to the plan were \$21,804 for the year ended December 31, 2015.

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 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

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

The City's actual contributions to the plan were \$ 1,424,413 for the year ended December 31, 2015.

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 2015 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January through June 2015	10.54%	6.36%
July through December 2015	11.54%	6.59%

The City's actual contributions to the plan were \$92,197 for the year ended December 31, 2015.

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

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

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

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

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

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The City's actual contributions to the plan were \$350,634 for the year ended December 31, 2015.

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, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

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

Long-Term Expected Rate of Return

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

expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

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

Sensitivity of NPL

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 8,276,916	\$ 6,798,274	\$ 5,526,777
PERS 2/3	15,996,319	5,470,600	(2,588,548)
PSERS 2	424,917	55,920	(206,564)
LEOFF 1	(119,180)	(186,291)	(243,490)
LEOFF 2	2,293,811	(2,290,524)	(5,740,411)

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, 2015, the City reported a total pension liability of \$ 12,324,584 and a total pension asset of (\$2,476,815) for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 6,798,274
PERS 2/3	5,470,600
PSERS 2	55,920
LEOFF 1	(186,291)
LEOFF 2	(2,290,524)

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

	Liability (or Asset)
LEOFF 2 – employer’s proportionate share	(2,290,524)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	(1,514,498)
TOTAL	(3,805,022)

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

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	.131333%	.129963%	(.001370%)
PERS 2/3	.150489%	.153107%	.002618%
PSERS 2	.319107%	.306379%	(.012728%)
LEOFF 1	.016326%	.015457%	(.000869%)
LEOFF 2	.216106%	.222857%	.006751%

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

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (279,414)
PERS 2/3	(188,378)
PSERS 2	9,585
LEOFF 1	(30,206)
LEOFF 2	(212,357)
TOTAL	(572,781)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	371,940
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	15,827	-
TOTAL	15,827	371,940

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	581,526	-
Net difference between projected and actual investment earnings on pension plan investments	-	1,460,391
Changes of assumptions	8,814	-
Changes in proportion and differences between contributions and proportionate share of contributions	84,238	-
Contributions subsequent to the measurement date	788,475	-
TOTAL	1,463,053	1,460,391

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	52,391	-
Net difference between projected and actual investment earnings on pension plan investments	-	27,736
Changes of assumptions	346	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	777
Contributions subsequent to the measurement date	47,717	-
TOTAL	100,454	28,513

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	31,450
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	-	31,450

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	200,574	-
Net difference between projected and actual investment earnings on pension plan investments	-	694,017
Changes of assumptions	6,042	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	35,383
Contributions subsequent to the measurement date	181,785	-
TOTAL	388,401	729,400

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, 2016. 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
2016	(84,532)
2017	(84,532)
2018	(84,532)
2019	(118,346)

Year ended December 31:	PERS 2/3
2016	(178,594)
2017	(178,594)
2018	(178,594)
2019	(107,156)

Year ended December 31:	PSERS 2
2016	3,461
2017	3,461
2018	3,461
2019	3,461
2020	3,461
Thereafter	3,461

Year ended December 31:	LEOFF 2
2016	(84,320)
2017	(84,320)
2018	(84,320)
2019	(84,320)
2020	(84,320)
Thereafter	(16,864)

Other Post-Employment Medical Benefits

Plan Description

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

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

Funding Policy

Funding for LEOFF 1 retiree healthcare costs is provided by the City as required by RCW. These medical benefits are funded on a pay-as-you-go basis through the General Fund and paid out of the Police Department budget. Health insurance premiums are paid monthly and long-term care insurance is paid annually. Other medical services are paid as billings are presented for reimbursement. The City reimbursed 100 percent of the amount of validated claims for medical costs incurred by these individuals. Amounts paid from 2013 through 2015 by the City out of the General Fund are as follows:

	2015	2014	2013
AWC medical premiums	\$ 68,013	\$ 72,172	\$ 106,124
Reimbursement of other eligible costs	21,191	16,905	11,568
Long-term care insurance premiums	22,485	22,485	22,587
Total	<u>\$ 111,689</u>	<u>\$ 111,562</u>	<u>\$ 140,279</u>
Average cost per retiree	\$ 12,410	\$ 12,396	\$ 15,587

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount calculated using the alternative measurement method in accordance with the parameters of GASB Statement 45 for employers in plans with fewer than one hundred total plan members utilizing the interactive tool developed by the Office of the State Actuary OSA for use by local government. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded accrued actuarial liabilities (UAAL) over a period of twenty years as of December 31, 2015. The following table shows the components of the City's annual OPEB cost for the year, and the amount actually contributed. The net OPEB obligation of \$986,298 is included as a noncurrent liability on the Statement of Net Position.

	12/31/2015
Annual required contribution	\$ 412,597
Interest on net OPEB obligation	28,857
Adjustment to annual required contribution	<u>(64,885)</u>
Annual OPEB cost (expense)	376,569
Contributions made	<u>(111,690)</u>
Change in NPO	<u>264,879</u>
Net OPEB Obligation - Beginning of Year	721,419
Net OPEB Obligation - End of Year	<u>\$ 986,298</u>

Funded Status and Funding Progress

The City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2015 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 288,907	51.6%	\$ 139,707
12/31/2009	290,545	53.6%	274,388
12/31/2010	271,792	68.1%	361,173
12/31/2011	236,136	76.0%	417,954
12/31/2012	239,715	80.1%	465,717
12/31/2013	209,252	67.0%	534,690
12/31/2014	298,291	37.4%	721,419
12/31/2015	376,569	29.7%	986,298

Actuarial Methods and Assumptions

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

NOTE 7 – RISK MANAGEMENT

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 179 members.

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

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

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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

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.

General government obligation bonds outstanding at December 31, 2015 are as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
Governmental Activities						
LTGO Refunding Bonds 2013	10/16/13	12/01/23	3.00-5.00	6,315,000	625,000	5,690,000
LTGO Bonds Series 2007A	05/01/07	12/01/27	4.00-5.50	8,045,000	2,395,000	5,650,000
LTGO Bonds 2010	10/01/10	12/01/34	2.00-5.00	4,990,000	300,000	4,690,000
LTGO Bonds 2013	10/16/13	12/01/30	3.00-5.00	9,005,000	745,000	8,260,000
Total Governmental Activities				\$ 28,355,000	\$ 4,065,000	\$ 24,290,000
Business Activities						
Golf Course	05/17/07	12/01/17	3.90-5.30	2,120,000	1,090,000	1,030,000
Pro-Shop/Restaurant Remodel	08/06/03	08/01/18	5.25	1,740,982	1,322,548	418,434
Total Business Activities				3,860,982	2,412,548	1,448,434
Special Assessments						
LID 71 - 156th Street Overpass	09/23/14	06/01/36	2.05-4.15	6,022,846	915,000	5,107,846
Total Special Assessments				6,022,846	915,000	5,107,846
TOTAL GENERAL OBLIGATION BONDS				\$ 38,238,828	\$ 7,392,548	\$ 30,846,280

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
2016		1,285,000	1,006,489	2,291,489	299,974	73,348	373,322	-	208,160	208,160
2017		1,330,000	958,189	2,288,189	318,215	56,957	375,172	-	203,548	203,548
2018		1,595,000	908,089	2,503,089	275,245	40,006	315,251	-	198,833	198,833
2019		1,660,000	832,389	2,492,389	175,000	29,137	204,137	-	194,015	194,015
2020		1,800,000	753,589	2,553,589	185,000	19,949	204,949	-	194,015	194,015
2021-2025		8,905,000	2,654,447	11,559,447	195,000	10,238	205,238	-	666,202	666,202
2026-2030		5,995,000	1,091,950	7,086,950	-	-	-	-	600,090	600,090
2031-2034		1,720,000	175,400	1,895,400	-	-	-	5,107,846	245,887	5,353,733
TOTAL		\$ 24,290,000	\$ 8,380,542	\$ 32,670,542	\$ 1,448,434	\$ 229,635	\$ 1,678,069	\$ 5,107,846	\$ 2,510,750	\$ 7,618,596

Business-type Long-Term Debt

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
Water Revenue Bonds	05/31/05	04/01/28	3.750-5.125	48,355,000	48,355,000	-
Water Revenue Bonds	05/29/14	04/01/28	2.00-5.00	39,945,000	470,000	39,475,000
TOTAL REVENUE BONDS				\$ 88,300,000	\$ 48,825,000	\$ 39,475,000

Revenue debt outstanding as of December 31, 2015 is as follows:

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

YEAR ENDING	BUSINESS-TYPE ACTIVITY			
	12/31	PRINCIPAL	INTEREST	TOTAL
2016	2,325,000	1,525,875	3,850,875	
2017	2,420,000	1,431,450	3,851,450	
2018	2,505,000	1,345,050	3,850,050	
2019	2,610,000	1,122,300	3,732,300	
2020	2,730,000	1,242,750	3,972,750	
2021-2025	15,840,000	3,400,900	19,240,900	
2026-2028	11,045,000	503,475	11,548,475	
TOTAL	\$ 39,475,000	\$ 10,571,800	\$ 50,046,800	

Other Business-type long term debt outstanding as of December 31, 2015 is as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
Governmental Activities						
800 MHZ	10/01/99	12/01/19	4.75-6.00	\$ 1,013,033	\$ 1,013,033	\$ -
800 MHZ (Refunded)	08/27/15	12/01/19	5.00	\$ 381,842	\$ 70,271	\$ 311,571
Total Governmental Activities				1,394,875	1,083,304	311,571
Other Long Term Obligations						
PWTFL-WWTP	10/22/01	07/01/21	0.50	1,000,000	684,211	315,789
PWTFL-WWTP	02/04/02	07/01/22	0.50	10,000,000	6,294,118	3,705,882
PWTFL-WWTP Phase II	05/13/04	07/01/24	0.50	10,000,000	5,263,158	4,736,842
DWRFL-Stilly Well	12/12/03	10/01/23	1.50	4,080,000	2,300,818	1,779,182
Total Other Long Term Obligations				25,080,000	14,542,305	10,537,695
TOTAL BUSINESS-TYPE LONG TERM OBLIGATIONS				\$ 26,474,875	\$ 15,625,609	\$ 10,849,266

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
2016	72,662	15,579	88,241	1,330,757	70,480	1,401,237
2017	76,017	11,945	87,962	1,330,757	61,603	1,392,360
2018	79,369	8,145	87,514	1,330,757	52,725	1,383,482
2019	83,524	4,176	87,700	1,330,756	43,846	1,374,602
2020	-	-	-	1,330,756	34,969	1,365,725
2021-2024	-	-	-	3,883,912	54,536	3,938,448
TOTAL	\$ 311,571	\$ 39,845	\$ 351,416	\$ 10,537,695	\$ 318,159	\$ 10,855,854

At December 31, 2015, the City has \$ 1,363,138 available in governmental debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$ 5,526,424 in sinking funds and reserves as required by bond indentures.

Refunded Debt

Prior Years' Defeasance of Debt. In prior years, the City defeased certain obligations for payment by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the liability for the refunded bonds and related securities and escrow account assets is not included in the accompanying financial statements. On December 31, 2015, \$ 48,680,000 of bonds outstanding is considered defeased.

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 \$73,234 and a carrying value of \$1,704,299. Non-cancelable lease provides for a minimum annual payment as follows:

Year Ending December 31	Minimum Future Rent
2016	28,611
2017	28,611
2018	28,611
2019	28,611
2020	28,611
2021-2024	114,440
Total	\$ 257,495

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 25,530,000	\$ -	\$ (1,240,000)	\$ 24,290,000	\$ 1,285,000
For issuance premiums	1,016,088	-	(93,525)	922,563	-
Total bonds Payable	26,546,088	-	(1,333,525)	25,212,563	1,285,000
Governmental loans	412,216	381,843	(482,488)	311,571	72,662
Special Assessment	6,022,846	-	(915,000)	5,107,846	-
Pension Liabilities	-	8,320,087	-	8,320,087	-
Other post-employment benefits	721,419	264,879	-	986,298	-
Compensated absences	1,663,576	1,842,367	(1,663,576)	1,842,367	921,183
Governmental activity long-term liabilities:	<u>\$ 35,366,145</u>	<u>\$ 10,809,176</u>	<u>\$ (4,394,589)</u>	<u>\$ 41,780,732</u>	<u>\$ 2,278,845</u>
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 1,730,707	\$ -	\$ (282,273)	\$ 1,448,434	\$ 299,974
Revenue Bond	42,185,000	-	(2,710,000)	39,475,000	2,325,000
For issuance discounts	(2,897)	966	-	(1,931)	-
For issuance premiums	3,942,038	-	(303,234)	\$ 3,638,804	-
Total bonds Payable	47,854,848	966	(3,295,507)	44,560,307	2,624,974
Governmental loans	11,868,452	-	(1,330,757)	10,537,695	1,330,757
Pension Liabilities	-	4,004,708	-	4,004,708	-
Compensated absences	289,332	321,058	(289,332)	321,058	160,529
Business-type activity long-term liabilities:	<u>\$ 60,012,632</u>	<u>\$ 4,326,732</u>	<u>\$ (4,915,596)</u>	<u>\$ 59,423,768</u>	<u>\$ 4,116,260</u>

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

Since internal service funds predominantly serve the governmental funds, their long-term liabilities are included as part of the above totals for governmental activities. At year end \$ 103,436 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.

NOTE 11 - CONTINGENCIES AND LITIGATION

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

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

NOTE 12 - INTERFUND TRANSACTIONS AND BALANCES

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

Interfund loan balances at December 31, 2015 were:

Funds	Interfund Loans Receivable	Interfund Loans Payable
General Fund	400,000	
Transportation Benefit District		400,000
Total	\$ 400,000	\$ 400,000

Interfund transfers are the flow of assets without a reciprocal return of assets, goods, or services in return. The City uses transfers to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund activity for the year is as follows:

Fund	Total Transfer Out	Transfer In							
		General	Street Construction	Street Maintenance	Nonmajor Governmental	Waterworks Utility	Solid Waste	Nonmajor Enterprise	Internal Services
General Fund	4,590,315	-	520,000	2,354,688	1,290,730	-	-	370,968	53,929
Street Construction	904,139	-	-	-	904,139	-	-	-	-
Street Maintenance	74,583	-	-	-	-	-	-	-	74,583
Nonmajor Governmental Funds	3,017,075	93,479	1,500,000	1,220,781	200,543	-	2,272	-	-
Waterworks Utility	1,579,150	775,597	-	718,884	-	-	-	-	84,669
Solid Waste	1,107,305	-	-	-	-	-	-	-	1,107,305
Total Transfer In	\$ 11,272,567	\$ 869,076	\$ 2,020,000	\$ 4,294,353	\$ 2,395,412	\$ -	\$ 2,272	\$ 370,968	\$ 1,320,486

NOTE 13 – JOINT VENTURES

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, 2015, an equity interest in the SERS joint venture of \$ 376,660 was recorded in governmental activities on the statement of net position. Separate financial statements for the joint venture may be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

SNOPAC 911 Emergency Communications

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

In the event of the dissolution of SNOPAC, any money in the possession of SNOPAC or the Board of Directors after payment of all costs, expenses and charges validly incurred under this agreement shall be returned to the parties to this agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the city's share was \$2,814,868 on December 31, 2015. Complete financial statements for SNOPAC can be obtained from SNOPAC's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

Alliance of Housing Affordability

In September, 2013, the City of Marysville joined the cities of Everett, Granite Falls, Lake Stevens, Lynnwood, Mill Creek, Mountlake Terrace, Mukilteo, Snohomish, the Town of Woodway and Snohomish County to establish the Alliance of Housing Affordability (AHA). The agreement was amended in May 2014, to add the City of Arlington and in June 2014, to add the City of Stanwood. The purpose of the AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to prove affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

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

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

Year	AHA Budget	Marysville's Share	% of Budget
2013	\$89,850	\$ 3,613	4.0%
2014	\$92,543	\$ 3,721	4.0%
2015	123,464	\$4,611	3.7%

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

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

AWC Employee Benefit Trust

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust. As of December 31, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is

actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

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

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

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

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

NOTE 14 – BLENDED COMPONENT UNITS

Marysville Transportation Benefit District

The Marysville Transportation Benefit District (MTBD), a quasi-municipal corporation, was established through City Ordinance 2938 in January 2014 pursuant to RCW 35.21.225 which grants cities the authority to establish such a district. The MTBD is governed by the Marysville City Council members acting in an ex-officio capacity and maintains no employees. MTBD's sole purpose is to acquire, construct, improve, provide and fund transportation improvements within the City of Marysville which is consistent with any existing state, regional and local transportation plan.

In April 2014, the voters approved a .2% increase in sales tax which went into effect on October 1, 2014. The .2% increase in sales will be used to fund ongoing transportation improvements that preserve, maintain and as appropriate, construct or reconstruct the transportation infrastructure of the City of Marysville.

During the third special session of the 2015 Washington state legislative session the legislature passed and the governor signed 2ESSB 5987 which became effective July 15, 2015, as chapter 44 Laws of 2015 3rd special Session. Chapter 44 Laws of 2015 3rd special Session sections 301 through 307 authorizes a city to assume the rights, powers, functions, immunities and obligations of a transportation benefit district that has coterminous with the boundaries of the city. Since the boundaries of the MTBD are coterminous with the boundaries of the City of Marysville, on November 9, 2015 the Marysville City Council passed ordinance 3006 assuming the rights powers, immunities, functions and obligations of the MTBD. The MTBD will no longer be reported as a blended component unit.

NOTE 15 – OTHER DISCLOSURES

NET INVESTMENT IN CAPITAL ASSETS RESTATED

Net Investment in Capital Assets (restated)	Governmental	Business
	Activity	Activity
Net Capital Assets	171,442,380	161,345,562
Less Noncurrent Debt	(28,351,755)	(47,505,398)
Less Current Debt Principal	(1,357,662)	(3,955,731)
Less Debt Premium	(922,563)	(3,636,873)
Plus Deferred Outflow Related to Debt	-	570,804
Net investments in capital assets	140,810,400	106,818,354

SUBSEQUENT EVENT

Effective January 1, 1992, Snohomish County Fire Protection District 12 entered into an interlocal agreement with the City of Marysville (City) to create the Marysville Fire District. The interlocal agreement provides for the joint operation of the Marysville Fire District administered by a six member governing board consisting of three Fire Protection District 12 Commissioners and three City of Marysville Council members. The board administers and manages the operations of the Marysville Fire District to provide fire protection and emergency medical response services in the City and District 12. Financial contribution by the City of Marysville for the 2015 calendar year was an amount equal to the prior year's contribution multiplied by the percent change (rounded to the nearest tenth) in levy amount calculated as if the City and District 12 were combined. The calculation will begin with the combining of the prior year levy amounts for the City and District 12, as determined by the Snohomish County Assessor, to determine the "base amount". The base amount was increased by 1%. In addition, new construction and state assessed property increase will be included with the assessed values for new construction multiplied by the prior year agreement levy rate and the current year's state assessed property value less last year's state assessed property value with the remainder multiplied by the prior year agreement levy rate. The City's financial contribution for year ended December 31, 2015 was \$9,381,127.

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.

REQUIRED SUPPLEMENTAL INFORMATION



**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 33,915,488	\$ 33,915,488	\$ 33,902,657	\$ (12,831)
Licenses & Permits	1,892,789	1,892,789	1,815,888	(76,901)
Intergovernmental	1,190,151	1,335,492	1,304,145	(31,347)
Charges for Services	5,252,573	5,252,573	5,023,180	(229,393)
Fines & Forfeitures	527,190	527,190	533,954	6,764
Investment Earnings	167,986	167,986	150,056	(17,930)
Rents & Leases	222,000	222,000	183,187	(38,813)
Miscellaneous Revenues	92,942	103,642	78,711	(24,931)
Total Revenues	43,261,119	43,417,160	42,991,778	(425,382)
EXPENDITURES				
Current:				
Judicial	1,408,615	1,408,615	1,365,223	43,392
General Government	6,386,956	6,067,409	5,512,756	554,653
Public Safety	25,476,395	25,685,075	25,666,216	18,859
Physical Environ	1,205,515	1,205,515	1,096,568	108,947
Health & Human Services	41,400	41,400	40,693	707
Economic Environment	2,555,835	2,555,835	2,273,175	282,660
Culture & Recreation	2,506,582	2,763,690	2,695,786	67,904
Capital Outlay				
Public safety	-	-	26,115	(26,115)
Culture & recreation	-	-	61,918	(61,918)
Total Expenditures	39,581,298	39,727,539	38,738,450	989,089
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	3,679,821	3,689,621	4,253,328	563,707
OTHER FINANCING SOURCES (USES)				
Transfers in	873,925	873,925	869,076	(4,849)
Transfers out	(5,920,898)	(5,930,898)	(4,590,315)	1,340,583
Total other financing sources (uses)	(5,046,973)	(5,056,973)	(3,721,239)	1,335,734
Net change in fund balances	(1,367,152)	(1,367,352)	532,089	1,899,441
Fund balances--beginning	15,039,934	15,039,934	14,224,582	(815,352)
FUND BALANCES - ENDING	\$ 13,672,782	\$ 13,672,582	\$ 14,756,671	\$ 1,084,089

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Licenses & Permits	\$ 50,000	\$ 50,000	\$ 41,028	\$ (8,972)
Intergovernmental	1,270,154	1,270,154	1,325,796	55,642
Charges for Services	-	-	49,343	49,343
Investment Earnings	-	-	833	833
Miscellaneous Revenues	10,000	10,000	45,974	35,974
TOTAL REVENUES	1,330,154	1,330,154	1,462,974	132,820
EXPENDITURES				
Current:				
General Government	33,777	33,777	21,091	12,686
Transportation	6,091,337	6,202,337	5,538,841	663,496
Capital Outlay	115,000	115,000	-	115,000
TOTAL EXPENDITURES	6,240,114	6,351,114	5,559,932	791,182
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(4,909,960)	(5,020,960)	(4,096,958)	924,002
OTHER FINANCING SOURCES (USES):				
Transfers In	4,981,960	5,092,960	4,294,353	(798,607)
Transfers Out	(72,000)	(72,000)	(74,583)	(2,583)
Total other financing sources (uses)	4,909,960	5,020,960	4,219,770	(801,190)
Net change in fund balances	-	-	122,812	122,812
Fund balances - beginning	-	-	374,189	374,189
FUND BALANCES - ENDING	\$ -	\$ -	\$ 497,001	\$ 497,001

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, 2015
Last 1 Fiscal Years

	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.129963%
Employer's proportionate share of the net pension liability	6,798,274
Employer's covered employee payroll	180,239
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	3771.81%
Plan fiduciary net position as a percentage of the total pension liability	59.10%

Public Employees' Retirement System - Plan 2/3
As of June 30, 2015
Last 1 Fiscal Years

	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.153107%
Employer's proportionate share of the net pension liability	5,470,600
Employer's covered employee payroll	13,645,668
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.09%
Plan fiduciary net position as a percentage of the total pension liability	89.20%

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

**Public Safety Employees' Retirement System - Plan 2
As of June 30, 2015
Last 1 Fiscal Years**

	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	0.306379%
<u>Employer's proportionate share of the net pension liability</u>	55,920
<u>Employer's covered employee payroll</u>	888,526
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	6.29%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	95.08%

**Law Enforcement Officers' and Fire Fighters' Retirement-Plan 1
As of June 30, 2015
Last 1 Fiscal Years**

	<u>2015</u>
<u>Employer's proportion of the net pension liability (asset)</u>	(0.015457%)
<u>Employer's proportionate share of the net pension liability</u>	(186,291)
<u>Employer's covered employee payroll</u>	0
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	0.00%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	127.36%

LEOFF 1 is closed and no longer accepts contributions

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

**Law Enforcement Officers' and Fire Fighters' Retirement-Plan 2
As of June 30, 2015
Last 1 Fiscal Years**

	2015
Employer's proportion of the net pension liability (asset)	(0.222857%)
Employer's proportionate share of the net pension Asset	(2,290,524)
LEOFF 2 employers only - State's proportionate share of the net pension liability (asset) associated with the employer	(1,514,498)
TOTAL	(3,805,022)
Employer's covered employee payroll	6,467,801
Employer's proportionate share of the net pension asset as a percentage of covered employee payroll	35.41%
Plan fiduciary net position as a percentage of the total pension liability	111.67%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

**Public Employees' Retirement System - Plan 1
As of December 31, 2015
Last 1 Fiscal Years**

	<u>2015</u>
Statutorily or contractually required contributions	21,804
Contributions in relation to the statutorily or contractually required contributions	<u>(21,804)</u>
Contribution deficiency (excess)	<u>0</u>
Covered employer payroll	209,105
Contributions as a percentage of covered employee payroll	10.43%

**Public Employees' Retirement System - Plan 2
As of December 31, 2015
Last 1 Fiscal Years**

	<u>2015</u>
Statutorily or contractually required contributions	1,424,413
Contributions in relation to the statutorily or contractually required contributions	<u>(1,424,413)</u>
Contribution deficiency (excess)	<u>0</u>
Covered employer payroll	14,116,258
Contributions as a percentage of covered employee payroll	10.09%

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

Public Safety Employees' Retirement System - Plan 2
As of December 31, 2015
Last 1 Fiscal Years

	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	92,197
<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>(92,197)</u>
<u>Contribution deficiency (excess)</u>	<u>0</u>
<u>Covered employer payroll</u>	838,923
<u>Contributions as a percentage of covered employee payroll</u>	10.99%

Law Enforcement Officers & Fire Fighters' Retirement System
Plan 2
As of December 31, 2015
Last 1 Fiscal Years

	<u>2015</u>
<u>Statutorily or contractually required contributions</u>	350,634
<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>(350,634)</u>
<u>Contribution deficiency (excess)</u>	<u>0</u>
<u>Covered employer payroll</u>	6,721,887
<u>Contributions as a percentage of covered employee payroll</u>	5.22%

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

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

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

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

COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES

GOVERNMENTAL FUNDS



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,188,851	\$ 622,430	\$ 143,767	\$ 1,955,048
Investments	333,614	13,305	113,978	460,897
Total Current Assets	1,522,465	635,735	257,745	2,415,945
TOTAL ASSETS	\$ 1,522,465	\$ 635,735	\$ 257,745	\$ 2,415,945
LIABILITIES & FUND BALANCES				
CURRENT LIABILITIES				
Accounts Payable and accrued exp.	39,000	-	8,723	47,723
Due to other governments	400,000	-	-	400,000
Total Current Liabilities	439,000	-	8,723	447,723
TOTAL LIABILITIES	439,000	-	8,723	447,723
FUND BALANCES				
Restricted for:				
Law Enforcement	187,600	-	-	187,600
Tourism	63,709	-	-	63,709
Technology Infrastructure	238,469	-	-	238,469
REET	274,188	-	-	274,188
Transportation Benefit District	256,219	-	-	256,219
Committed to:				
Law Enforcement	54,161	-	-	54,161
Community Center	9,119	-	-	9,119
Assigned to:				
Park Construction Projects	-	-	249,022	249,022
Debt Service	-	635,735	-	635,735
TOTAL FUND BALANCES	1,083,465	635,735	249,022	1,968,222
TOTAL LIABILITIES & FUND BALANCES	\$ 1,522,465	\$ 635,735	\$ 257,745	\$ 2,415,945

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 3,977,463	\$ -	\$ -	\$ 3,977,463
Licenses and Permits	-	-	-	-
Intergovernmental	300,844	-	239,913	540,757
Charges for Services	-	-	408,425	408,425
Fines and Forfeits	114,005	-	-	114,005
Investment Interest	7,834	6,310	900	15,044
Rents & Leases	-	-	29,471	29,471
Miscellaneous Revenues	14,187	-	-	14,187
TOTAL REVENUES	4,414,333	6,310	678,709	5,099,352
EXPENDITURES				
Current				
General Government	21,993	-	-	21,993
Public Safety	54,148	-	-	54,148
Transportation	2,544	-	-	2,544
Economic Environment	196,225	-	-	196,225
Culture & Recreation	2,413	-	295,766	298,179
Capital Outlay	5,739	-	266,976	272,715
Debt Service				
Principal	70,271	1,240,000	-	1,310,271
Interest & fiscal charges	19,616	1,051,864	-	1,071,480
TOTAL EXPENDITURES	372,949	2,291,864	562,742	3,227,555
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,041,384	(2,285,554)	115,967	1,871,797
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,291,015	104,397	2,395,412
Transfer Out	(2,920,929)	-	(96,146)	(3,017,075)
TOTAL OTHER FINANCING SOURCES (USES)	(2,920,929)	2,291,015	8,251	(621,663)
Net change in fund balances	1,120,455	5,461	124,218	1,250,134
Fund Balances-Beginning	(36,990)	630,274	124,804	718,088
FUND BALANCES-ENDING	\$ 1,083,465	\$ 635,735	\$ 249,022	\$ 1,968,222

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, 2015**

	103 DRUG SEIZURE	104 TRIBAL GAMING	105 HOTEL/ MOTEL	106 KBCC APPRECIATION
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 104,640	\$ 30,210	\$ 102,709	\$ 9,119
Investments	82,960	23,951	-	-
Total Current Assets	187,600	54,161	102,709	9,119
TOTAL ASSETS	\$ 187,600	\$ 54,161	\$ 102,709	\$ 9,119
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable and accrued exp.	\$ -	\$ -	\$ 39,000	\$ -
Due to other governments	-	-	-	-
Total Current Liabilities	-	-	39,000	-
TOTAL LIABILITIES	-	-	39,000	-
FUND BALANCES				
Restricted for:				
Law enforcement	187,600	-	-	-
Hotel/Motel	-	-	63,709	-
Technology Infrastructure	-	-	-	-
REET	-	-	-	-
Transporation Benefit District	-	-	-	-
Committed to:				
Law Enforcement	-	54,161	-	-
Community Center	-	-	-	9,119
TOTAL FUND BALANCES	187,600	54,161	63,709	9,119
TOTAL LIABILITIES & FUND BALANCES	\$ 187,600	\$ 54,161	\$ 102,709	\$ 9,119

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015**

	108	110	111	114	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
	V/NET	GMA- REET I	GMA- REET II	TRANSPORTATION BENEFT DISTRICT	
ASSETS					
CURRENT ASSETS					
Cash & Cash Equivalents	\$ 133,015	\$ 81,715	\$ 71,224	\$ 656,219	\$ 1,188,851
Investments	105,454	64,783	56,466	-	333,614
Total Current Assets	238,469	146,498	127,690	656,219	1,522,465
TOTAL ASSETS	\$ 238,469	\$ 146,498	\$ 127,690	\$ 656,219	\$ 1,522,465
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable and accrued exp.	\$ -	\$ -	\$ -	\$ -	\$ 39,000
Due to other funds	-	-	-	400,000	400,000
Total Current Liabilities	-	-	-	400,000	439,000
TOTAL LIABILITIES	-	-	-	400,000	439,000
FUND BALANCES					
Restricted for:					
Law enforcement	-	-	-	-	187,600
Hotel/Motel	-	-	-	-	63,709
Technology Infrastructure	238,469	-	-	-	238,469
REET	-	146,498	127,690	-	274,188
Transporation Benefit District	-	-	-	256,219	256,219
Committed to:					
Law Enforcement	-	-	-	-	54,161
Community Center	-	-	-	-	9,119
TOTAL FUND BALANCES	238,469	146,498	127,690	256,219	1,083,465
TOTAL LIABILITIES AND FUND BALANCES	\$ 238,469	\$ 146,498	\$ 127,690	\$ 656,219	\$ 1,522,465

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	103 DRUG SEIZURE	104 TRIBAL GAMING	105 HOTEL/ MOTEL	106 KBCC APPRECIATION
REVENUES:				
Taxes	\$ -	\$ -	\$ 92,595	\$ -
Intergovernmental	-	-	-	-
Fines & Forfeitures	114,005	-	-	-
Investment Earnings	816	324	361	43
Miscellaneous	12,725	-	-	1,462
TOTAL REVENUES	127,546	324	92,956	1,505
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Public Safety	22,965	31,183	-	-
Transportation	-	-	-	-
Economic Environment	-	-	73,257	-
Culture & Recreation	-	-	-	2,413
Capital Outlay	5,739	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	28,704	31,183	73,257	2,413
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	98,842	(30,859)	19,699	(908)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(31,358)	-
Total other financing sources (uses)	-	-	(31,358)	-
Net change in fund balances	98,842	(30,859)	(11,659)	(908)
Fund balances - beginning	88,758	85,020	75,368	10,027
FUND BALANCES - ENDING	\$ 187,600	\$ 54,161	\$ 63,709	\$ 9,119

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	108	109	110	111	114
	I/NET	CDBG	GMA- REET I	GMA- REET II	TRANSPORTATION BENEFIT DISTRICT
REVENUES:					
Taxes	\$ 120,515	\$ -	\$ 889,694	\$ 889,695	\$ 1,984,964
Intergovernmental	-	300,844	-	-	-
Fines & Forfeitures	-	-	-	-	-
Investment Earnings	890	-	1,243	1,089	3,068
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	121,405	300,844	890,937	890,784	1,988,032
EXPENDITURES:					
Current:					
General Government	21,993	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	2,544
Economic Environment	-	122,968	-	-	-
Culture & Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	70,271	-	-
Interest	-	-	18,915	-	701
TOTAL EXPENDITURES	21,993	122,968	89,186	-	3,245
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	99,412	177,876	801,751	890,784	1,984,787
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	(177,876)	(700,000)	(800,000)	(1,211,695)
Total other financing sources (uses)	-	(177,876)	(700,000)	(800,000)	(1,211,695)
Net change in fund balances	99,412	-	101,751	90,784	773,092
Fund balances - beginning	139,057	-	44,747	36,906	(516,873)
FUND BALANCES - ENDING	\$ 238,469	\$ -	\$ 146,498	\$ 127,690	\$ 256,219

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

		TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES:		
Taxes	\$	3,977,463
Intergovernmental		300,844
Fines & Forfeitures		114,005
Investment Earnings		7,834
Miscellaneous		14,187
TOTAL REVENUES		4,414,333
EXPENDITURES:		
Current:		
General Government		21,993
Public Safety		54,148
Transportation		2,544
Economic Environment		196,225
Culture & Recreation		2,413
Capital Outlay		5,739
Debt Service		
Principal		70,271
Interest		19,616
TOTAL EXPENDITURES		372,949
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		4,041,384
OTHER FINANCING SOURCES (USES)		
Transfers Out		(2,920,929)
Total other financing sources (uses)		(2,920,929)
Net change in fund balances		1,120,455
Fund balances - beginning		(36,990)
FUND BALANCES - ENDING	\$	1,083,465

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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* -

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

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

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

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

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

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

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2015**

	206 LTGO BOND FUND	299 LID GUARANTY	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 16,782	\$ 605,648	\$ 622,430
Investments	13,305	-	13,305
Total Current Assets	<u>30,087</u>	<u>605,648</u>	<u>635,735</u>
TOTAL ASSETS	30,087	605,648	635,735
FUND BALANCE			
Assigned to:			
Debt Service	30,087	605,648	635,735
TOTAL FUND BALANCES	<u>30,087</u>	<u>605,648</u>	<u>635,735</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,087	\$ 605,648	\$ 635,735

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	206 LTGO DEBT SERVICE	299 LID GUARANTY	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES			
Investment Earnings	\$ 3,768	\$ 2,542	\$ 6,310
TOTAL REVENUES	3,768	2,542	6,310
EXPENDITURES			
Debt Service			
Principal	1,240,000	-	1,240,000
Interest & fiscal charges	1,051,864	-	1,051,864
TOTAL EXPENDITURES	2,291,864	-	2,291,864
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,288,096)	2,542	(2,285,554)
OTHER FINANCING SOURCES (USES)			
Transfers In	2,291,015	-	2,291,015
Debt proceeds	-	-	-
Total other financing sources (uses)	2,291,015	-	2,291,015
Net change in fund balances	2,919	2,542	5,461
Fund balances -- beginning	27,168	603,106	630,274
FUND BALANCES - ENDING	\$ 30,087	\$ 605,648	\$ 635,735

CAPITAL PROJECT FUNDS

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

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

**COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2015**

	310 Park Construction	TOTAL 2015
ASSETS		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 143,767	\$ 143,767
Investments	113,978	113,978
Total Current Assets	<u>257,745</u>	<u>257,745</u>
TOTAL ASSETS	<u>257,745</u>	<u>257,745</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued exp.	8,723	8,723
Total Current Liabilities	<u>8,723</u>	<u>8,723</u>
TOTAL LIABILITIES	<u>8,723</u>	<u>8,723</u>
FUND BALANCE		
Assigned:		
Parks Construction Project	249,022	249,022
TOTAL FUND BALANCES	<u>249,022</u>	<u>249,022</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 257,745</u>	<u>\$ 257,745</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	310 Parks Construction	TOTAL 2015
REVENUES:		
Intergovernmental	\$ 239,913	\$ 239,913
Charges for Services	408,425	408,425
Investment Earnings	900	900
Rents & Leases	29,471	29,471
TOTAL REVENUES	678,709	678,709
EXPENDITURES:		
Current:		
Culture & Recreation	295,766	295,766
Capital Outlay	266,976	266,976
TOTAL EXPENDITURES	562,742	562,742
EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	115,967	115,967
OTHER FINANCING SOURCES (USES):		
Transfers In	104,397	104,397
Transfers Out	(96,146)	(96,146)
TOTAL OTHER FINANCING SOURCES	8,251	8,251
Net change in fund balances	124,218	124,218
Fund balances - beginning	124,804	124,804
FUND BALANCES - ENDING	\$ 249,022	\$ 249,022

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, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Fines & Forfeits	\$ 10,000	\$ 73,286	\$ 114,005	\$ 40,719
Investment Earnings	150	150	816	666
Miscellaneous Revenues	-	-	12,725	12,725
TOTAL REVENUES	10,150	73,436	127,546	54,110
EXPENDITURES				
Current:				
Public Safety	25,000	45,000	22,965	22,035
Capital Outlay	-	-	5,739	(5,739)
TOTAL EXPENDITURES	25,000	45,000	28,704	16,296
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(14,850)	28,436	98,842	70,406
Net change in fund balances	(14,850)	28,436	98,842	70,406
Fund balances - beginning	64,220	64,220	88,758	24,538
FUND BALANCES - ENDING	\$ 49,370	\$ 92,656	\$ 187,600	\$ 94,944

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 104 - TRIBAL GAMING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ 250	\$ 250	\$ 324	\$ 74
TOTAL REVENUES	250	250	324	74
EXPENDITURES				
Current:				
Public Safety	25,000	40,000	31,183	8,817
TOTAL EXPENDITURES	25,000	40,000	31,183	8,817
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(24,750)	(39,750)	(30,859)	8,891
Net change in fund balances	(24,750)	(39,750)	(30,859)	8,891
Fund balances - beginning	81,201	81,201	85,020	3,819
FUND BALANCES - ENDING	\$ 56,451	\$ 41,451	\$ 54,161	\$ 12,710

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 105 - HOTEL/MOTEL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 85,000	\$ 85,000	\$ 92,595	\$ 7,595
Investment Earnings	150	150	361	211
TOTAL REVENUES	85,150	85,150	92,956	7,806
EXPENDITURES				
Current:				
Economic Environment	96,846	121,846	73,257	48,589
TOTAL EXPENDITURES	96,846	121,846	73,257	48,589
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(11,696)</u>	<u>(36,696)</u>	<u>19,699</u>	<u>56,395</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(31,358)	(31,358)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,358)</u>	<u>(31,358)</u>
Net change in fund balances	(11,696)	(36,696)	(11,659)	25,037
Fund balances - beginning	56,950	75,369	75,368	(1)
FUND BALANCES - ENDING	\$ 45,254	\$ 38,673	\$ 63,709	\$ 25,036

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 106 - KBCC APPRECIATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ 75	\$ 75	\$ 43	\$ (32)
Miscellaneous Revenues	-	-	1,462	1,462
TOTAL REVENUES	75	75	1,505	1,430
EXPENDITURES				
Current:				
Culture & Recreation	4,000	4,000	2,413	1,587
TOTAL EXPENDITURES	4,000	4,000	2,413	1,587
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(3,925)	(3,925)	(908)	3,017
Net change in fund balances	(3,925)	(3,925)	(908)	3,017
Fund balances - beginning	9,061	9,061	10,027	966
FUND BALANCES - ENDING	\$ 5,136	\$ 5,136	\$ 9,119	\$ 3,983

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 108 - I/NET FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 115,200	\$ 115,200	\$ 120,515	\$ 5,315
Investment Earnings	75	75	890	815
TOTAL REVENUES	115,275	115,275	121,405	6,130
EXPENDITURES				
Current:				
General Government	74,000	74,000	21,993	52,007
TOTAL EXPENDITURES	74,000	74,000	21,993	52,007
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	41,275	41,275	99,412	58,137
Net change in fund balances	41,275	41,275	99,412	58,137
Fund balances - beginning	80,495	80,495	139,057	58,562
FUND BALANCES - ENDING	\$ 121,770	\$ 121,770	\$ 238,469	\$ 116,699

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 109 - CDBG FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 300,844	\$ (49,156)
TOTAL REVENUES	350,000	350,000	300,844	(49,156)
EXPENDITURES				
Current:				
Economic Environment	256,400	256,400	122,968	133,432
TOTAL EXPENDITURES	256,400	256,400	122,968	133,432
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	93,600	93,600	177,876	84,276
OTHER FINANCING SOURCES (USES):				
Transfers Out	(93,600)	(93,600)	(177,876)	(84,276)
Total other financing sources (uses)	(93,600)	(93,600)	(177,876)	(84,276)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 110- GMA REET I FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 800,000	\$ 800,000	\$ 889,694	\$ 89,694
Investment Earnings	500	500	1,243	743
TOTAL REVENUES	800,500	800,500	890,937	90,437
EXPENDITURES				
Debt Service				
Principal	75,155	75,155	70,271	4,884
Interest	18,853	18,853	18,915	(62)
TOTAL EXPENDITURES	94,008	94,008	89,186	4,822
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	706,492	706,492	801,751	95,259
OTHER FINANCING SOURCES (USES):				
Transfers Out	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	(700,000)	(700,000)	(700,000)	-
Net change in fund balances	6,492	6,492	101,751	95,259
Fund balances - beginning	44,724	44,724	44,747	23
FUND BALANCES - ENDING	\$ 51,216	\$ 51,216	\$ 146,498	\$ 95,282

SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FUND 111- GMA REET II FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 800,000	\$ 800,000	\$ 889,695	\$ 89,695
Investment Earnings	500	500	1,089	589
TOTAL REVENUES	800,500	800,500	890,784	90,284
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	800,500	800,500	890,784	90,284
OTHER FINANCING SOURCES (USES):				
Transfers Out	(800,000)	(800,000)	(800,000)	-
Total other financing sources (uses)	(800,000)	(800,000)	(800,000)	-
Net change in fund balances	500	500	90,784	90,284
Fund balances - beginning	36,886	36,886	36,906	20
FUND BALANCES - ENDING	\$ 37,386	\$ 37,386	\$ 127,690	\$ 90,304

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 114 - TRANSPORTATION BENEFIT DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,768,219	\$ 1,768,219	\$ 1,984,964	\$ 216,745
Investment Earnings	500	500	3,068	2,568
TOTAL REVENUES	1,768,719	1,768,719	1,988,032	219,313
EXPENDITURES				
Current:				
Transportation	4,008	4,008	2,544	1,464
Interest	-	-	701	(701)
TOTAL EXPENDITURES	4,008	4,008	3,245	763
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	1,764,711	1,764,711	1,984,787	220,076
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,600,000)	(1,600,000)	(1,211,695)	388,305
Total other financing sources (uses)	(1,600,000)	(1,600,000)	(1,211,695)	388,305
Net change in fund balances	164,711	164,711	773,092	608,381
Fund balances - beginning	79,243	79,243	(516,873)	(596,116)
FUND BALANCES - ENDING	\$ 243,954	\$ 243,954	\$ 256,219	\$ 12,265

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 206 - LTGO DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ 500	\$ 500	\$ 3,768	\$ 3,268
TOTAL REVENUES	500	500	3,768	3,268
EXPENDITURES				
Current				
Debt Service:				
Principal	1,240,000	1,240,000	1,240,000	-
Interest & fiscal charges	1,052,015	1,052,015	1,051,864	151
TOTAL EXPENDITURES	2,292,015	2,292,015	2,291,864	151
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,291,515)	(2,291,515)	(2,288,096)	3,419
OTHER FINANCING SOURCES (USES)				
Transfers In	2,291,014	2,291,014	2,291,015	1
Total other financing sources (uses)	2,291,014	2,291,014	2,291,015	1
Net Change in fund balance	(501)	(501)	2,919	3,420
Fund balances - beginning	24,215	24,215	27,168	2,953
FUND BALANCES - ENDING	\$ 23,714	\$ 23,714	\$ 30,087	\$ 6,373

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 271 - LID 71 FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 3,391	\$ 3,391
Special Assessments	1,000,000	1,000,000	1,432,131	432,131
TOTAL REVENUES	1,000,000	1,000,000	1,435,522	435,522
EXPENDITURES				
Current				
Debt Service:				
Principal	750,000	915,000	915,000	-
Interest & fiscal charges	306,300	158,300	152,546	5,754
TOTAL EXPENDITURES	1,056,300	1,073,300	1,067,546	5,754
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(56,300)	(73,300)	367,976	441,276
Net Change in fund balance	(56,300)	(73,300)	367,976	441,276
Fund balances - beginning	109,318	109,318	359,426	250,108
FUND BALANCES - ENDING	\$ 53,018	\$ 36,018	\$ 727,402	\$ 691,384

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 305 - STREET CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 5,200,000	\$ 5,200,000	\$ 4,032,085	\$ (1,167,915)
Charges for Services	800,000	800,000	1,097,254	297,254
Investment Earnings	500	500	7,911	7,411
Miscellaneous Revenues	360,000	360,000	5,100	(354,900)
TOTAL REVENUES	6,360,500	6,360,500	5,142,350	(1,218,150)
EXPENDITURES:				
Current				
Transportation	-	-	985,604	(985,604)
Capital Outlay	8,876,000	8,876,000	5,325,001	3,550,999
TOTAL EXPENDITURES	8,876,000	8,876,000	6,310,605	2,565,395
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,515,500)	(2,515,500)	(1,168,255)	1,347,245
OTHER FINANCING SOURCES (USES):				
Transfers In	2,980,000	2,980,000	2,020,000	(960,000)
Transfers (Out)	(904,139)	(904,139)	(904,139)	-
Total other financing sources (uses)	2,075,861	2,075,861	1,115,861	(960,000)
Net change in fund balances	(439,639)	(439,639)	(52,394)	387,245
Fund balances - beginning	477,987	477,987	1,562,050	1,084,063
FUND BALANCES - ENDING	\$ 38,348	\$ 38,348	\$ 1,509,656	\$ 1,471,308

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FUND 310 - PARK CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$ 342,370	\$ 583,210	\$ 239,913	\$ (343,297)
Charges for Services	200,000	200,000	408,425	208,425
Investment Earnings	500	500	900	400
Rents & Leases	27,000	27,000	29,471	2,471
TOTAL REVENUES	569,870	810,710	678,709	(132,001)
EXPENDITURES:				
Current				
Culture & Recreation	825,240	873,240	295,766	577,474
Capital Outlay	-	240,840	266,976	(26,136)
TOTAL EXPENDITURES	825,240	1,114,080	562,742	551,338
EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(255,370)	(303,370)	115,967	419,337
OTHER FINANCING SOURCES (USES):				
Transfers In	125,500	208,938	104,397	(104,541)
Transfers (Out)	(96,146)	(96,146)	(96,146)	-
Total other financing sources (uses)	29,354	112,792	8,251	(104,541)
Net change in fund balances	(226,016)	(190,578)	124,218	314,796
Fund balances - beginning	328,825	328,825	124,804	(204,021)
FUND BALANCES - ENDING	\$ 102,809	\$ 138,247	\$ 249,022	\$ 110,775

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, 2015**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 316,119	\$ 45,749	\$ 129,174	\$ 491,042
Investments	250,618	36,269	102,409	389,296
Inventories	161,186	-	-	161,186
Total Current Assets	<u>727,923</u>	<u>82,018</u>	<u>231,583</u>	<u>1,041,524</u>
NONCURRENT ASSETS				
Depreciable assets (net)	5,757,927	-	-	5,757,927
Total Noncurrent Assets	<u>5,757,927</u>	<u>-</u>	<u>-</u>	<u>5,757,927</u>
TOTAL ASSETS	\$ 6,485,850	\$ 82,018	\$ 231,583	\$ 6,799,451
Deferred Outflow of resources:				
Pension	53,520	18,248	59,651	\$ 131,419
TOTAL ASSETS AND DEFERRED OUTFLOW	\$ 6,539,370	\$ 100,266	\$ 291,234	\$ 6,930,870
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued exp.	\$ 33,320	\$ -	\$ 10	\$ 33,330
Compensated absences	19,457	13,618	18,643	51,718
Total Current Liabilities	<u>52,777</u>	<u>13,618</u>	<u>18,653</u>	<u>85,048</u>
NONCURRENT LIABILITIES:				
Net Pension Liability	200,119	68,228	223,045	491,392
Compensated absences	19,457	13,618	18,643	51,718
Total Noncurrent Liabilities	<u>219,576</u>	<u>81,846</u>	<u>241,688</u>	<u>543,110</u>
TOTAL LIABILITIES	\$ 272,353	\$ 95,464	\$ 260,341	\$ 628,158
Deferred Inflow of resources:				
Pension	53,422	18,214	59,543	131,179
TOTAL LIABILITIES AND DEFERRED INFLOW	\$ 325,775	\$ 113,678	\$ 319,884	\$ 759,337
NET POSITION				
Net investment in capital assets	5,757,927	-	-	5,757,927
Unrestricted	455,668	(13,412)	(28,650)	413,606
TOTAL NET POSITION	\$ 6,213,595	\$ (13,412)	\$ (28,650)	\$ 6,171,533

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
Charges for services	\$ 2,487,170	\$ 328,722	\$ 962,687	\$ 3,778,579
Total operating revenues	2,487,170	328,722	962,687	3,778,579
OPERATING EXPENSES:				
Maintenance & operations	1,133,483	334,476	966,988	2,434,947
Depreciation	564,586	-	-	564,586
Total operating expenses	1,698,069	334,476	966,988	2,999,533
Operating income (loss)	789,101	(5,754)	(4,301)	779,046
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	2,044	254	1,067	3,365
Gain (loss) on disposition of assets	19,631	-	-	19,631
Miscellaneous nonoperating revenues	49,182	11,824	38,811	99,817
Total nonoperating revenues (expenses)	70,857	12,078	39,878	122,813
Income (Loss) Before Contributions & Transfers	859,958	6,324	35,577	901,859
Transfers in	1,294,441	15,000	11,046	1,320,487
	1,294,441	15,000	11,046	1,320,487
CHANGE IN NET POSITION	2,154,399	21,324	46,623	2,222,346
NET POSITION-BEGINNING	4,266,108	35,808	155,344	4,457,260
Changes in Accounting Principles-GASB 68	(206,912)	(70,544)	(230,617)	(508,073)
NET POSITION-ENDING	\$ 6,213,595	\$ (13,412)	\$ (28,650)	\$ 6,171,533

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 2,487,170	\$ 328,722	\$ 962,687	\$ 3,778,579
Payments to suppliers	(596,655)	(125,629)	(331,226)	(1,053,510)
Payments to employees	(544,827)	(209,469)	(635,607)	(1,389,903)
Net cash provided by operating activities	\$ 1,345,688	\$ (6,376)	\$ (4,146)	\$ 1,335,166
Cash Flows From Non-Capital Financing Activities:				
Other Receipts (Payments)	68,813	11,824	38,811	119,448
Transfers from other funds	1,294,441	15,000	11,046	1,320,487
Net cash used for noncapital financing activities	\$ 1,363,254	\$ 26,824	\$ 49,857	\$ 1,439,935
Cash Flows From Capital and Related Financing Activities:				
Acquisition/Construction-capital	(2,536,849)	-	-	(2,536,849)
Net Cash From Capital and Related Financing Activities	\$ (2,536,849)	\$ -	\$ -	\$ (2,536,849)
Cash Flows From Investing Activities:				
Purchase of Investments	(47,852)	(4,601)	(6,962)	(59,415)
Interest on Investments	2,044	254	1,067	3,365
Net Cash From Investing Activities	\$ (45,808)	\$ (4,347)	\$ (5,895)	\$ (56,050)
Net Increase (Decrease) in Cash & Equivalents	126,285	16,101	39,816	182,202
Cash and Equivalents January 1, 2015	189,834	29,648	89,358	308,840
Cash and Cash Equivalents, December 31	\$ 316,119	\$ 45,749	\$ 129,174	\$ 491,042
Unrestricted	316,119	45,749	129,174	491,042
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 316,119	\$ 45,749	\$ 129,174	\$ 491,042

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 789,101	\$ (5,754)	\$ (4,301)	\$ 779,046
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	564,586	-	-	564,586
Changes in Assets and Liabilities:				
(Increase)/Decrease in Inventories	(26,816)	-	-	(26,816)
Increase (Decrease) in Accounts Payable	25,708	1,728	7,835	35,271
Increase (Decrease) in Other Current Liabilities	(6,891)	(2,350)	(7,680)	(16,921)
TOTAL ADJUSTMENTS	556,587	(622)	155	556,120
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,345,688	\$ (6,376)	\$ (4,146)	\$ 1,335,166

FIDUCIARY FUND - AGENCY

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

- 632** The *Payroll Clearing Fund* accounts for the receipt and disbursement of monies to a variety of other funds, governmental units, or private parties.
- 642** The *School Mitigation Fund* accounts for money received by developers which are then distributed to the school districts within city limits.
- 643** The *Drug Seizure Fund* accounts for assets seized during an investigation which are held by the city until adjudication through the courts.
- 644** The *Flex Account Fund* accounts for the money held at Bank of America as part of the Flexible Spending program as part of the benefit package offered by the City.
- 802** The *Pooled Investment Fund* accounts for investments held at the Washington State Local Government Investment Pool as well as other outside agencies.

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	BALANCE January 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE December 31, 2015
<u>FUND 632 - PAYROLL CLEARING</u>				
ASSETS				
Cash and Cash Equivalents	22,990	549,124	550,519	21,595
TOTAL ASSETS	\$ 22,990	\$ 549,124	\$ 550,519	\$ 21,595
LIABILITIES				
Accounts Payable	22,990	549,124	550,519	21,595
TOTAL LIABILITIES	\$ 22,990	\$ 549,124	\$ 550,519	\$ 21,595
<u>FUND 644 - FLEX ACCOUNT</u>				
ASSETS				
Cash and Cash Equivalents	-	13,605	-	13,605
TOTAL ASSETS	\$ -	\$ 13,605	\$ -	\$ 13,605
LIABILITIES				
Custodial Accounts	-	13,605	-	13,605
TOTAL LIABILITIES	\$ -	\$ 13,605	\$ -	\$ 13,605
<u>FUND 643 - DRUG SEIZURE</u>				
ASSETS				
Cash and Cash Equivalents	19,936	146,145	122,784	43,297
TOTAL ASSETS	\$ 19,936	\$ 146,145	\$ 122,784	\$ 43,297
LIABILITIES				
Accounts Payable	864	12,629	7,698	5,795
Custodial Accounts	19,072	145,406	126,976	37,502
TOTAL LIABILITIES	\$ 19,936	\$ 158,035	\$ 134,674	\$ 43,297
<u>FUND 802 - POOLED INVESTMENTS</u>				
ASSETS				
Cash and Cash Equivalents	-	46,059,273	46,059,273	-
Accrued Interest	-	162,400	162,400	-
Investments	-	20,967,333	20,967,333	-
TOTAL ASSETS	\$ -	\$ 67,189,006	\$ 67,189,006	\$ -
LIABILITIES				
Due to Other Funds	-	205,652	205,652	-
TOTAL LIABILITIES	\$ -	\$ 205,652	\$ 205,652	\$ -
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	42,926	46,768,147	46,732,576	78,497
Accrued Interest	-	162,400	162,400	-
Investments	-	20,967,333	20,967,333	-
TOTAL ASSETS	\$ 42,926	\$ 67,897,880	\$ 67,862,309	\$ 78,497
LIABILITIES				
Accounts Payable	23,854	561,753	558,217	27,390
Custodial Accounts	19,072	159,011	126,976	51,107
Due to Other Funds	-	205,652	205,652	-
TOTAL LIABILITIES	\$ 42,926	\$ 926,416	\$ 890,845	\$ 78,497

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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.

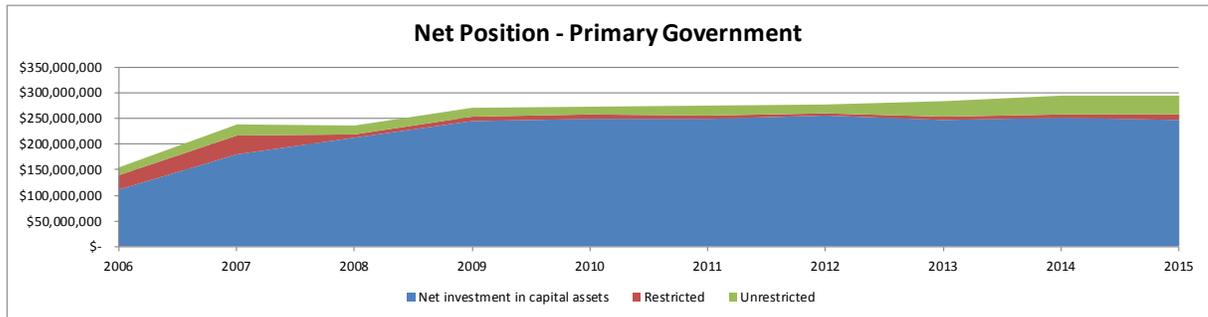
Sources: Unless otherwise noted, the information in the schedules is derived from the annual financial reports for the relevant year. The City implemented GASB statement 34 in 2005; schedules presenting government-wide information include information beginning in that year.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 34,569,735	\$ 91,089,094	\$ 97,854,941	\$ 132,178,004	\$ 137,097,566	\$ 141,419,590	\$ 148,249,723	\$ 141,355,210	\$ 137,368,413	\$ 140,810,400
Restricted	681,482	8,618,649	2,675,601	2,108,687	2,049,006	68,026	69,854	77,059	989,700	3,839,953
Unrestricted	5,810,494	7,668,465	6,684,991	5,019,228	4,612,175	4,025,630	(2,640,846)	8,362,436	16,024,164	10,317,772
Total governmental activities net position	\$ 41,061,711	\$ 107,376,208	\$ 107,215,533	\$ 139,305,919	\$ 143,758,747	\$ 145,513,246	\$ 145,678,731	\$ 149,794,705	\$ 154,382,277	\$ 154,968,125
Business-type Activities										
Net investment in capital assets	\$ 76,671,291	\$ 88,510,145	\$ 114,641,775	\$ 113,461,572	111,913,370	108,202,336	106,815,932	106,095,062	114,086,816	106,818,354
Restricted	26,806,026	28,036,511	4,644,219	4,564,552	5,471,235	5,513,903	5,529,858	5,544,027	4,550,455	5,526,424
Unrestricted	9,316,223	14,694,999	9,472,235	12,146,285	10,454,168	14,986,203	19,012,887	22,831,308	20,292,994	26,927,156
Total business-type activities net position	\$ 112,793,540	\$ 131,241,655	\$ 128,758,229	\$ 130,172,409	\$ 127,838,773	\$ 128,702,442	\$ 131,358,677	\$ 134,470,397	\$ 138,930,265	\$ 139,271,934
Primary Government										
Net investment in capital assets	\$ 111,241,026	\$ 179,599,239	\$ 212,496,716	\$ 245,639,576	\$ 249,010,936	\$ 249,621,926	\$ 255,065,655	\$ 247,450,272	\$ 251,455,229	\$ 247,628,754
Restricted	27,487,508	36,655,160	7,319,820	6,673,239	7,520,241	5,581,929	5,599,712	5,621,086	5,540,155	9,366,377
Unrestricted	15,126,717	22,363,464	16,157,226	17,165,513	15,066,343	19,011,833	16,372,041	31,193,744	36,317,158	37,244,928
Total primary government net position	\$ 153,855,251	\$ 238,617,863	\$ 235,973,762	\$ 269,478,328	\$ 271,597,520	\$ 274,215,688	\$ 277,037,408	\$ 284,265,102	\$ 293,312,542	\$ 294,240,059



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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental activities										
Judicial	\$ 678,355	\$ 1,630,496	\$ 1,572,878	\$ 1,740,587	\$ 1,577,202	\$ 1,285,070	\$ 1,361,713	\$ 1,297,685	\$ 1,369,450	\$ 1,350,483
General Government	1,521,665	1,620,874	2,579,636	2,358,743	2,251,876	2,136,271	1,948,738	3,116,991	3,586,931	5,507,340
Public Safety	13,289,252	15,889,861	19,075,584	20,348,972	21,588,815	23,680,935	23,179,163	23,130,412	25,154,574	25,654,989
Physical Environment	460,032	1,375,428	1,411,871	1,297,066	1,130,427	1,052,902	984,599	1,083,953	1,013,456	1,076,714
Transportation	3,140,714	3,690,728	4,565,317	3,845,674	3,935,772	5,748,898	8,200,060	5,379,629	6,448,078	8,420,679
Economic Environment	1,736,733	1,960,421	2,348,453	2,410,303	2,068,799	1,677,323	1,831,180	1,904,920	2,135,367	2,256,138
Health	8,300	6,063	8,223	10,987	12,371	14,454	15,784	27,342	33,371	40,693
Culture & Recreation	2,261,772	2,545,151	2,840,929	2,688,232	2,554,646	2,370,314	2,370,633	2,479,042	3,165,436	3,160,313
Interest on Long-term Debt	521,610	704,267	819,386	792,399	732,408	867,578	909,150	898,610	1,453,855	1,224,025
Total governmental activities expenses	23,618,433	29,423,289	35,222,277	35,492,963	35,852,316	38,833,745	40,801,020	39,318,584	44,360,518	48,691,374
Business-type activities										
Water/Sewer/Surface Water	13,544,237	15,345,183	19,314,487	20,914,243	21,678,568	20,367,834	21,096,110	23,324,404	21,911,544	23,038,255
Solid Waste	3,466,337	3,982,270	3,729,174	3,862,350	4,050,841	4,054,792	4,386,858	4,492,323	5,338,501	5,351,900
Golf	1,377,231	1,211,617	1,350,429	1,559,074	1,653,228	1,166,763	1,138,670	1,090,135	1,050,097	1,195,081
Total business-type activities	18,387,805	20,539,070	24,394,090	26,335,667	27,382,637	25,589,389	26,621,638	28,906,862	28,300,142	29,585,236
Total primary government expenses	\$ 42,006,238	\$ 49,962,359	\$ 59,616,367	\$ 61,828,630	\$ 63,234,953	\$ 64,423,134	\$ 67,422,658	\$ 68,225,446	\$ 72,660,660	\$ 78,276,610
PROGRAM REVENUES										
Governmental activities										
Charges for Services:										
Judicial (Note 1)	777,303	894,695	962,852	3,363,105	(195,862)	902,524	868,678	620,473	729,959	746,871
General Government	951,972	1,142,214	996,305	1,219,743	1,767,303	1,313,095	1,453,997	2,282,519	4,198,818	3,763,483
Public Safety	1,448,733	1,428,682	1,301,447	1,577,840	1,076,410	1,015,553	918,100	816,528	999,881	1,103,582
Physical Environment	36,616	3,498	9,610	3,250	250	1,250	1,000	750	750	3,134
Transportation	2,283,262	1,405,197	537,592	521,989	360,984	1,345,480	981,799	814,950	660,549	1,138,282
Economic Environment	2,342,050	3,019,714	2,124,583	1,432,550	1,749,282	1,596,674	1,632,994	2,173,887	2,100,299	1,720,524
Culture & Recreation	301,082	341,193	377,430	377,344	418,492	428,820	395,835	358,802	349,518	353,895
Operating grants and contributions	3,086,081	3,016,088	2,420,422	4,613,034	5,835,075	1,748,346	1,661,264	1,894,736	3,053,117	5,958,337
Capital grants and contributions	154,493	22,568	1,067,068	71,335	407,110	(2,464)	-	-	50,000	273,403
Total governmental activities program revenues	11,381,592	11,273,849	9,797,309	13,180,190	11,419,044	8,349,278	7,913,667	8,962,645	12,142,891	15,061,511
Business-type activities:										
Charges for Services:										
Water/Sewer/Surface Water (Note 2)	25,226,691	28,102,315	15,552,191	21,077,873	22,730,907	22,560,781	24,313,325	25,882,491	26,768,139	30,258,766
Solid Waste	3,724,080	4,140,200	4,260,401	4,405,596	4,815,910	5,329,957	6,051,999	6,232,260	6,866,097	7,037,150
Golf	1,122,984	137,682	1,199,103	1,181,955	1,126,323	970,658	955,819	957,912	895,476	1,063,146
Operating grants and contributions	193,074	120,268	-	-	-	-	-	1,017,696	233,663	70,494
Capital grants and contributions	5,637,058	5,981,451	4,345,565	2,929,060	134,792	325,693	679,599	406,274	1,560,763	771,052
Total business-type activities program revenues	35,903,887	38,481,916	25,357,260	29,594,484	28,807,932	29,187,089	32,000,742	34,496,633	36,324,138	39,200,608
Total primary government program revenues	\$ 47,285,479	\$ 49,755,765	\$ 35,154,569	\$ 42,774,674	\$ 40,226,976	\$ 37,536,367	\$ 39,914,409	\$ 43,459,278	\$ 48,467,029	\$ 54,262,119

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.

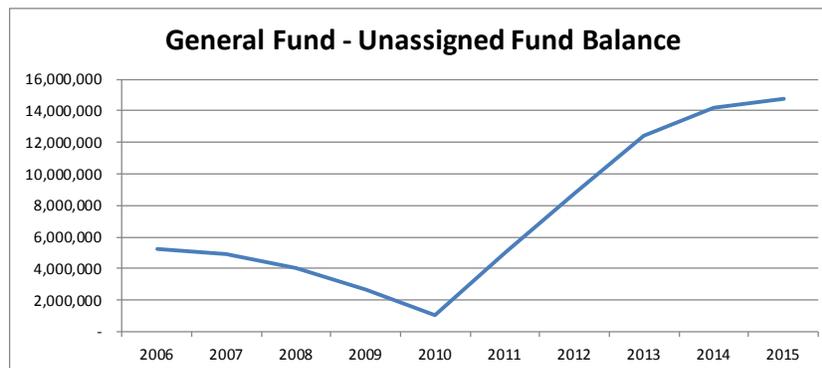
Note 2 – Increase between 2008 and 2009 due to a change in the way the funds are being consolidated for reporting purposes.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (12,236,840)	\$ (18,149,439)	\$ (18,149,440)	\$ (25,424,968)	\$ (22,312,773)	\$ (24,433,272)	\$ (30,484,467)	\$ (30,355,939)	\$ (32,217,627)	\$ (33,629,863)
Business-type activities	17,516,083	17,942,845	17,942,846	963,170	3,258,817	1,425,295	3,597,700	5,589,771	8,023,996	9,615,372
Total primary government net expense	5,279,243	(206,594)	(206,594)	(24,461,798)	(19,053,956)	(23,007,977)	(26,886,767)	(24,766,168)	(24,193,631)	(24,014,491)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	6,276,763	6,600,167	9,049,857	10,178,672	11,496,517	13,208,185	15,304,643	15,423,843	16,146,732	15,728,430
Sales	4,793,690	6,029,199	7,623,625	7,710,983	7,028,575	7,390,973	8,422,733	8,811,666	10,969,729	13,696,505
Business	847,477	1,354,519	1,734,587	2,201,450	2,188,957	2,593,188	2,984,068	3,091,719	3,272,989	3,477,925
Other	3,023,825	2,414,776	2,209,098	1,996,690	1,771,026	2,067,140	2,453,918	2,795,237	1,793,736	3,168,967
Investment Earnings	223,522	450,778	952,977	665,090	203,670	103,483	84,140	93,065	939,124	180,600
Miscellaneous	15,431	297,050	2,767,483	880,249	(62,987)	-	-	-	185,440	-
Transfers	2,175,054	3,424,421	1,707,230	1,631,159	2,305,961	3,523,131	2,989,464	2,837,308	3,721,362	5,103,038
Total government activities	17,355,762	20,570,910	26,044,857	25,264,293	24,931,719	28,886,100	32,238,966	33,052,838	37,029,112	41,355,465
Business-type activities:										
Investment Earnings	1,134,816	1,925,768	2,212,501	1,365,502	461,324	107,633	215,433	114,439	157,234	108,266
Transfers	(2,175,054)	(3,424,421)	(1,707,230)	(1,631,159)	(2,305,961)	(3,523,131)	(2,989,464)	(2,837,308)	(3,721,362)	(5,103,038)
Total business-type activities	(1,040,238)	(1,498,653)	505,271	(265,657)	(1,844,637)	(3,415,498)	(2,774,031)	(2,722,869)	(3,564,128)	(4,994,772)
Total primary government general revenues & other changes in net position	16,315,524	19,072,257	26,550,128	24,998,636	23,087,082	25,470,602	29,464,935	30,329,969	33,464,984	36,360,693
CHANGE IN NET POSITION										
Governmental activities	5,118,922	2,421,470	7,895,417	(160,675)	2,618,946	4,452,828	1,754,499	165,485	4,811,485	7,725,602
Business-type activities	16,475,844	16,444,191	18,448,117	697,513	1,414,180	(1,990,203)	823,869	2,656,235	4,459,868	4,620,600
Total primary government	\$ 21,594,766	\$ 18,865,661	\$ 26,343,534	\$ 536,838	\$ 4,033,126	\$ 2,462,625	\$ 2,578,168	\$ 2,821,720	\$ 9,271,353	\$ 12,346,202

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Assigned to:										
Unassigned	5,287,443	4,959,632	4,037,422	2,655,501	1,058,199	5,004,624	8,805,096	12,406,520	14,224,582	14,756,671
Total general fund	\$ 5,287,443	\$ 4,959,632	\$ 4,037,422	\$ 2,655,501	\$ 1,058,199	\$ 5,004,624	\$ 8,805,096	\$ 12,406,520	\$ 14,224,582	\$ 14,756,671
All other governmental funds										
Restricted For:										
Preservation of Infrastructure	132,143	362,294	286,801	34,292	476,454	-	-	-	-	-
Law Enforcement	42,879	43,794	49,775	32,345	53,375	62,302	55,963	50,620	88,758	187,600
Tourism	34,809	55,400	101,720	88,251	105,698	113,718	50,312	35,219	75,368	63,709
Technology Infrastructure	8,791	50,260	114,330	27,659	61,665	18,663	26,605	49,622	139,057	238,469
REET	1,998,538	1,682,124	716,816	245,730	73,121	193,028	388,257	423,628	81,653	274,188
Street Construction/Maint	-	7,611,994	4,774,324	2,546,422	2,413,160	-	-	-	-	-
Parks Construction	346,915	635,997	636,219	32,297	-	-	-	-	-	-
Committed to:										
Law Enforcement	126,103	138,369	174,460	234,903	191,739	132,868	118,221	100,951	85,020	54,161
Community Center	22,339	25,705	30,636	33,621	21,952	18,905	15,475	12,197	10,027	9,119
Assigned to:										
Streets	737,189	1,062,365	527,120	402,898	1,103,879	793,633	-	32,104	374,189	2,262,876
Parks Construction	-	-	-	-	-	-	56,869	110,987	124,804	249,022
Debt Service	356,452	397,868	386,414	154,809	133,866	68,026	69,854	77,059	989,700	1,363,138
Unassigned	(1,758,137)	-	-	(1,122,634)	(498,020)	(3,667,010)	(13,955,667)	(5,047,873)	1,045,177	-
Total all other governmental funds	\$ 2,048,021	\$ 12,066,170	\$ 7,798,615	\$ 2,710,593	\$ 4,136,889	\$ (2,265,867)	\$(13,174,111)	\$ (4,155,486)	\$ 3,013,753	\$ 4,702,282



STAT 4

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

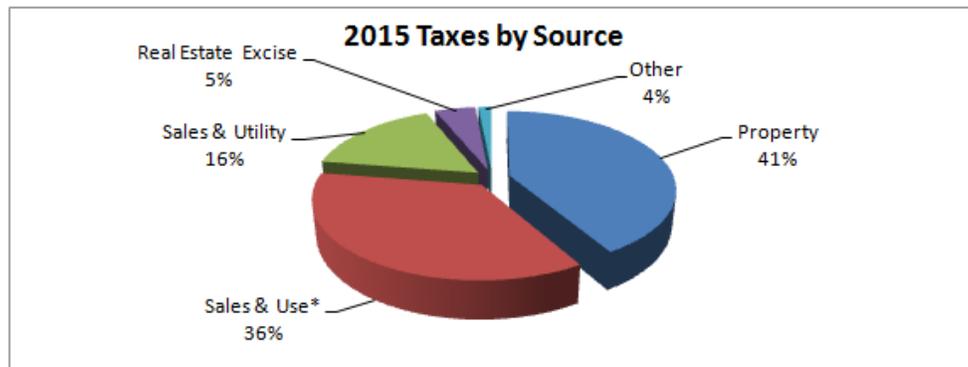
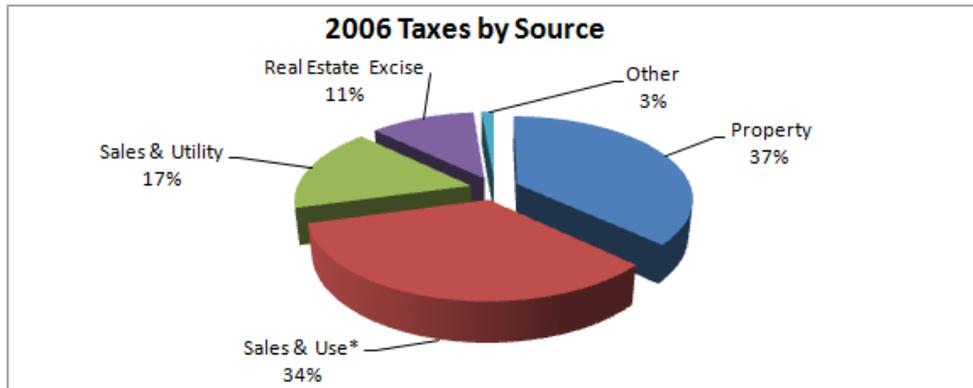
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 17,852,149	\$ 22,130,402	\$ 22,692,117	\$ 23,344,821	\$ 26,099,750	\$ 30,173,771	\$ 31,450,171	\$ 32,594,141	\$ 34,542,134	\$ 37,880,120
Licenses & Permits	1,465,506	1,727,997	1,465,155	1,084,774	1,920,945	1,757,971	1,710,163	2,202,023	2,251,750	1,856,916
Intergovernmental	4,457,165	4,216,149	5,229,455	6,735,735	7,719,297	3,563,050	3,507,954	2,745,830	4,042,241	7,202,783
Charges for Services	5,951,655	5,904,924	5,017,262	4,682,809	4,202,150	5,308,979	5,136,745	5,726,569	6,191,303	6,578,202
Fines & Forfeitures	572,695	659,182	670,373	587,833	554,437	686,154	661,103	538,082	585,865	647,959
Other Revenues	804,751	1,310,130	853,619	675,835	838,112	464,273	571,185	522,317	2,251,696	1,965,996
Total Revenues	31,103,921	35,948,784	35,927,981	37,111,807	41,333,691	41,954,198	43,037,321	44,328,962	49,864,989	56,131,976
EXPENDITURES										
General Government	3,341,264	4,579,653	5,820,799	5,959,983	5,921,345	5,453,777	5,624,331	5,935,422	6,648,721	6,921,063
Security of Persons and Property	12,455,030	15,692,030	18,380,169	19,743,869	21,245,679	23,271,474	23,265,472	23,267,452	24,504,740	25,720,364
Physical Environment	974,344	1,341,645	1,403,344	1,288,462	1,119,502	1,021,823	1,010,942	1,101,277	1,021,108	1,096,568
Transportation	2,858,484	2,815,290	3,108,699	2,567,455	2,401,849	4,226,268	3,238,781	3,238,781	4,153,612	6,525,990
Economic Environment	1,708,074	1,935,055	2,297,237	2,261,770	2,076,603	1,712,297	1,837,469	1,915,487	2,118,549	2,469,400
Health & Human Services	8,300	6,063	8,223	10,987	12,371	14,454	15,784	27,342	33,371	40,693
Culture & Recreation	2,009,795	2,338,791	2,593,354	2,431,296	2,327,247	2,099,482	2,132,048	2,295,922	2,868,420	2,993,965
Capital Outlay	8,839,004	3,525,874	8,204,811	8,586,552	10,098,609	5,553,417	8,457,518	1,893,334	3,247,469	5,685,748
Debt Service	562,228	579,505	917,238	1,009,971	1,590,047	1,094,902	937,635	1,018,560	1,191,967	2,225,271
Principal	521,610	704,267	819,386	792,399	732,408	867,578	909,150	1,122,523	1,453,855	1,224,025
Interest										
Total Expenditures	33,278,133	33,518,173	43,553,260	44,652,744	47,525,660	45,315,472	50,410,278	41,816,100	47,241,812	54,904,087
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,174,212)	2,430,611	(7,625,279)	(7,540,937)	(6,191,969)	(3,361,274)	(7,372,957)	2,512,862	2,623,177	1,227,889
OTHER FINANCING SOURCES (USES)										
Transfers in	3,366,076	3,795,646	5,506,841	4,698,907	4,181,765	3,705,563	4,396,302	6,156,367	10,439,187	9,578,841
Transfers out	(1,757,446)	(4,580,920)	(5,361,327)	(3,627,913)	(3,285,426)	(2,800,620)	(4,131,117)	(5,701,532)	(10,114,195)	(8,586,112)
Debt proceeds & capital leases	1,319,300	8,045,000	750,000	750,000	5,124,624	-	-	16,429,615	6,022,846	-
Refunding debt proceeds	-	-	-	-	-	-	-	(6,777,263)	-	-
Disposition of capital assets	-	-	1,540,000	-	-	-	-	-	16,286	-
Total other financing sources (uses)	2,927,930	7,259,726	2,435,514	1,070,994	6,020,963	904,943	265,185	10,107,187	6,364,124	992,729
NET CHANGE IN FUND BALANCES	\$ 753,718	\$ 9,690,337	\$ (5,189,765)	\$ (6,469,943)	\$ (171,006)	\$ (2,456,331)	\$ (7,107,772)	\$ 12,820,049	\$ 8,987,301	\$ 2,220,618
Debt service as percentage of non-capital expenditures	4.43%	4.28%	4.91%	5.00%	6.21%	4.94%	4.40%	5.36%	6.01%	7.01%

GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Year	Regular Property	EMS Property	Sales & Use*	Utility	Gambling	Admission	Real Estate Excise	Other ⁽¹⁾	Total
2006	5,408,480	1,191,686	6,019,373	2,944,526	93,271	-	2,046,496	148,317	17,852,149
2007	8,034,469	1,254,525	7,591,841	3,391,226	87,279	-	1,693,024	78,038	22,130,402
2008	8,683,892	1,494,780	7,639,224	3,392,410	90,621	-	1,178,708	212,482	22,692,117
2009	8,995,934	2,308,657	6,971,275	3,858,155	81,987	-	963,681	165,132	23,344,821
2010	11,024,939	2,191,591	7,326,800	4,320,597	145,235	164,610	778,452	147,526	26,099,750
2011	12,655,356	2,670,747	8,351,095	4,959,373	159,369	225,447	947,880	204,504	30,173,771
2012	12,947,333	2,412,073	8,731,843	5,568,723	105,038	219,088	1,252,622	213,451	31,450,171
2013	13,007,908	2,245,665	9,693,793	5,611,115	112,604	231,763	1,477,232	214,061	32,594,141
2014	13,323,549	2,320,014	10,872,238	6,036,881	99,215	220,642	1,450,598	218,997	34,542,134
2015	13,364,409	2,353,450	13,629,001	6,171,831	91,936	268,502	1,779,390	221,600	37,880,120
% Change 2006-2015	147.10%	97.49%	126.42%	109.60%	-1.43%	63.11%	-13.05%	49.41%	112.19%

*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**

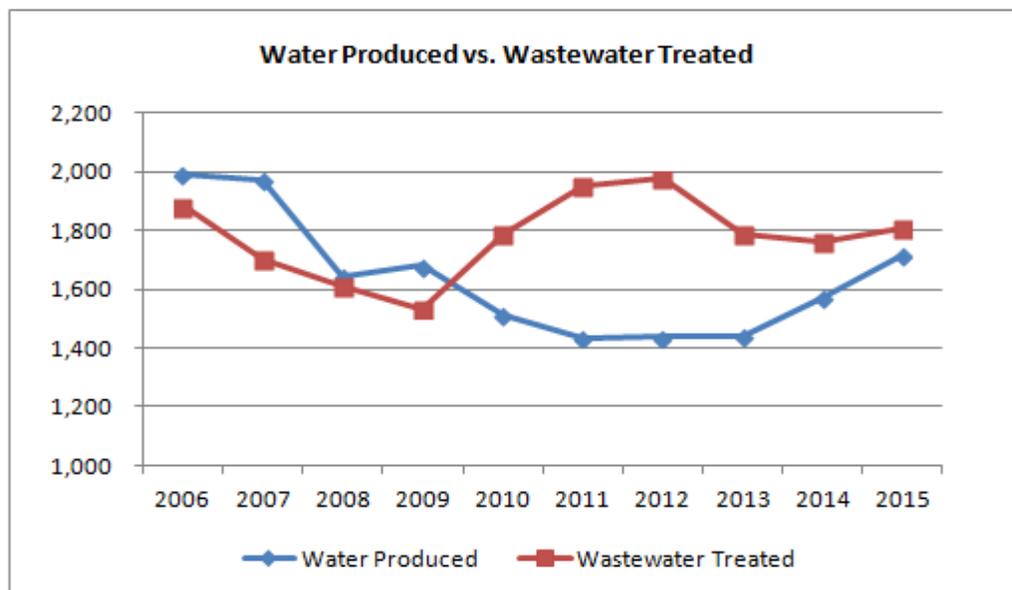
Year	(units in millions)		Total Direct Bi-Monthly Rates			
	Gallons of Water Produced	Gallons of Wastewater Treated	Water Base Rate*	Water Usage Rate	Sewer Base Rate	Sewer Usage Rate
2006	1,990	1,883	\$ 22.70	\$ 2.45	\$ 62.50	\$ 0.92
2007	1,975	1,702	\$ 23.20	\$ 2.50	\$ 63.80	\$ 0.94
2008	1,642	1,612	\$ 23.70	\$ 2.55	\$ 65.10	\$ 1.00
2009	1,681	1,535	\$ 24.17	\$ 2.60	\$ 66.40	\$ 1.02
2010	1,511	1,787	\$ 19.73	**	\$ 70.44	\$ 1.54
2011	1,435	1,955	\$ 20.12	**	\$ 75.02	\$ 1.57
2012	1,438	1,976	\$ 20.53	**	\$ 76.52	\$ 1.61
2013	1,443	1,787	\$ 20.94	**	\$ 78.05	\$ 1.64
2014	1,572	1,764	\$ 21.36	**	\$ 79.61	\$ 1.67
2015	1,717	1,810	\$ 21.79	**	\$ 81.20	\$ 1.71

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

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

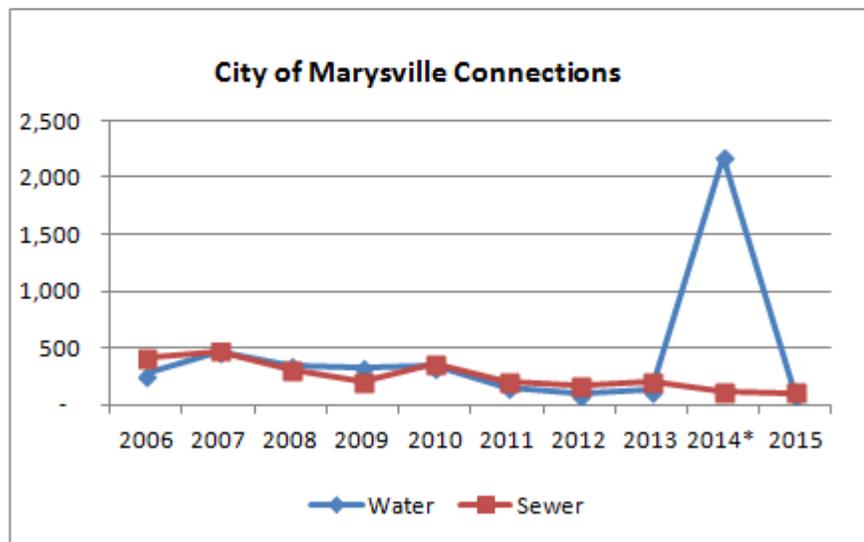
1st Tier	0 to 6,000 Gal	\$ 1.18
2nd Tier	7,000-20,000 Gal	\$ 4.10
3rd Tier	21,000-30,000 Gal	\$ 4.68
4th Tier	31,000 + Gal	\$ 5.27

See STAT 6d for other meter sizes and rates.



**ANNUAL CONNECTIONS
LAST TEN FISCAL YEAR**

Year	Water Connections	Sewer Connections	Total Connections
2006	275	420	695
2007	468	475	943
2008	351	304	655
2009	330	211	541
2010	342	368	710
2011	154	210	364
2012	100	171	271
2013	132	205	337
2014*	2,182	112	2,294
2015	98	108	206



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

STAT 6c

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

WATER				
Year	Residential	Commercial	Other	Total
2006	16,351	880	129	17,360
2007	16,509	910	154	17,573
2008	16,918	960	208	18,086
2009	17,166	990	200	18,356
2010	17,421	982	204	18,607
2011	17,588	978	195	18,761
2012	17,794	1,029	147	18,970
2013	17,912	1,039	151	19,102
2014*	19,898	1,024	206	21,128
2015	20,060	956	264	21,280

SEWER				
Year	Residential	Commercial	Other	Total
2006	13,679	784	0	14,463
2007	14,110	810	0	14,920
2008	14,417	835	1	15,253
2009	14,775	858	1	15,634
2010	15,104	858	1	15,963
2011	15,308	865	0	16,173
2012	15,529	885	0	16,414
2013	15,721	894	0	16,615
2014	15,980	909	0	16,889
2015	16,172	900	0	17,072

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

WATER/SEWER/SURFACE WATER RATES
LAST TEN FISCAL YEARS

WATER RATE HISTORY

	2006	2007	2008	2009	2010*	2011	2012	2013	2014	2015	
Bi-Monthly Charge											
3/4" Service (w/ 5/8" meter)											
	first 6,000 gallons	\$ 22.70	\$ 23.20	\$ 23.70	\$ 24.17	\$ 19.73	\$ 20.12	\$ 20.53	\$ 20.94	\$ 21.36	\$ 21.79
	per additional 1,000 gallons	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60						
1st Tier	0 to 6,000 Gal				\$ 1.06	\$ 1.08	\$ 1.11	\$ 1.13	\$ 1.15	\$ 1.18	
2nd Tier	7,000-20,000 Gal				\$ 3.71	\$ 3.78	\$ 3.86	\$ 3.94	\$ 4.02	\$ 4.10	
3rd Tier	21,000-30,000 Gal				\$ 4.24	\$ 4.32	\$ 4.41	\$ 4.50	\$ 4.59	\$ 4.68	
4th Tier	31,000 + Gal				\$ 4.77	\$ 4.87	\$ 4.97	\$ 5.07	\$ 5.17	\$ 5.27	
3/4" Service (w/ 3/4" meter)											
	first 9,000 gallons	\$ 30.00	\$ 30.60	\$ 31.20	\$ 31.82	\$ 29.60	\$ 30.19	\$ 30.80	\$ 31.42	\$ 32.05	\$ 32.69
	per additional 1,000	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60						
1st Tier	0 to 6,000 Gal				\$ 1.06	\$ 1.08	\$ 1.10	\$ 1.13	\$ 1.15	\$ 1.18	
2nd Tier	7,000+				\$ 2.65	\$ 2.70	\$ 2.76	\$ 2.82	\$ 2.88	\$ 2.93	

SEWER RATE HISTORY

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Single Family Residential											
	Bi-Monthly Flat Rate	\$ 62.50	\$ 63.80	\$ 65.10	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05	\$ 79.61	\$ 81.20
Class 1 Commercial/Industrial											
	(per 1,000 gal) Bi-Monthly*	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.02	\$ 1.54	\$ 1.57	\$ 1.61	\$ 1.64	\$ 1.67	\$ 1.71
	Minimum Charge*	\$ 62.50	\$ 63.80	\$ 65.10	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05	\$ 79.61	\$ 81.20

STORM WATER RATE HISTORY

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Single Family (annual rate)											
		\$ 96.00	N/A	N/A							
Condominium (annual rate)											
		\$ 86.40	N/A	N/A							
Other Customers											
\$/Month/ 1/4 Acre (annual rate)											
Impervious %											
	Exempt - less than 1%	NC	N/A	N/A							
	Very Light - 1% to 19%	\$ 28.80	N/A	N/A							
	Light - 20% to 39%	\$ 96.00	N/A	N/A							
	Moderate - 40% to 59%	\$159.60	N/A	N/A							
	Heavy - 60% to 79%	\$218.40	N/A	N/A							
	Very Heavy - 80% to 100%	\$296.40	N/A	N/A							
Residential (1 ERU = 3,200 sq.ft.)											
	1 ERU (bi-monthly rate)	\$ 16.00	\$ 16.00	\$ 16.64	\$ 20.00	\$ 20.40	\$ 20.80	\$ 21.22	\$ 21.64	\$ 22.08	
Non-Residential (1 ERU = 3,200 sq.ft.)											
	sq.ft. of impervious surface/1 ERU	\$ 16.00	\$ 16.00	\$ 16.64	\$ 20.00	\$ 20.40	\$ 20.80	\$ 21.22	\$ 21.64	\$ 22.08	

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

**LARGEST WATER/SEWER CUSTOMERS
CURRENT YEAR AND TEN YEARS AGO**

Customer	2015 Water Revenue			2006 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
NATIONAL FOOD CORP^	\$ 49,486	1	0.59%			
UTILITY INVOICE PROCESSING CEN	36,206	2	0.43%			
CITY OF MARYSVILLE	33,635	3	0.40%			
SMOKEY POINT MOBILE PARK	25,058	4	0.30%			
MOBILE MANOR-OFFICE	22,950	5	0.27%			
LAKWOOD SCHOOL DISTRICT #30I	20,341	6	0.24%			
WINDSOR SQUARE APARTMENTS	18,549	7	0.22%			
GREENMAN III, ROBERT F^	17,703	8	0.21%			
MIDWAY GARDEN MOBILE HOME P	16,761	9	0.20%			
POWELL DEVELOPMENT LLC	14,857	10	0.18%			
PACIFIC COAST FEATHER CO				\$ 29,839	1	0.50%
UTILITY INVOICE PROCESSING CENTER				29,109	2	0.49%
NATIONAL FOOD CORP^				27,729	3	0.47%
CITY OF MARYSVILLE				24,957	4	0.42%
NATIONAL FOOD CORP^				21,163	5	0.36%
KLEIN, JIM				20,031	6	0.34%
GLENWOOD MOBILE ESTATES				16,840	7	0.28%
WINDSOR SQUARE APARTMENTS				14,298	8	0.24%
L155-1 EAGLE POINT LLC				14,161	9	0.24%
GREENMAN III, ROBERT F^				14,154	10	0.24%
Subtotal	255,547		3.05%	212,280		3.57%
Balance from other customers	8,120,853		96.95%	5,738,919		96.43%
Grand Total	8,376,399		100.00%	5,951,199		100.00%

Customer	2015 Sewer Revenue			2006 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
NATIONAL FOOD CORP^	\$ 98,611	1	0.92%	\$		
SMOKEY POINT MOBILE PARK	57,584	2	0.53%			
BEST WESTERN HOTEL	51,628	3	0.48%			
MEDALLION HOTEL	49,583	4	0.46%			
GLENWOOD MOBILE ESTATES	48,577	5	0.45%			
WINDSOR SQUARE APARTMENTS	44,339	6	0.41%			
GREENMAN III, ROBERT F^	41,638	7	0.39%			
HOLIDAY INN EXPRESS-MARYSVILL	34,022	8	0.32%			
EMERITUS CORP	32,330	9	0.30%			
MIDWAY GARDEN MOBILE HOME P	31,460	10	0.29%			
MEDALLION HOTEL				\$ 38,176	1	0.51%
GLENWOOD MOBILE ESTATES				37,424	2	0.50%
L155-1 EAGLE POINT LLC				34,408	3	0.46%
WINDSOR SQUARE APARTMENTS				34,157	4	0.45%
SMOKEY POINT MOBILE PARK				32,631	5	0.43%
GREENMAN III, ROBERT F^				32,078	6	0.43%
NATIONAL FOOD CORP^				25,883	7	0.34%
MERRILL GARDENS AT MARYSVILLE				24,906	8	0.33%
CRYSTAL TREE VILLAGE				23,537	9	0.31%
MIDWAY GARDEN MOBILE HM PARK				21,029	10	0.28%
Subtotal	489,772		4.55%	304,228		4.04%
Balance from other customers	10,273,873		95.45%	7,225,646		95.96%
Grand Total	\$ 10,763,645		100.00%	\$ 7,529,874		100.00%

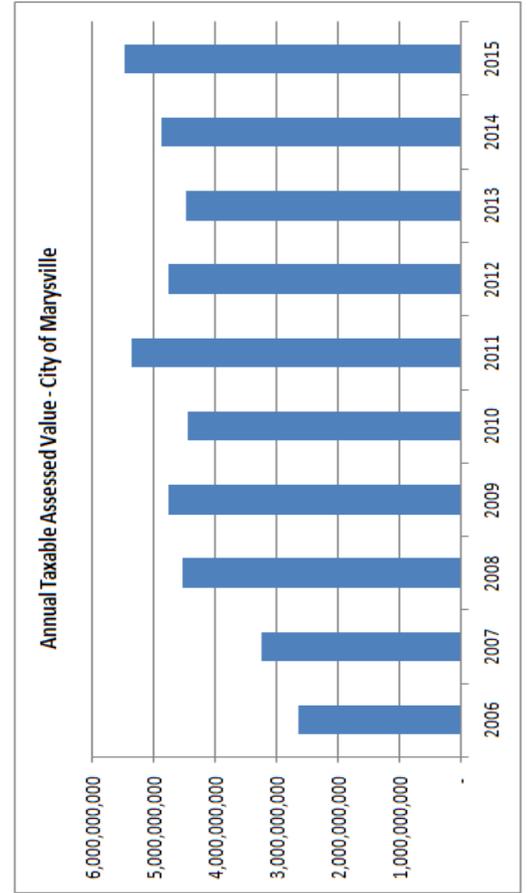
STAT 7a

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.	Exempt Property	Less: Tax	Changes Post Certification	Total Taxable	Total
	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Value ¹	Direct Tax Rate ²
2006	1,655,362,523	415,897,336	69,707,836	1,261,900	215,621,061	103,458,257	71,856,854	28,379,668	90,868,534	2,652,413,969	2,459		
2007	2,112,896,611	515,258,554	73,294,072	1,148,000	251,908,350	131,637,461	82,546,400	28,371,819	59,910,888	3,256,972,155	2,681		
2008	3,044,976,262	648,872,500	89,414,600	2,684,800	292,621,278	274,765,611	98,065,574	37,309,941	34,343,633	4,523,054,199	2,309		
2009	3,053,803,006	772,873,500	105,060,500	3,916,400	327,153,991	323,320,738	125,996,441	37,118,638	8,374,229	4,757,617,443	2,415		
2010	2,757,891,591	787,400,465	112,901,400	6,345,900	306,696,837	273,557,580	125,505,254	41,512,287	25,454,647	4,437,265,961	2,576		
2011	3,841,250,952	710,015,465	108,008,300	3,783,300	299,536,286	226,449,140	119,272,691	41,897,312	7,561,029	5,357,774,475	2,883		
2012	3,380,846,821	647,870,340	100,360,100	3,721,900	272,685,087	200,540,580	108,727,800	52,173,440	2,549,404	4,769,475,472	3,190		
2013	3,113,813,225	663,932,765	103,074,100	4,263,900	275,122,537	166,339,660	100,753,892	48,955,978	269,000	4,476,525,057	3,405		
2014	3,420,713,877	699,920,514	104,962,300	4,243,800	283,349,800	172,990,543	96,376,676	51,092,852	35,691,959	4,869,342,321	3,189		
2015	3,998,010,873	734,832,965	105,795,900	4,007,400	310,384,171	157,507,439	114,477,825	53,916,643	4,765,569	5,483,698,785	2,870		

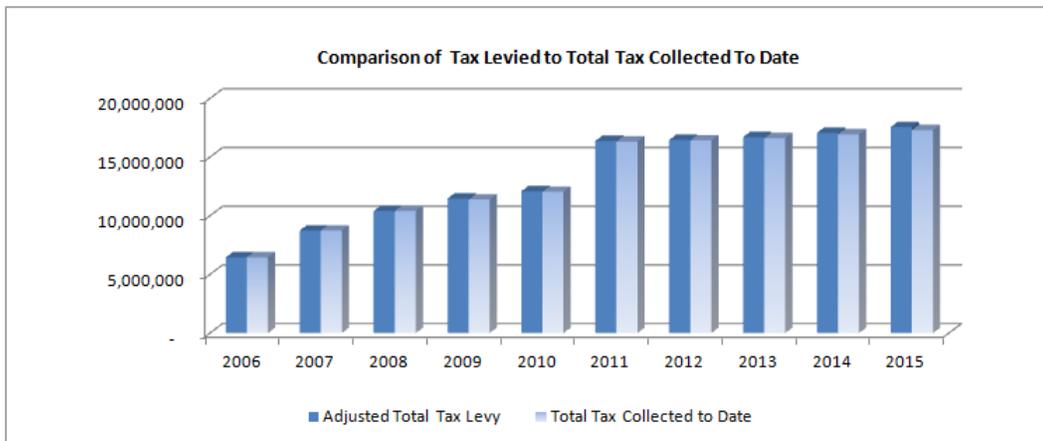
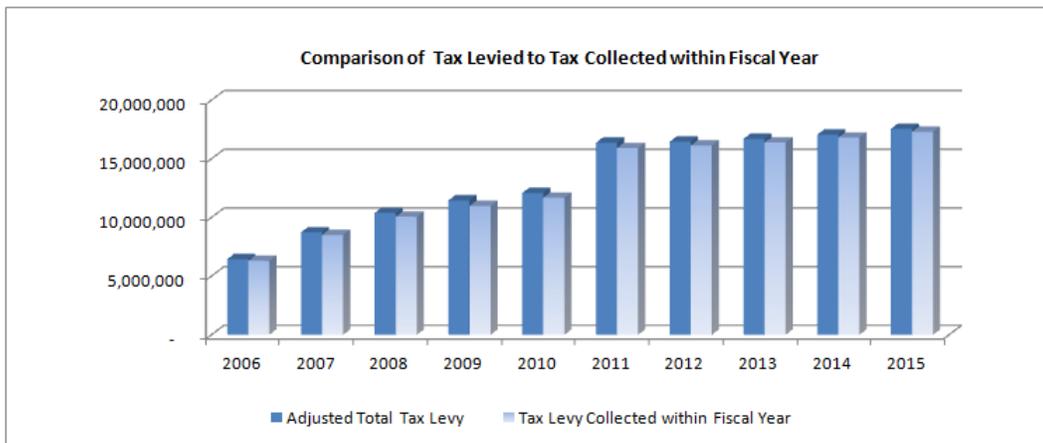
¹Washington State law requires all property be assessed at 100% of its true and fair market value.

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



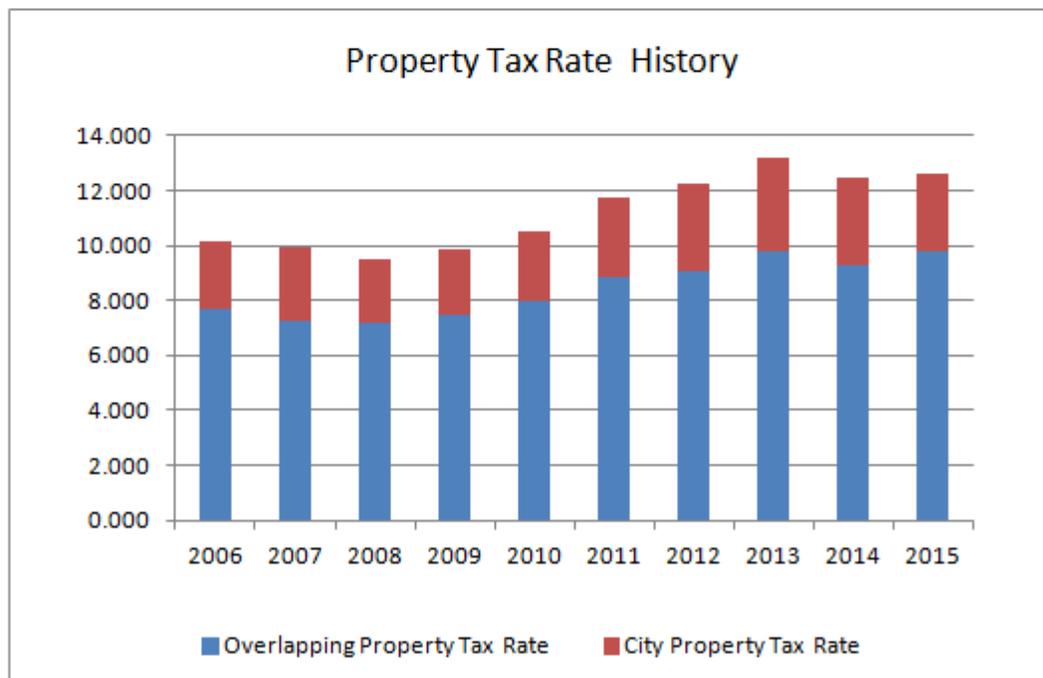
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Assessor's Certification Adjustments	Adjusted Total Tax levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2006	6,521,744	(68,632)	6,453,112	6,311,411	97.8%	142,050	6,453,461	100.0%
2007	8,735,945	1,756	8,737,702	8,515,074	97.5%	222,566	8,737,640	100.0%
2008	10,445,048	(50,077)	10,394,971	10,067,019	96.9%	332,271	10,399,290	100.0%
2009	11,487,789	(26,631)	11,461,158	10,981,704	95.8%	399,132	11,380,836	99.3%
2010	11,429,913	656,776	12,086,689	11,687,351	96.8%	353,323	12,040,674	99.6%
2011	15,442,158	929,924	16,372,083	15,919,912	97.2%	403,587	16,323,498	99.7%
2012	15,213,984	1,246,371	16,460,355	16,134,014	98.0%	284,056	16,418,070	99.7%
2013	15,245,259	1,457,665	16,702,924	16,390,520	98.1%	222,223	16,612,743	99.5%
2014	15,528,646	1,531,678	17,060,324	16,813,473	98.6%	128,096	16,941,569	99.3%
2015	15,709,247	1,849,844	17,559,091	17,302,532	98.5%	-	17,302,532	98.5%



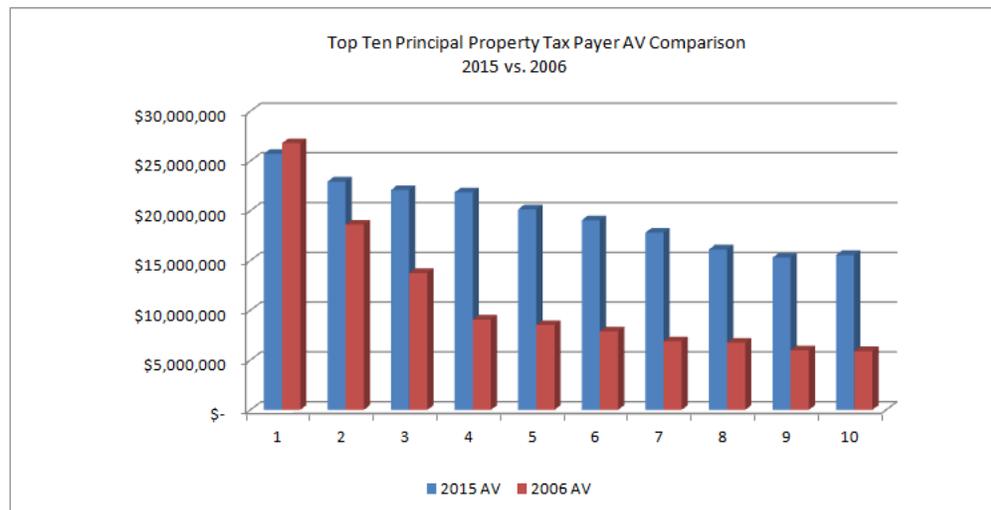
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
 (rate per \$1,000 of assessed value)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Direct Rates:										
Regular	\$1.922	\$2.220	\$1.918	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905	\$2.717	\$2.437
Subtotal-Regular Levy	\$1.922	\$2.220	\$1.918	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905	\$2.717	\$2.437
Emergency Medical	0.451	0.390	0.340	0.500	0.500	0.500	0.500	0.500	0.472	0.428
86 GO Bond	0.087	0.071	0.051	0.048	0.051	0.043	0.000	0.000	0.000	0.000
City Total	\$2.459	\$2.681	\$2.309	\$2.415	\$2.576	\$2.883	\$3.190	\$3.405	\$3.189	\$2.865
Overlapping Taxes:										
County	0.999	0.840	0.723	0.716	0.782	0.868	0.982	1.030	1.079	0.999
State School	2.532	2.165	1.906	1.909	1.993	2.206	2.379	2.433	2.384	2.279
Local School	3.742	3.913	4.244	4.533	4.799	5.315	5.238	5.851	5.342	6.020
Library District	0.423	0.353	0.313	0.314	0.400	0.451	0.500	0.500	0.500	0.468
	7.696	7.271	7.186	7.472	7.974	8.840	9.099	9.814	9.305	9.766
Grand Total	\$10.155	\$9.952	\$9.495	\$9.887	\$10.551	\$11.723	\$12.289	\$13.219	\$12.494	\$12.631



PRINCIPAL PROPERTY TAXPAYERS
Principal Taxpayers Historical Comparison

Taxpayer	Common Name	Service or Product	2015			2006		
			Assessed Valuation ⁽¹⁾	Rank	As a Percentage of Total City Valuation ⁽¹⁾	Assessed Valuation ⁽²⁾	Rank	As a Percentage of Total City Valuation ⁽²⁾
Gateway Trident LLC	18111 25th Ave	Apartments	\$ 25,722,707	1	0.47%			
Northwest Composites Inc.	12806 State Ave	Manufacturing	22,932,000	2	0.42%			
Inland Western Marysville LLC	Safeway Plaza	Shopping Center	22,094,500	3	0.40%			
Puget Sound Energy		Natural Gas	21,847,443	4	0.40%			
Healthcare Partners RE LLC		Medical Services	20,153,500	5	0.37%			
ROIC Washington LLC		Property Mgmt	19,054,900	6	0.35%			
Wal-Mart Real Estate Business Trust		Retail	17,800,000	7	0.32%			
MGP IX Marysville LLC		Property Mgmt	16,118,600	8	0.29%			
Wal-Mart Real Estate Business Trust		Retail	15,288,983	9	0.28%			
Powell Smokey Point LLC		Investment	15,549,000	10	0.28%			
Gateway Trident LLC	18111 25th Ave	Apartments				\$ 26,797,900	1	1.01%
MGP IX Marysville LLC		Property Mgmt				18,606,400	2	0.70%
Frontier Communications		Communications				13,746,744	3	0.52%
Liberty Square GJJ LLC		Property Mgmt				9,069,514	4	0.34%
L155-1 Eagle Point LLC		Property Mgmt				8,528,400	5	0.32%
Marysville Plaza Associates LLP		Property Mgmt				7,873,200	6	0.30%
Puget Sound Energy		Natural Gas				6,885,027	7	0.26%
Wallace Properties		Property Mgmt				6,753,000	8	0.25%
Sears Roebuck & Co		Retail				5,978,800	9	0.23%
State Street Center		Property Mgmt				5,896,800	10	0.22%
			\$ 196,561,633		3.58%	\$ 110,135,785		4.15%



STAT 8

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	Governmental Type Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income*	Per Capita**
	General Obligation Bonds	Public Works Trust Fund Loans	Special Assessment Bonds	Interlocal Agreement	General Obligation Bonds	Revenue Bonds	Public Works Trust Fund Loans				
2006	10,855,000	29,541	125,000	911,430	4,458,296	60,075,000	22,855,471	99,309,738	0.40%	3,089	
2007	18,400,000	19,694	110,000	856,771	3,345,256	58,310,000	21,480,926	102,522,647	0.38%	2,831	
2008	17,589,500	9,847	70,000	799,380	3,152,347	56,480,000	20,106,380	98,207,454	0.34%	2,650	
2009	16,720,000	750,000	0	739,256	2,948,891	54,580,000	18,731,835	94,469,981	0.32%	1,644	
2010	20,400,000	562,500	0	680,042	2,729,792	50,420,000	17,377,789	92,170,123	0.30%	1,588	
2011	19,555,000	375,000	0	617,640	2,499,742	48,955,000	16,023,744	88,026,126	0.28%	1,451	
2012	18,870,000	187,500	0	552,506	2,258,557	48,355,000	14,529,964	84,753,528	0.25%	1,381	
2013	27,759,614	0	0	484,183	2,000,621	46,295,000	13,199,210	89,738,628	0.26%	1,467	
2014	26,546,088	0	6,022,846	412,216	1,730,707	42,185,000	11,868,542	88,765,399	0.25%	1,418	
2015	24,290,000	0	5,107,846	311,571	1,448,434	39,475,000	10,537,695	81,170,546	0.23%	1,266	

*See Stat 13 for personal income data

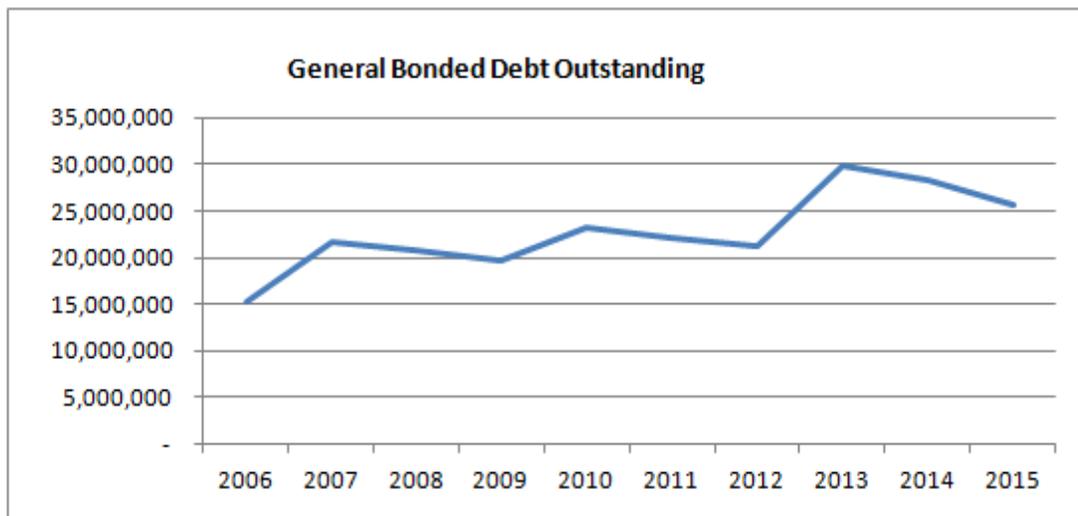
**See Stat 13 for population data

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

STAT 9

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

Year	General Obligation Bonds ¹	Less Debt Service Funds	Net Bonded Debt	Percent of Taxable Assessed Value ²	Per Capita ³
2006	15,313,296	356,452	14,956,844	0.56%	465
2007	21,745,256	397,867	21,347,389	0.66%	590
2008	20,741,847	386,414	20,355,433	0.45%	549
2009	19,668,891	154,809	19,514,082	0.41%	340
2010	23,129,792	133,866	22,995,926	0.52%	383
2011	22,054,742	69,026	21,985,716	0.41%	362
2012	21,128,557	69,854	21,058,703	0.44%	343
2013	29,760,235	77,059	29,683,176	0.62%	478
2014	28,276,795	630,274	27,646,521	0.57%	442
2015	25,738,434	635,735	25,102,699	0.46%	391



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

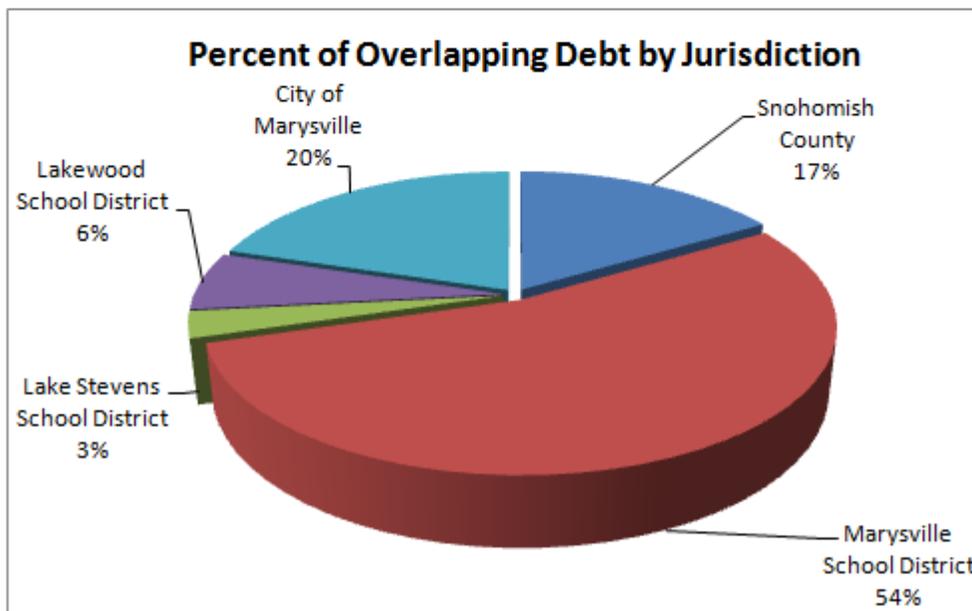
2 See Stat 7a for property value data

3 See Stat 13 for population data

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Snohomish County	\$ 337,092,260	6.21%	\$ 20,943,894
Marysville School District No. 25	86,260,000	79.41%	68,502,823
Lake Stevens School District No. 4	48,980,000	7.64%	3,744,478
Lakewood School District No. 306	46,285,000	17.66%	8,174,072
Other debt			
Snohomish County - Assessment Debt	135,000	6.21%	8,388
Subtotal, overlapping debt			101,373,653
City direct debt			25,738,434
Total direct and overlapping debt			<u><u>\$ 127,112,087</u></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**

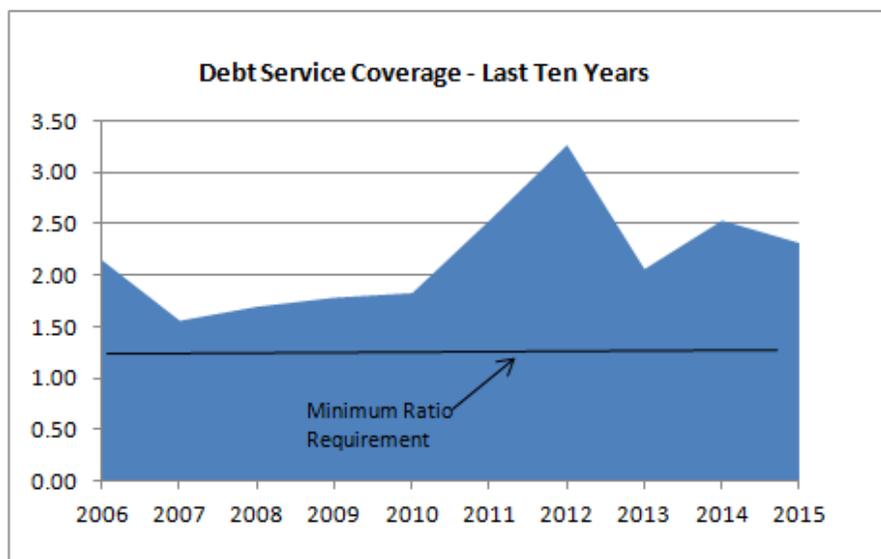
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value (AV)	3,256,972,155	4,523,054,199	4,757,617,443	4,437,265,961	5,357,774,475	4,769,475,472	4,476,525,057	4,476,525,057	4,869,342,321	5,483,698,785
Non-voted debt limit (1.5% of AV)	48,854,582	67,845,813	71,364,262	66,558,989	80,366,617	71,542,132	67,147,876	67,147,876	73,040,135	82,255,482
Debt applicable to limit:										
Total general obligation debt	12,624,268	19,491,721	19,726,574	19,188,147	23,432,334	22,662,383	20,918,925	26,650,000	25,530,000	24,290,000
Less: Amount set aside for repayment of GO debt	(2,405,962)	(29,086)	(40,756)	(46,473)	(19,244)	(20,584)	(19,001)	(24,715)	(27,168)	(30,087)
Total net debt applicable to limit	10,218,306	19,462,635	19,685,818	19,141,674	23,413,090	22,641,799	20,899,924	26,625,285	25,502,832	24,259,913
Legal Debt Margin	38,636,276	48,383,178	51,678,444	47,417,316	56,953,527	48,900,333	46,247,952	40,522,591	47,537,303	57,995,569
Total net debt applicable to the limit as a % of debt limit	20.92%	28.69%	27.58%	28.76%	29.13%	31.65%	31.13%	39.65%	34.92%	29.49%
Voted debt limit (1% of AV)	32,569,722	45,230,542	47,576,174	44,372,660	53,577,745	47,694,755	44,765,251	44,765,251	48,693,423	54,836,988
Debt applicable to limit:										
Total general obligation debt	3,630,000	3,130,000	2,575,000	1,970,000	940,000	385,000	0	0	0	0
Less: Amount set aside for repayment of GO debt	(85,165)	(79,579)	(77,933)	(72,664)	(70,479)	0	0	0	0	0
Total net debt applicable to limit	3,544,835	3,050,421	2,497,067	1,897,336	869,521	385,000	0	0	0	0
Legal Debt Margin	29,024,887	42,180,121	45,079,107	42,475,324	52,708,224	47,309,755	44,765,251	44,765,251	48,693,423	54,836,988
Total net debt applicable to the limit as a % of debt limit	10.88%	6.74%	5.25%	4.28%	1.62%	0.81%	0.00%	0.00%	0.00%	0.00%



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

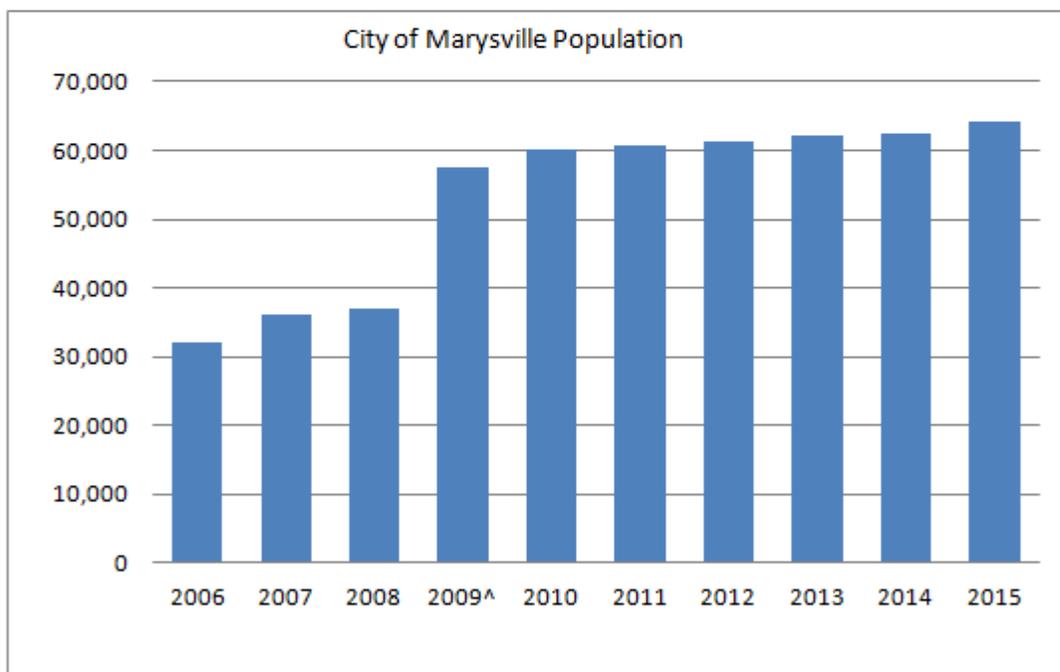
SEWER AND WATER REVENUE BONDS

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
2006	17,947,864	8,289,771	9,658,093	9,390,052	4,496,501	2.15	4.24
2007	17,210,160	10,167,569	7,042,591	12,985,425	4,504,855	1.56	4.45
2008	18,282,294	10,589,329	7,692,965	2,421,741	4,524,538	1.70	2.24
2009	19,217,594	11,122,713	8,094,881	1,290,715	4,527,165	1.79	2.07
2010	20,123,683	11,839,534	8,284,149	1,608,759	4,520,890	1.83	2.19
2011	21,346,587	11,859,982	9,486,605	686,099	3,737,262	2.54	2.72
2012	22,203,291	12,531,674	9,671,617	1,189,573	2,959,262	3.27	3.67
2013	23,076,545	14,091,683	8,984,862	2,911,710	4,353,602	2.06	2.73
2014	23,906,695	14,108,994	9,797,701	3,205,113	3,864,367	2.54	3.36
2015	25,505,609	15,419,860	10,085,749	4,838,320	4,351,719	2.32	3.43



DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	City of Marysville Population ⁽¹⁾	Personal Income ⁽²⁾ (millions of dollars)	Per Capita Personal Income ⁽²⁾	Unemployment Rate - % of Labor Force ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾
2006	32,150	24,666	37,115	4.5%	36.18	11,788
2007	36,210	27,179	40,302	4.1%	36.34	11,896
2008	37,060	30,427	43,804	7.4%	36.49	12,038
2009 [^]	57,478	29,482	41,741	10.9%	36.68	11,909
2010	60,020	29,859	41,739	10.0%	37.01	11,570
2011	60,660	31,266	43,281	8.2%	37.41	11,597
2012	61,360	33,570	45,796	6.2%	37.72	11,643
2013	62,100	34,858	46,733	5.4%	38.02	11,426
2014	62,600	34,156	44,967	4.6%	36.54	11,347
2015	64,140	34,839 *	45,866 *	5.0%	38.59	11,227



Sources:

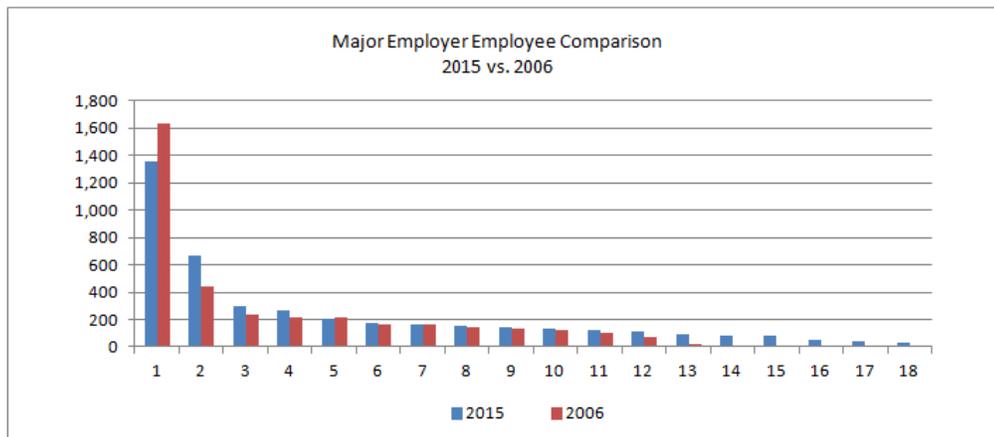
- (1) Washington Ste Office of Financial Management, Forecasting Division
- (2) United States Bureau of Economic Analysis. Figures are for all of Snohomish County
- (3) Washington State Employment Security Department. Figures are for all of Snohomish County
- (4) Washington State Office of Financial Management, Forecasting Division. Figures are for Snohomish County
- (5) Office of Superintendent of Public Instruction, Washington State Report Card

* City calculated estimates.

[^] 2009 includes 20,000 population for Central Marysville Annexation, effective 12/30/09.

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

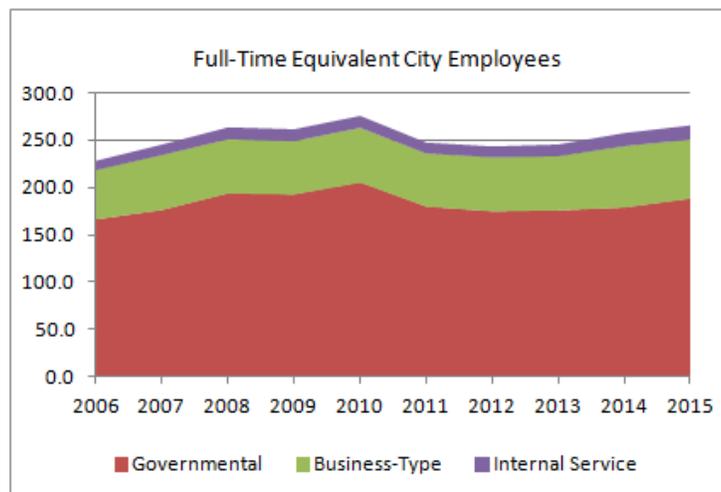
Name of Employer	Service or Product	2015			2006		
		Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽²⁾
Marysville School District	Education	1,356	1	16.77%	1,631	1	24.82%
C&D Zodiac (f/k/a Northwest Composites)	Plastics/honeycomb tubing	670	2	8.28%	445	2	6.77%
Walmart	Retail - variety	295	3	3.65%			0.00%
City of Marysville	City government	266	4	3.29%	219	5	3.33%
Fred Meyer, Inc.	Retail - variety	207	5	2.56%	233	3	3.55%
The Everett Clinic	Medical	172	6	2.13%	130	9	1.98%
Marysville Care Center	Health care center	162	7	2.00%	144	8	2.19%
Target	Retail - variety	157	8	1.94%			
Winco Foods	Grocery/pharmacy	145	9	1.79%			0.00%
Costco	Retail - Warehouse Club	133	10	1.64%			
Safeway	Grocery/pharmacy	118	11	1.46%	126	10	1.92%
Madeline Villa Health Care	Health care center	107	12	1.32%	100	11	1.52%
Albertson's	Grocery/pharmacy	96	13	1.19%	160	6	2.43%
Dicks Sporting Goods	Retail - Sporting Goods	81	14	1.00%			
Kmart	Retail - variety	78	15	0.96%	70	12	1.07%
Walgreens	Retail - variety	47	16	0.58%			
Petco	Pet Supplies	36	17	0.45%	16	13	0.24%
Parr Lumber	Lumber and wood products	25	18	0.31%			
Gale Contractors	Contractor service products	20	19	0.25%	220	4	3.35%
Milgard Manufacturing	Aluminum & vinyl windows	0		0.00%	160	6	2.43%
		<u>4,171</u>		<u>51.57%</u>	<u>3,654</u>		<u>55.60%</u>



(1) Total City Employment Estimated by City Management

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

Function/Program	Full-time equivalent employees as of December 31*									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General governmental services	53.0	58.0	66.0	67.0	68.0	53.0	53.0	53.0	55.0	60.5
Police	74.5	75.0	81.5	80.5	89.5	84.5	81.5	82.5	87.5	89.5
Engineering	13.0	15.0	16.0	17.0	16.0	17.0	15.0	15.0	11.0	12.0
Transportation	11.0	13.0	14.0	12.0	14.5	12.5	12.5	12.5	12.5	12.5
Culture and recreation	14.5	15.0	16.0	16.0	17.0	12.5	12.5	12.5	12.5	13.5
Total FTEs governmental activities	166.0	176.0	193.5	192.5	205.0	179.5	174.5	175.5	178.5	188.0
Business-Type Activities:										
Water/Sewer/Surface Water	40.0	46.0	45.0	44.0	45.5	46.0	47.0	47.0	53.75	55.25
Solid Waste	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0
Golf	6.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0	0.0
Total FTEs business-type activities	53.0	59.0	58.0	57.0	58.5	57.0	58.0	58.0	65.75	63.25
Internal Service:										
Fleet Services	5.0	5.0	5.0	5.0	4.0	4.0	4.0	5.0	5.5	5.5
Facilities Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5
Computer Services	3.0	4.0	5.5	5.5	6.5	5.5	5.5	5.5	5.75	6.75
Total FTEs internal service ⁽²⁾	10.0	11.0	12.5	12.5	12.5	11.5	11.5	12.5	13.75	14.75
Total City FTEs⁽¹⁾	229.0	246.0	264.0	262.0	276.0	248.0	244.0	246.0	258.0	266.0
Annual percent change total city	4.57%	7.42%	7.32%	-0.76%	5.34%	-10.14%	-1.61%	0.82%	4.88%	3.10%



STAT 16

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Bookings	4,064	4,728	5,499	5,893	3,849	4,068	3,671	3,668	3,935	2,893
Citations (Total)	6,540	6,010	6,514	5,413	5,443	5,274	5,813	5,805	7,316	6,012
Parking Violations	367	289	776	413	342	301	138	110	113	182
Calls for Service / Ave Per Month	4,010	4,147	4,677	4,407	5,437	5,135	5,412	5,662	6,163	5,987
Fire										
Number of Incidents	8,848	9,863	10,588	10,434	9,833	9,644	10,052	10,417	11,368	12,856
EMS Transports	3,718	4,046	4,522	4,592	4,416	4,216	4,357	4,766	5,052	5,350
Water										
New Connections	275	468	351	330	342	154	100	132	2182 [^]	98
Average Yearly Water Consumption (millions of gallons)	1,990.1	1,975.0	1,642.0	1,681.0	1,511.0	1,435.0	1,438.0	1,443.0	1,571.9	1,717.4
Sewer										
New Connections	420	475	304	211	368	210	171	205	112	108
Sanitation										
Refuse Collected (tons per year)	13,029.69	13,178.61	13,925.96	13,375.74	13,250.39	12,851.21	13,991.39	14,325.67	15,905.42	16,129.80
Wastewater										
Average Monthly Wastewater Treatment	5.07	4.60	4.50	5.40	4.25	5.36	5.06	4.90	5.19	4.97
Influent	4.39	4.47	4.48	5.09	3.75	5.21	5.40	4.97	5.08	4.86
Culture and Recreation										
Class Registrations	2,020	2,551	2,465	3,393	4,550	7,075	8,424	8,436	8,680	8,495
Rentals	1,197	1,028	1,136	1,314	1,380	1,525	967 ^{**}	983	975 ^{***}	927 ^{***}
Community Center Attendance	12,754	12,130	15,040	16,296	15,854	16,684	19,044	18,017	16,838 ^{***}	11,143 ^{***}
Municipal Court										
Total Filings (Arlington, Lake Stevens, Marysville)	10,345	11,910	12,790	13,623	10,263	11,087	8,741	7,920	10,362	8,674
Community Development										
New/Improved Building Valuations	\$135,720,505	\$126,594,740	\$101,416,614	\$47,731,574	\$77,455,905	\$86,500,497	\$-	\$-	\$-	\$53,098,316
Single Family Permits	217	361	167	164	261	236	0	-	-	184
Multi Family Permits	2	17	6	2	24	5	0	-	-	-
Commercial Permits	38	21	21	12	2	10	0	-	-	83
Total Permits ^{***}	-	-	-	-	-	-	2,434	3,275	3,369	3,208
Golf										
Total Rounds	43,371	40,709	42,263	45,398	44,201	37,380	34,530	36,691	31,223	35,321

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.

STAT 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Fire Stations	4	4	5	5	5	5	5	5	5	5
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks Acreage	N/A	389	389	434	436	527	527	527	527	527
Parks	N/A	25	25	28	29	32	32	32	32	32
Community Centers	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	0
Transportation										
Paved Streets (in miles)	29	125.0	130.9	195.6	200.6	200.9	201.6	202.4	202.4	202.8
Signs	1,168	1,454	6,920	8,607	9,794	9,382	9,237	9,524	9,129	9,386
Signalized Intersections	26	26	26	28	36	36	38	38	43	44
Street Lights	1,610	1,610	2,462	3,632	4,107	4,139	4,139	4,35*	681	585
Water/Sewer/Surface Water										
Water										
Water Mains (miles)	283	291	292	294	297	306	306	319	323	327
Water Storage Capacity (mg)	22	22	24	24	24	24	24	24	24	24
Sewer										
Sanitary Sewers (miles)	213	221	224	225	226	230	230	227	227	227
Storm Sewers (miles)	116	121	124	156	177	185	186	187	170	172
Treatment Capacity (mgd)	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Sanitation										
Collection Trucks	6	6	7	7	9	9	9	9	9	8
Golf										
Municipal Golf Courses	1	1	1	1	1	1	1	1	1	1

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

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SUPPLEMENTAL SCHEDULES

Schedule 16 – Expenditures of Federal Awards and State/Local Financial Assistance

This schedule provides a listing of all the Federal, Direct and Indirect assistance received by the City.

CITY OF MARYSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Other Identification Number	From Pass- Through Award	From Direct Award	Total	Sub- Recipient
US Department of Housing and Urban Development						
Community Development Block Grants/Entitlement Grant	14.218	B-13-MC-5-0023	-	107,643	107,643	33,250
Community Development Block Grants/Entitlement Grant	14.218	B-14-MC-5-0023	-	138,856	138,856	63,460
Community Development Block Grants/Entitlement Grant	14.218	B-15-MC-5-0023	-	48,138	48,138	26,257
Total CFDA Number			\$ -	\$ 294,637	\$ 294,637	\$ 122,967
Total US Department of Housing & Urban Development	14.XXX		\$ -	\$ 294,637	\$ 294,637	\$ 122,967
US Department of Justice Office for Victims of Crime						
WA State Department of Commerce Community Services and Housing Division						
Antiterrorism Emergency Reserve	16.321	2016-RF-GX-K001	120,174	-	120,174	- 3, 4
Total CFDA Number			\$ 120,174	\$ -	\$ 120,174	-
US Department of Justice Bureau of Justice Assistance						
Bulletproof Vest Partnership Program	16.607	15-040-0-1-754	-	3,967	3,967	-
Total CFDA Number			\$ -	\$ 3,967	\$ 3,967	-
US Department of Justice Bureau of Justice Assistance						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0153	-	11,410	11,410	-
Total CFDA Number			\$ -	\$ 11,410	\$ 11,410	-
Total U.S. Department of Justice	16.XXX		\$ 120,174	\$ 15,377	\$ 135,551	\$ -
US Department of Transportation						
WA State Department of Transportation						
Highway Planning & Construction	20.205	LA-7890	12,197	-	12,197	-
Highway Planning & Construction	20.205	LA-8577	437,615	-	437,615	-
Total CFDA Number			\$ 449,812	\$ -	\$ 449,812	\$ -
Total U.S. Department of Transportation	20.XXX		\$ 449,812	\$ -	\$ 449,812	\$ -
US Environmental Protection Agency						
Brownsfield Assessment and Cleanup Cooperative Agreement	66.818	00J77201	-	15,100	15,100	-
Total CFDA Number			\$ -	\$ 15,100	\$ 15,100	\$ -
Total U.S. Environmental Protection Agency	66.XXX		\$ -	\$ 15,100	\$ 15,100	\$ -
US Department of Homeland Security						
Washington State - Military Department						
Homeland Security Grant Program	97.067	E15-082	128	-	128	-
Total CFDA Number			\$ 128	\$ -	\$ 128	\$ -
Total U.S. Department of Homeland Security	97.XXX		\$ 128	\$ -	\$ 128	\$ -
TOTAL FEDERAL ASSISTANCE			\$ 570,114	\$ 325,114	\$ 895,228	\$ 122,967

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the city's financial statements

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represents only the grant portion of the program costs. Entire program costs, including the city's portion may be more than shown.

NOTE 3 - AWARD FOR PRIOR YEAR EXPENDITURE

The City was awarded an Antiterrorism Grant on 10/23/2015 to recovery costs incurred the day of the Marysville-Pilchuck school shooting and the year following the incident. The grant allowed for 2014 costs to be reimbursed. The amount listed above includes \$23,441 of costs incurred in 2014.

NOTE 4 - INDIRECT COST RATE

The amount received includes \$2,337 claimed as an indirect cost recovery using the 10% de minimus rate.

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