

# CITY OF LAKE FOREST PARK

17425 BALLINGER WAY NE LAKE FOREST PARK, WA 98155

Tel (206)368-5440 | [cityoflfp.com](http://cityoflfp.com)

## ANNUAL FINANCIAL REPORT

2018 Unaudited Draft | April 18, 2019

General Government, Utilities, Capital, Enterprise, and Fiduciary Funds

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*Mayor*  
Jeff R. Johnson

17425 Ballinger Way NE  
Lake Forest Park, WA 98155-5556  
Telephone: 206-368-5440  
Fax: 206-364-6521  
E-mail: [cityhall@ci.lake-forest-park.wa.us](mailto:cityhall@ci.lake-forest-park.wa.us)  
[www.cityoflfp.com](http://www.cityoflfp.com)



*Councilmembers*  
Tom French  
Phillippa M. Kassover  
Mark Phillips  
E. John Resha III  
Semra Riddle  
Catherine Stanford  
John A. E. Wright

April 18, 2019

Mayor Johnson and City Councilmembers,

I am pleased to present the unaudited 2018 City of Lake Forest Park Annual Report Draft (the Draft). The Draft includes the reports, schedules, and notes required by Washington Statute in a format that is consistent with the Budgeting, Accounting, and Reporting System ("BARS") manual, plus an appendix containing supplemental information and analysis.

The supplemental information was developed to provide additional insight into the financial operations of the City of Lake Forest Park (the City). The supplemental information is presented in a format that differs from the format prescribed by the BARS manual in the following ways:

*Fund Presentation.* The BARS manual requires that several of the City's funds be consolidated for annual reporting requiring elimination of transactions between consolidated funds. The information presented in the appendix presents funds as adopted in the budget and is not consolidated.

*Comparative Presentation.* The BARS manual prescribes single-year presentation for financial reporting. The General Fund Revenue by Type and Capital and Enterprise Fund Revenue Analyses contained in the appendix are comparative, presenting 2017 and 2018.

The information and analysis contained in the appendix will not be audited by the State Auditor's Office during the annual audit and, as such, will not be included with the final audited report. The audit of the annual report will begin later this year and the audited report will be issued soon thereafter. It is not unusual for minor adjustments to be made during the audit; any such adjustment will be included in the final audited report. Staff will publish the audited report for the Mayor, City Council, and the Community as soon as the report is issued by the State Auditor's Office.

In addition, it should be noted that the City recently moved to a true biennial budget from the prior practice of adopting two one-year budgets with a single legislative action every two years. The change to a true biennial budget complicates the comparison of individual year financial results to budgeted amounts. For the purposes of the State Required Schedules, the budgeted amounts represent the total adopted biennial budget, less 2017 actual expenditures.

## **Financial Results**

### General Fund

#### *Revenues*

General Fund revenues results were mixed. Taken as a whole, General Fund revenues increased at approximately 5.2 percent in 2018, compared to 2017. Two extraordinary items contributed to the above budgeted revenue increase: sales and use tax revenue and traffic safety camera revenue. Sales and use tax revenue increased by 19% and Traffic safety camera revenue increased by nearly 10%.

#### *Expenditures*

General Fund expenditures grew at approximately 3.3%. Contributing to the expenditure growth are a number of charges for professional services associated with development activity and studies. Additionally, the cost of employee healthcare increased at a rate significantly above inflation. While the precise comparison of single-year results to budgeted amounts is complicated by our recent move to a true biennial budget, actual General Fund expenditures are below budgeted amounts for the biennium.

Taken together, revenues that beat budgeted amounts and actual expenditures that were below budgeted amounts, the City is ending the biennium with a General Fund surplus and has added to the General Fund ending fund balance for the biennium.

### Street and Capital Funds

Street and capital fund revenues performed well in 2018 and met or exceeded budgeted amounts for the biennium. Real Estate Excise Tax (REET) was once again a star performer in 2018 with a record high of nearly \$1 million dollars collected for REET 1 and REET 2 combined. The street and capital funds expenditure trend is consistent with budgeted amounts for the biennium.

### Utilities, Wastewater and Surface Water

Utility operating revenues increased at a modest pace in 2018, the rate of growth was consistent with the scheduled rate increase, plus additional revenue from new connections/service. Utility expenditures are consistent with the budget and unremarkable.

### Enterprise and Internal Service Funds

Enterprise and internal service funds revenues are historically predictable and that was the case again in 2018. The activity in these funds was consistent with budgeted amounts and unremarkable in 2018.

## Conclusion

The City continued its long-standing tradition of excellent financial discipline in 2018. Consistent with policy, revenues were forecasted conservatively and actual revenue results exceeded those projections. Additionally, the Administration and City Council exercised outstanding expenditure discipline throughout the year. As a result, the City was able to maintain, or, in some cases, enhance service levels for all city services and ended the biennium with a General Fund surplus.

Not surprisingly, the City also ended the year with fund balances in excess of targets for all funds. The healthy fund balances position the City well for the future. The continued excellent financial health of the City is a testament to the good stewardship of resources by the Mayor, City Council, and staff and should be a source of pride for the community.

Respectfully,

A handwritten signature in black ink, appearing to read "Chris Bothwell".

Chris Bothwell  
Finance Director

## STATE REQUIRED SCHEDULES

**City of Lake Forest Park**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Street Fund</b>	<b>104 Transportation Benefit District</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	9,365,016	-	860,380	352,333
30880	Unreserved	4,103,328	4,103,328	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	7,598,372	6,179,782	-	429,161
320	Licenses and Permits	1,059,456	763,730	282,990	-
330	Intergovernmental Revenues	1,814,287	241,630	284,392	-
340	Charges for Goods and Services	6,623,808	629,888	-	-
350	Fines and Penalties	1,564,051	1,564,051	-	-
360	Miscellaneous Revenues	486,906	155,762	14,602	8,150
Total Revenues:		19,146,879	9,534,843	581,984	437,311
<b>Expenditures</b>					
510	General Government	4,464,588	3,147,719	85,131	2,755
520	Public Safety	3,959,395	3,959,395	-	-
530	Utilities	2,669,054	-	-	-
540	Transportation	1,180,744	17,161	559,425	341,385
550	Natural and Economic Environment	1,762,846	1,140,489	-	-
560	Social Services	3,474	3,474	-	-
570	Culture and Recreation	298,629	269,532	-	-
Total Expenditures:		14,338,729	8,537,770	644,557	344,140
Excess (Deficiency) Revenues over Expenditures:		4,808,149	997,073	(62,572)	93,171
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	150,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	7,555	7,555	-	-
381, 395, 398	Other Resources	527,448	-	-	-
Total Other Increases in Fund Resources:		685,003	7,555	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	800,210	7,312	-	-
591-593, 599	Debt Service	265,855	-	-	-
597	Transfers-Out	150,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	518,506	-	-	-
Total Other Decreases in Fund Resources:		1,734,571	7,312	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>3,758,581</b>	<b>997,316</b>	<b>(62,572)</b>	<b>93,171</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	11,790,089	-	797,807	445,504
5088000	Unreserved	5,436,837	5,100,643	-	-
<b>Total Ending Cash and Investments</b>		<b>17,226,926</b>	<b>5,100,643</b>	<b>797,807</b>	<b>445,504</b>

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

**City of Lake Forest Park**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>301 Capital Improvement Fund</b>	<b>302 Transportation Capital Fund</b>	<b>303 Capital Facilities Maintenance</b>	<b>401 Sewer Utility Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	368,237	653,425	346,577	3,766,522
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	481,573	481,221	-	26,636
320	Licenses and Permits	-	-	-	12,736
330	Intergovernmental Revenues	849,534	434,773	-	-
340	Charges for Goods and Services	-	252,422	-	3,276,026
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	157,735	13,235	5,888	69,396
Total Revenues:		1,488,842	1,181,650	5,888	3,384,793
<b>Expenditures</b>					
510	General Government	4,061	34,274	12,433	157,350
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	2,574,188
540	Transportation	-	192,553	-	652
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	29,097	-	-	-
Total Expenditures:		33,158	226,826	12,433	2,732,189
Excess (Deficiency) Revenues over Expenditures:		1,455,684	954,824	(6,544)	652,604
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	150,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	518,506
Total Other Increases in Fund Resources:		-	-	150,000	518,506
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	83,173	540,084	51,652	-
591-593, 599	Debt Service	-	-	-	256,909
597	Transfers-Out	150,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	518,506	-	-	-
Total Other Decreases in Fund Resources:		751,679	540,084	51,652	256,909
<b>Increase (Decrease) in Cash and Investments:</b>		<b>704,005</b>	<b>414,740</b>	<b>91,804</b>	<b>914,201</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,072,241	1,068,165	438,380	4,680,724
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,072,241</b>	<b>1,068,165</b>	<b>438,380</b>	<b>4,680,724</b>



**City of Lake Forest Park**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>403 Surface Water Utility Fund</b>	<b>450 Pubic Works Contract Fund</b>	<b>501 Replacement Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	2,060,844	304,874	651,824
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	3,958	-	-
340	Charges for Goods and Services	1,183,546	817,489	464,437
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	39,586	7,659	14,895
Total Revenues:		1,227,089	825,147	479,332
<b>Expenditures</b>				
510	General Government	115,535	793,827	111,502
520	Public Safety	-	-	-
530	Utilities	94,866	-	-
540	Transportation	652	-	68,917
550	Natural and Economic Environment	622,357	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		833,410	793,827	180,419
Excess (Deficiency) Revenues over Expenditures:		393,680	31,321	298,913
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	8,942
Total Other Increases in Fund Resources:		-	-	8,942
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	10,665	-	107,324
591-593, 599	Debt Service	8,946	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		19,611	-	107,324
<b>Increase (Decrease) in Cash and Investments:</b>		<b>374,069</b>	<b>31,321</b>	<b>200,531</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	2,434,913	-	852,355
5088000	Unreserved	-	336,194	-
<b>Total Ending Cash and Investments</b>		<b>2,434,913</b>	<b>336,194</b>	<b>852,355</b>

**City of Lake Forest Park**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Total for All Funds (Memo Only)</b>	<b>Agency</b>
308	Beginning Cash and Investments	209,921	209,921
388 & 588	Prior Period Adjustment, Net	-	-
310-390	Additions	2,032,743	2,032,743
510-590	Deductions	2,029,640	2,029,640
	Net Increase (Decrease) in Cash and Investments:	3,103	3,103
508	Ending Cash and Investments	213,025	213,025

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

**City of Lake Forest Park  
Schedule of Liabilities  
For the Year Ended December 31, 2018**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.87	GO Bond - Public Works Trust Fund Loan Repayment (7/13/99)	12/31/2018	8,858	-	8,858	-
263.87	GO Bond - Public Works Trust Fund Loan Repayment (5/23/05)	5/23/2025	1,916,856	-	239,607	1,677,249
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,925,714</b>	<b>-</b>	<b>248,465</b>	<b>1,677,249</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.88	Revenue Bond - Ronald PWTF (12/16/02)	1/30/2019	14,742	-	7,371	7,371
264.30	Net Pension Liability	12/31/2018	2,281,270	-	674,827	1,606,443
259.12	Compensated Absences	12/31/2018	711,292	379,203	513,474	577,021
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,007,304</b>	<b>379,203</b>	<b>1,195,672</b>	<b>2,190,835</b>
<b>Total Liabilities:</b>			<b>4,933,018</b>	<b>379,203</b>	<b>1,444,137</b>	<b>3,868,084</b>

**City of Lake Forest Park**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

**Note 1 - Summary of Significant Accounting Policies**

The City of Lake Forest Park was incorporated on June 21, 1961 and operates under the laws of the state of Washington applicable to an optional Municipal Code City with a Mayor-Council form of government. The City of Lake Forest Park (hereinafter referred to as the "City") is a general purpose local government and provides public safety, public works, planning and building, parks, and human services.

The City reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. The BARS Manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

### Debt Service Funds

Debt service funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

### Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

### PROPRIETARY FUND TYPES:

#### Enterprise Funds

Enterprise funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

#### Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

### FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

#### Agency Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

## B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City also recognizes expenditures paid up to twenty days after the close of the fiscal year for claims incurred during the previous fiscal year. The twenty day period following year end is commonly referred to as the “open period”.

## C. Budgets

The City adopts biennial appropriated budgets for all funds, except those funds held by the City in an agency capacity. Budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures. Biennial appropriations lapse at the end of the biennium.

Biennial appropriated budgets are adopted on the same basis of accounting as used for financial

reporting. The Final Adopted Expenditure Budget amounts in the following chart are the two year appropriations, less the actual expenditures from the first year of the two year budget. Actual Expenditure amounts are for one year, 2018.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

<u>Fund</u>	<u>Final Adopted Expenditure Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund	9,848,307	8,545,692	1,302,615
Street Fund	664,969	644,557	20,412
Council Contingency Fund	-	-	-
Transportation Benefit District	368,450	344,140	24,310
Budget Stabilization Fund	-	-	-
Public Works Facility Bond Fund	-	-	-
Capital Improvement Fund	454,146	116,331	337,815
Transportation Capital Fund	1,058,948	766,910	292,038
Facilities Maintenance Fund	294,162	64,084	230,078
Sewer Utility Fund	3,101,352	2,738,072	363,280
Sewer Capital Fund	424,302	-	424,302
Surface Water Utility Fund	1,243,085	761,901	481,184
Surface Water Capital Fund	439,105	91,119	347,986
Sewer Bond Reserve Fund	-	-	-
Public Works Trust Repayment Fund	251,619	251,025	594
Public Works Contract Fund	901,502	793,827	107,675
Replacment Fund	546,769	287,744	259,025

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions and/or salary ranges must be approved by the City's legislative body.

#### D. Cash and Investments

See Note 3, *Deposits and Investments*.

#### E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are expensed when purchased.

#### F. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement.

Sick leave may be accumulated indefinitely for non-union employees. Teamster (Public Works Maintenance) employees may be accumulated up to 720 and up to 960 hours for Police Guild employees. Non-union employees on an annual basis can convert sick leave in excess of 480 hours to vacation at a rate of 25%. Teamsters employees receive cash payments for their sick leave balance in excess of 480 hours at retirement, the payout rate is \$.25 on the dollar of the unused sick leave balance at retirement. Police Guild employees receive cash payments for their unused sick leave upon layoff (25%), retirement (50%), disability retirement (100%), and death (100%).

Non-union employees sick leave balances eligible for conversion to vacation were calculated on Schedule 9 at 25% of the sick leave balance in excess of 480 hours. Police Guild compensated sick leave absences were calculated at the 50% retirement rate. Teamsters employees did not have balances qualifying for payout at year end. Payments are recognized as expenditures when paid.

#### G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

#### H. Risk Management

The City of Lake Forest Park is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 161 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 [1]. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

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

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

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

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

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

#### **I. Reserved Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of amounts reserved for Street Fund (\$797,807); Transportation Benefit District (\$445,504); Capital Improvement Fund (\$1,072,241); Transportation Capital Fund (\$1,068,165); Capital Facilities Maintenance (\$438,380); Sewer Utility Fund (\$4,680,724); Surface Water Utility Fund (\$2,434,913); and Vehicle and Equipment Replacement Fund (\$852,355).

### **Note 2 - Property Tax**

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

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City's regular levy for the year 2018 was \$1.08430 per \$1,000 on an assessed valuation of \$2,924,943,550 for a total regular levy of \$3,170,924.

### **Note 3 – Deposits and Investments**

#### **Deposits and Investments**

It is the City's policy to utilize the Washington State Local Government Investment Pool ("LGIP") and the City's bank for the investment of cash surpluses. The interest on these investments is allocated to the various funds based on the month end balance of the fund's cash account.

All deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public



Deposit Protection Commission. All deposits are insured, registered or held by the City or its agent in the government's name.

Investments are reported at fair value. Investments by type at December 31, 2017 are as follows:

Type of Investment	City's Own Investment	Investments Held by City as Agent	Total
Local Government Investment Pool	10,632,354	-	10,632,354
Opus Deposits	3,791,512	165,484	3,956,996

#### **Note 4 – Debt Service Requirements**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City debt transactions for year ended December 31, 2017. The methodology to report compensated absences on the Schedule of Liabilities was updated to include the employer costs associated with the calculated liability, an adjustment for this change is included in the "Additions" column.

The debt service requirements for general obligation bonds and revenue bonds, including both principal and interest, are as follows:

Year	<u>Sewer Extension</u> (Principal)	<u>Sewer Extension</u> (Interest)	<u>Sewer Acquisition II</u> (Principal)	<u>Sewer Acquisition II</u> (Interest)	Total Debt
2019	239,607	8,386	7,371	125	255,489
2020	239,607	7,188	-	-	246,795
2021	239,607	5,990	-	-	245,597
2022	239,607	4,792	-	-	244,399
2023	239,607	3,594	-	-	243,201
2024-2025	479,214	3,594	-	-	482,808
Total	1,677,249	33,545	7,371	125	1,718,290

#### **Note 5 Interfund Loans**

In 2017 a line of credit agreement was executed to utilize the temporary cash surpluses in one fund to provide temporary property acquisition funding while city staff searched for possible grant opportunities to help fund a property acquisition. Consistent with the agreement, draws on the line of credit were fully repaid by December 31, 2018. The following table displays interfund loan activity (line of credit activity) during 2018:

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance at 1/1/18</u>	<u>New Draws</u>	<u>Repayments</u>	<u>Balance at 12/31/18</u>
Capital Improvement Fund	Sewer Capital Fund	518,506	-	518,506	-

#### **Note 6 - Pension Plans**

Substantially all the City's full-time and qualifying part-time employees participate in Public Employee's Retirement System or Law Enforcement Officers and Fire Fighters Plan 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, 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  
PO Box 48380  
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2017 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

<u>Plan</u>	<u>Allocation Percentage</u>	<u>Liability (Asset)</u>
PERS 1	0.001243%	55,513
PERS 1 UAAL	0.023334%	1,042,104
PERS2/3	0.029801%	508,826
Net Pension Liability		1,606,443
LEOFF 1	0.003732%	(67,755)
LEOFF 2	0.049912%	(1,013,322)
Net LEOFF Assets		(1,081,077)

#### **LEOFF Plan 1**

The City also participates in LEOFF Plan 1. The LEOFF Plan 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. Starting on July 1, 2000, employers and employees contribute zero percent.

## LEOFF Plan 2

The City also participates in the LEOFF Plan 2. 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.

## **Note 7 – Other Disclosures**

### Post-Employment Benefits

The City of Lake Forest Park has a commitment to pay for post-employment benefits for retired employees that belong to LEOFF 1. These benefits include medical, dental, vision, nursing care, etc. Two retirees received benefits during the year. During 2018, \$1,733 was paid out for disability insurance and \$28,922 was paid out for LEOFF1 benefits, for a total of \$30,655. One of the retirees passed away during the year, the number of retirees qualifying to avail themselves of these benefits in future years will be reduced as a result.

## APPENDIX

# City of Lake Forest Park

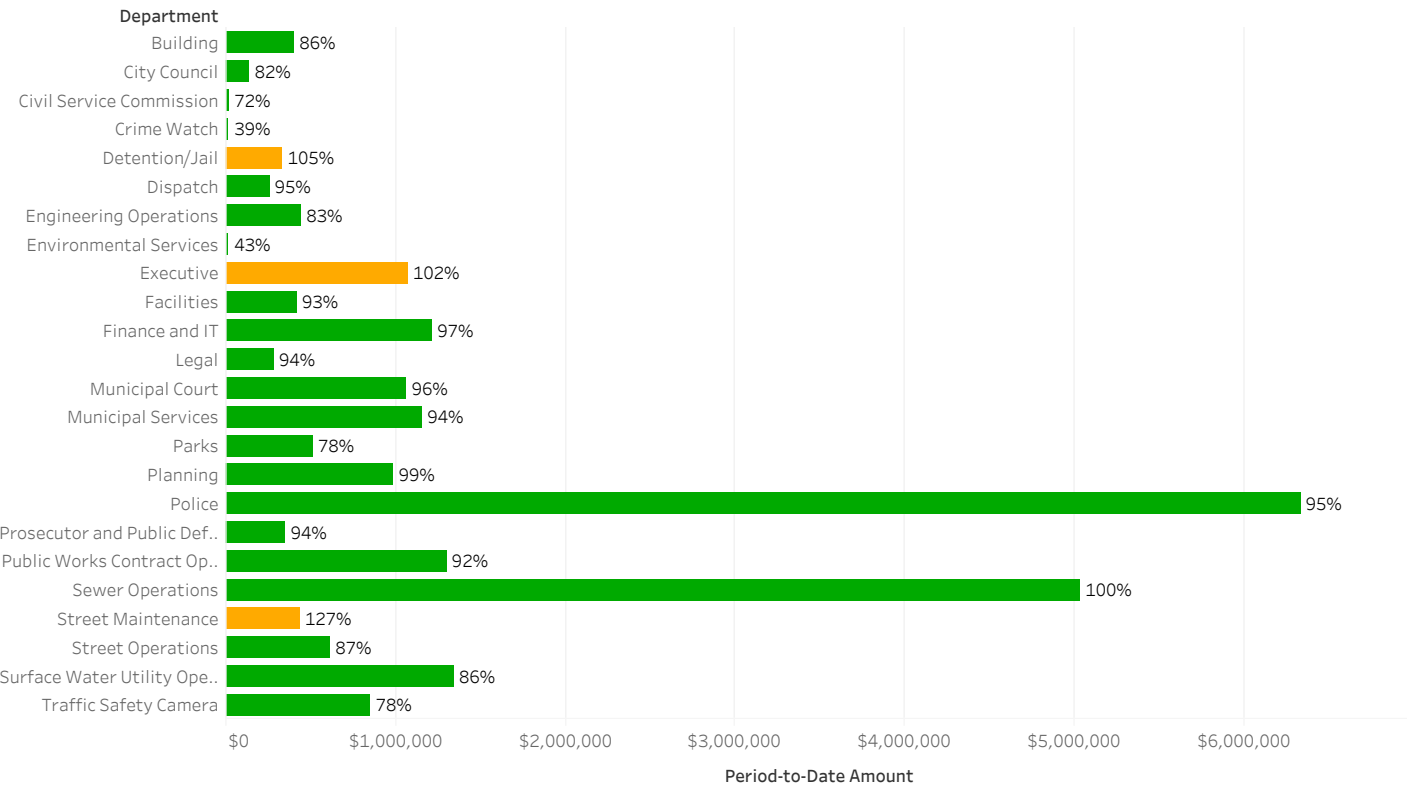
## December 31, 2018 Budget Monitoring Dashboard

For the purposes of this reporting the budgetary period is January 1, 2017 to December 31, 2018.

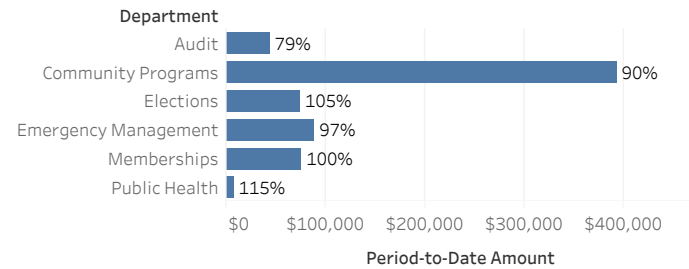
As of the date of this report we are approximately 100% through the budgetary period. Green shading indicates meeting or exceeding budgeted performance; yellow indicates not meeting budgeted performance at this time.

Percentages, where shown, are the relative period-to-date (PTD) expenditures compared to the budgeted amounts for the budgetary period.

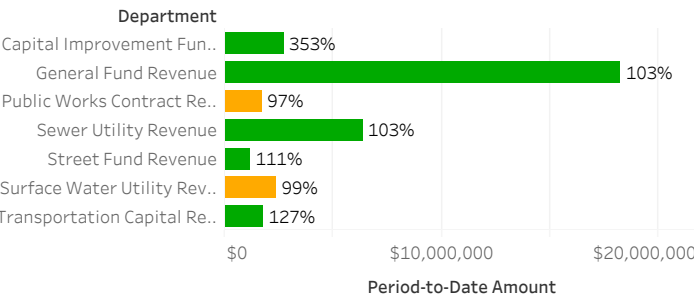
### Operating Departments



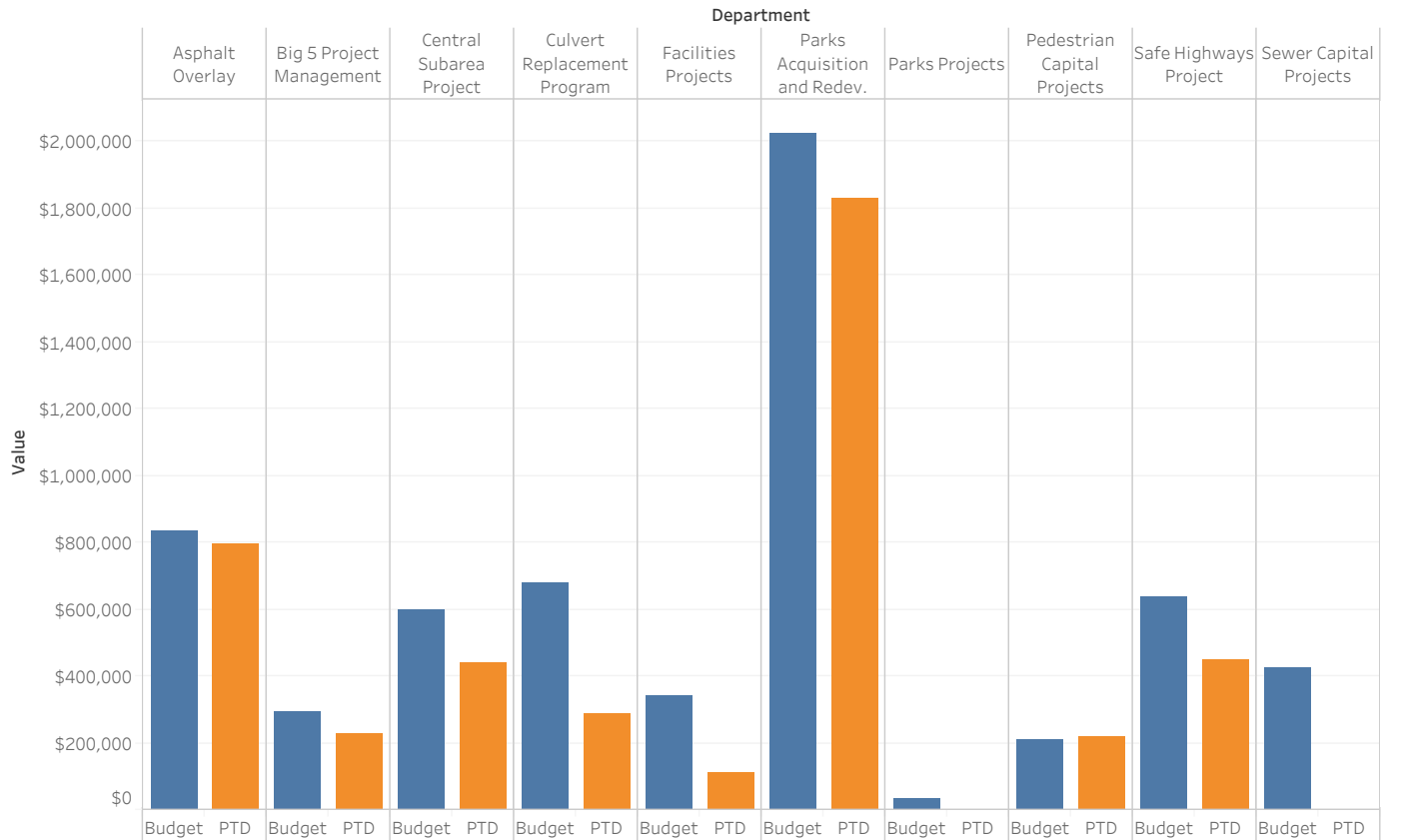
### Non-Operating Departments



### Revenue by Fund



### Capital



# City of Lake Forest Park

## December 31, 2018 Budget Monitoring

For the purposes of this reporting the budgetary period is January 1, 2017 to December 31, 2018.  
As of the date of this report we are approximately 100% through the budgetary period.  
Percentages shown on this report are the relative period-to-date (PTD) expenditures compared to the budgeted amounts for the budgetary period.

### Operating Departments

Department	Budget	PTD	PTD Percent
Building	\$469,295	\$402,860	86%
City Council	\$166,991	\$136,177	82%
Civil Service Commission	\$17,800	\$12,802	72%
Crime Watch	\$15,000	\$5,900	39%
Detention/Jail	\$315,000	\$331,804	105%
Dispatch	\$266,670	\$253,869	95%
Engineering Operations	\$527,496	\$438,092	83%
Environmental Services	\$22,000	\$9,451	43%
Executive	\$1,041,409	\$1,067,253	102%
Facilities	\$445,929	\$415,036	93%
Finance and IT	\$1,248,873	\$1,213,665	97%
Legal	\$300,000	\$280,577	94%
Municipal Court	\$1,105,487	\$1,061,043	96%
Municipal Services	\$1,228,358	\$1,153,990	94%
Parks	\$654,145	\$512,000	78%
Planning	\$991,398	\$982,069	99%
Police	\$6,669,193	\$6,332,308	95%
Prosecutor and Public Def..	\$367,195	\$344,072	94%
Public Works Contract Op..	\$1,400,639	\$1,295,563	92%
Sewer Operations	\$5,051,249	\$5,037,297	100%
Street Maintenance	\$343,500	\$437,172	127%
Street Operations	\$698,970	\$611,080	87%
Surface Water Utility Ope..	\$1,560,217	\$1,338,023	86%
Traffic Safety Camera	\$1,093,750	\$850,333	78%

### Non-Operating Departments

Department	Budget	PTD	PTD Percent
Audit	\$54,000	\$42,777	79%
Community Programs	\$437,540	\$393,196	90%
Elections	\$70,000	\$73,278	105%
Emergency Management	\$90,000	\$87,741	97%
Memberships	\$75,178	\$74,813	100%
Public Health	\$6,000	\$6,910	115%

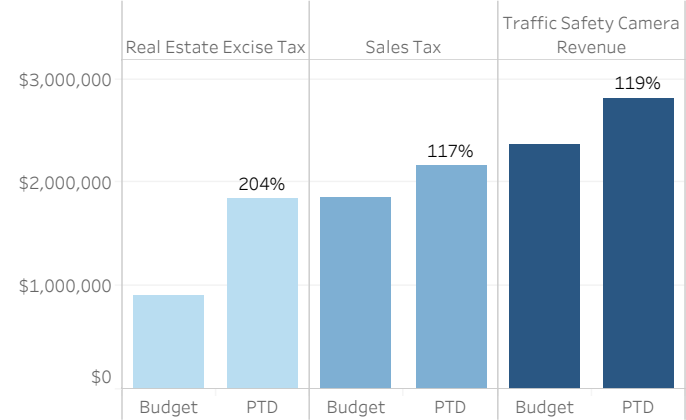
### Revenue by Fund

Department	Budget	PTD	PTD Percent
Capital Improvement Fund Revenue	\$779,075	\$2,748,511	353%
General Fund Revenue	\$17,698,009	\$18,265,143	103%
Public Works Contract Revenue	\$1,765,153	\$1,719,983	97%
Sewer Utility Revenue	\$6,160,143	\$6,350,128	103%
Street Fund Revenue	\$1,095,150	\$1,210,413	111%
Surface Water Utility Revenue	\$2,404,663	\$2,390,728	99%
Transportation Capital Revenue	\$1,433,998	\$1,816,639	127%

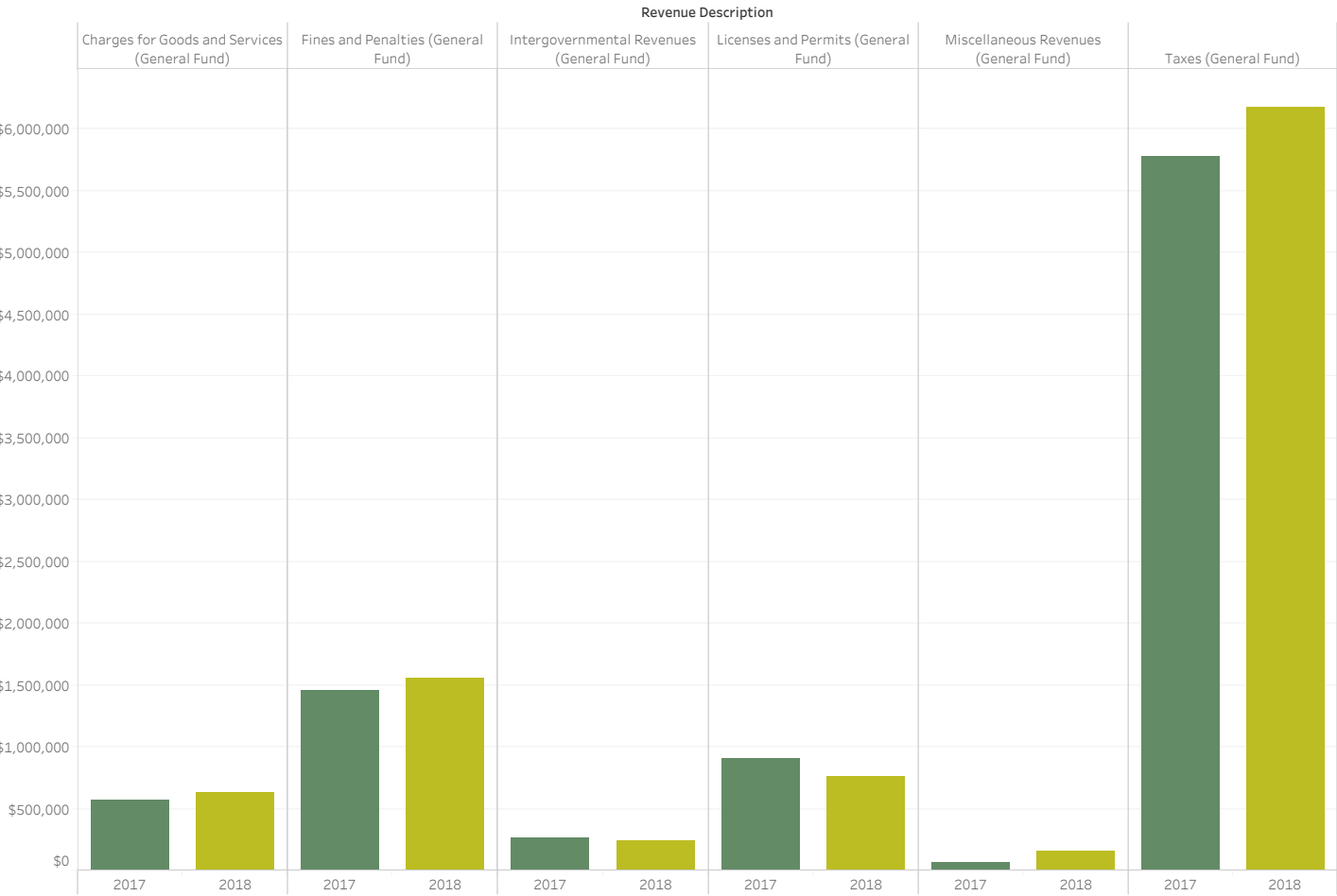
### Capital

Department	Budget	PTD
Asphalt Overlay	\$834,000	\$798,100
Big 5 Project Management	\$293,172	\$229,982
Central Subarea Project	\$600,000	\$439,292
Culvert Replacement Program	\$680,000	\$286,429
Facilities Projects	\$340,567	\$110,489
Parks Acquisition and Redev.	\$2,025,150	\$1,830,354
Parks Projects	\$35,000	\$0
Pedestrian Capital Projects	\$210,000	\$219,644
Safe Highways Project	\$635,000	\$449,702
Sewer Capital Projects	\$424,302	\$0

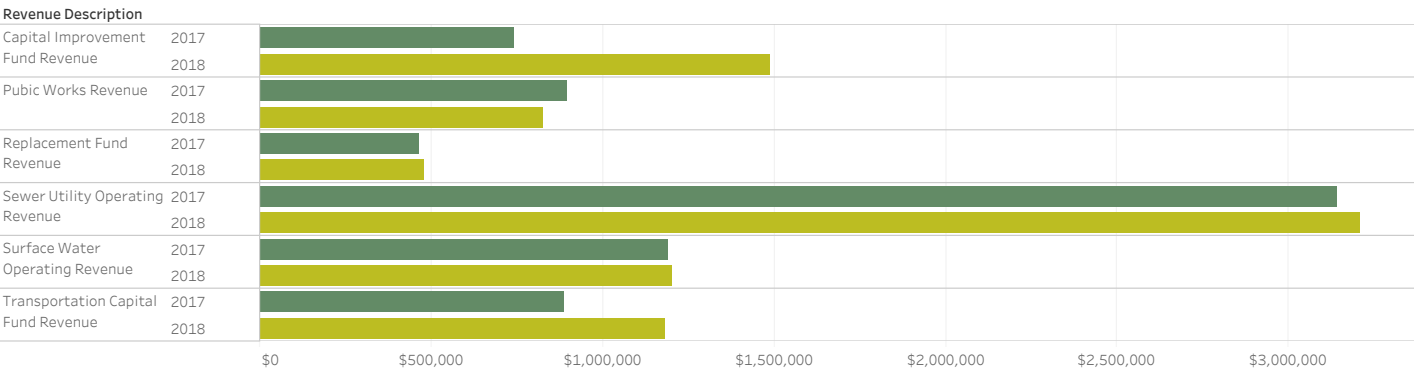
### Selected Revenues, Other



### General Fund Revenue by Type Analysis



### Capital and Enterprise Fund Revenue Analysis



### Ending Fund Balance (EFB) Analysis

Note 1: Only funds with operations have an ending fund balance target.  
Note 2: Some funds are consolidated for consistency with consolidation required for annual financial report presentation.

