



City of Everett, Washington
Comprehensive Annual Financial Report
For the Year Ended December 31, 2013



**CITY OF EVERETT,
WASHINGTON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2013

**CHIEF FINANCIAL OFFICER
DEBRA BRYANT**

PREPARED BY

DEPARTMENT OF FINANCE

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City of Everett 2930 Wetmore Ave Everett, WA 98201

June 25, 2014

Mr. Ray Stephanson, Mayor and
Everett City Council
City of Everett
Everett, Washington

Dear Mayor Stephanson and City Council Members:

The City of Everett Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013, is hereby submitted.

The CAFR consists of management's representations concerning the finances of the City of Everett (City). Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by the Washington State Auditor's Office. The independent auditor issued an unqualified ("clean") opinion that the City of Everett's financial statements, for the fiscal year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City's Single Audit Report is issued separately and is available upon request.

Another state mandate requires the Washington State Auditor's Office to perform additional tests of compliance with state laws and regulations as required by the Revised Code of Washington (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the City complied with the laws and the Constitution of the State of Washington, its own ordinances and orders, and the requirements of the State Auditor's Office. The City's State compliance report is also available separately upon request. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the 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 independent auditor's report.

THE CITY OF EVERETT AND ITS SERVICES

The City of Everett was incorporated on May 4, 1893. Located at the mouth of the Snohomish River, Everett is 28 miles north of Seattle and 85 miles south of the Canadian border. The City, built along the shores of Port Gardner Bay, encompasses roughly 42 square miles of land and is bordered by 10 miles of freshwater and 11 miles of saltwater shoreline. The City currently serves a population of 104,200.

Everett operates under a Mayor-Council form of government. Under its charter, it has all powers granted to like cities by the Constitution and laws of the State of Washington. The City is a general purpose governmental entity and provides the full range of municipal services allowed by statute or charter. These services include police, fire, emergency medical, street maintenance, planning and zoning, libraries, parks and recreation, and general administrative services. In addition to its general government services, the City operates five enterprises: water and sewer utility, solid waste (recycling) utility, two golf courses, a transit system, and a parking garage.

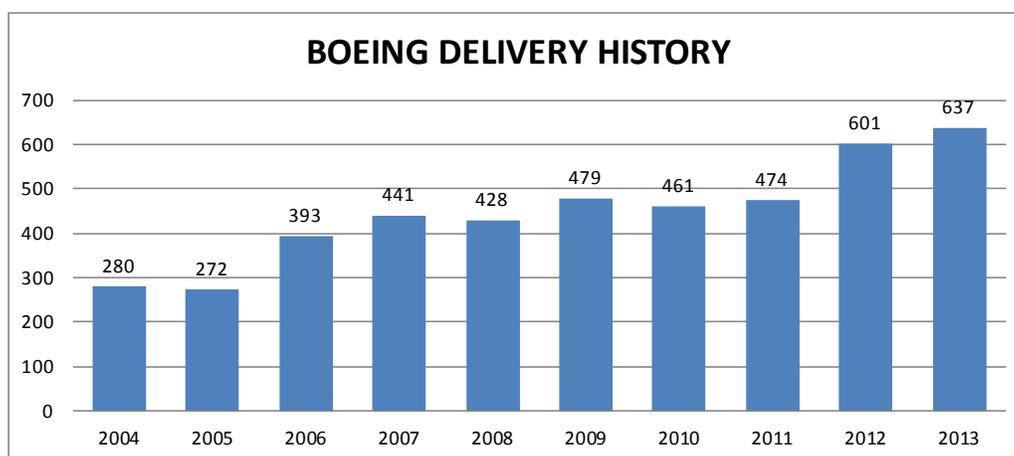
The City also includes, as part of its reporting entity, the Industrial Development Corporation, a nonprofit corporation authorized to facilitate the issuance of tax-exempt, nonrecourse revenue bonds, the community development entity, called the City of Everett CDE LLC, whose purpose is to help alleviate poverty and incentivize investments into low income community census tracts, and the Everett Public Facilities District (EPFD), a municipal corporation of the State of Washington established to finance, design, construct, operate, and maintain Comcast Arena at Everett. Additional information on these separate legal entities can be found in Note 1A in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Council is required to adopt a final budget prior to the start of the ensuing fiscal year and prior to the expenditure of any City funds. Budgetary controls are maintained to ensure compliance with legal provisions embodied in the annual appropriated budget. With the exception of construction funds, which receive project-life budget authority through plans and systems ordinances, activities of all City funds are included in the annual budget process. A budget increase or decrease to a fund must be authorized by the City Council via ordinance, while appropriations within a fund may be moved internally with the Mayor's approval.

LOCAL ECONOMY

Though there are definite signs of improvement, the pace of the Puget Sound Region's economic recovery remains slow. The weak housing market and layoffs in the public sector continue to create headwinds against a stronger rate of growth. In 2014, economists predict that the region's taxable retail sales, employment, and personal income will grow by 5.1 percent, 2.6 percent, and 5.3 percent, respectively.

The Boeing Company, along with ancillary companies that provide goods and services to Boeing, have long played an important role in the local economy. Consequently, Boeing's production cycle has a significant impact on both City revenues and the state of the local business community. The chart below illustrates the historical volatility of Boeing's airplane deliveries. Boeing delivered 36 more planes in 2013 than in 2012.



After successful negotiations with the Machinist Union and in consideration of additional tax concessions at the state level, Boeing determined that it will build the next generation 777x at the Everett plant. This important decision will help secure Boeing's continued presence and the future of the aerospace industry in the region for years to come.

LONG-TERM FINANCIAL PLANNING

The City uses a five-year forecasting model to plan for future budgetary impacts. On the expense side of the City's budget, maintaining a competitive compensation and benefits package in order to attract and retain a high quality workforce stands out as a challenge. On the revenue side, areas of concern include property tax growth restrictions, legislated tax shifts, and slowly recovering retail sales.

The City suspended contributions to the LEOFF 1 police and fire pension and OPEB (other post employment benefits) funds to assist in balancing the 2014 budget. With this action, we still expect these funds to be fully funded by 2031 – nearly three decades before obligations are complete.

In 2013, the City issued \$62,145,000 in Water & Sewer Revenue Refunding Bonds. The bond proceeds were used to refund the outstanding 2003 and 2005 Water & Sewer Revenue Refunding Bonds and pay for cost of issuance. Through this transaction, the City realized a net present value savings in the amount of \$10.5 million. Repayment will be from system revenues.

RELEVANT FINANCIAL POLICIES

City policy requires the regular monitoring and reporting of revenues and expenditures to Administration and City Council. This regular monitoring allowed the City to take proactive measures as the economy continued to underperform in 2013, and cut back spending. Mid-year, department budgets were reduced in preparation for the continued economic downturn.

The City continues to adhere to its General Government Fund Balance Policy, adopted in 2004, that limits annual operating expenses to annual operating revenues, and targets the General Government Fund balance at 20 percent of the annual revenue forecast. Part of this policy states that revenues in excess of operating expenditures may be transferred to a capital reserve, long term obligation, or debt service fund. Because departments succeeded in curbing expenditures, the City was able to follow this policy and prefund four programs in its Self-Insurance Reserve Fund 503, including \$850,000 for General Government Insurance Premiums, \$1,472,709 for General Government Worker's Compensation, \$1,008,484 for Tort Liability, and \$161,038 for General Government Unemployment Compensation; and \$744,555 for Fund 126 Motor Vehicle/Equipment Replacement Reserve, and \$1,000,000 for the Street Overlay Program in Fund 119.

MAJOR INITIATIVES

Expansion of WSU's 4-year university offerings in Everett continues with programs in electrical engineering, hospitality business management, and communications beginning in August of 2014. A 95,000 square foot University Center building is also under design and engineering. Everett will support WSU's request to the legislature to fund software engineering and agriculture/food programs as well as \$65 to \$69 million for University Center construction funding in the 2015 – 2017 legislative session. WSU's University Center in Everett graduated its first Mechanical Engineering Class in 2013. Oliver MacMillan sold the Riverfront property to Polygon NW in 2013. Development of the residential phase has begun with initial site work. The City will build out public amenities in the area according to the property development agreement.

Construction to replace the Broadway bridge will begin in 2014.

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 Everett for its comprehensive annual financial report for the year ended December 31, 2012. This was the 16th consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate of achievement, the City 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 Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. The efforts of the Accounting Division are especially instrumental in the compilation of the information required for preparing this report. All members of the department are to be commended for their consistent dedication to excellence in local government finance. It is to their credit that the citizens of the City of Everett can rely on this report as the definitive discussion of all City financial operations.

Sincerely,

A handwritten signature in cursive script that reads "Debra Bryant". The signature is written in black ink and is positioned above the typed name.

Debra Bryant, CAO-CFO

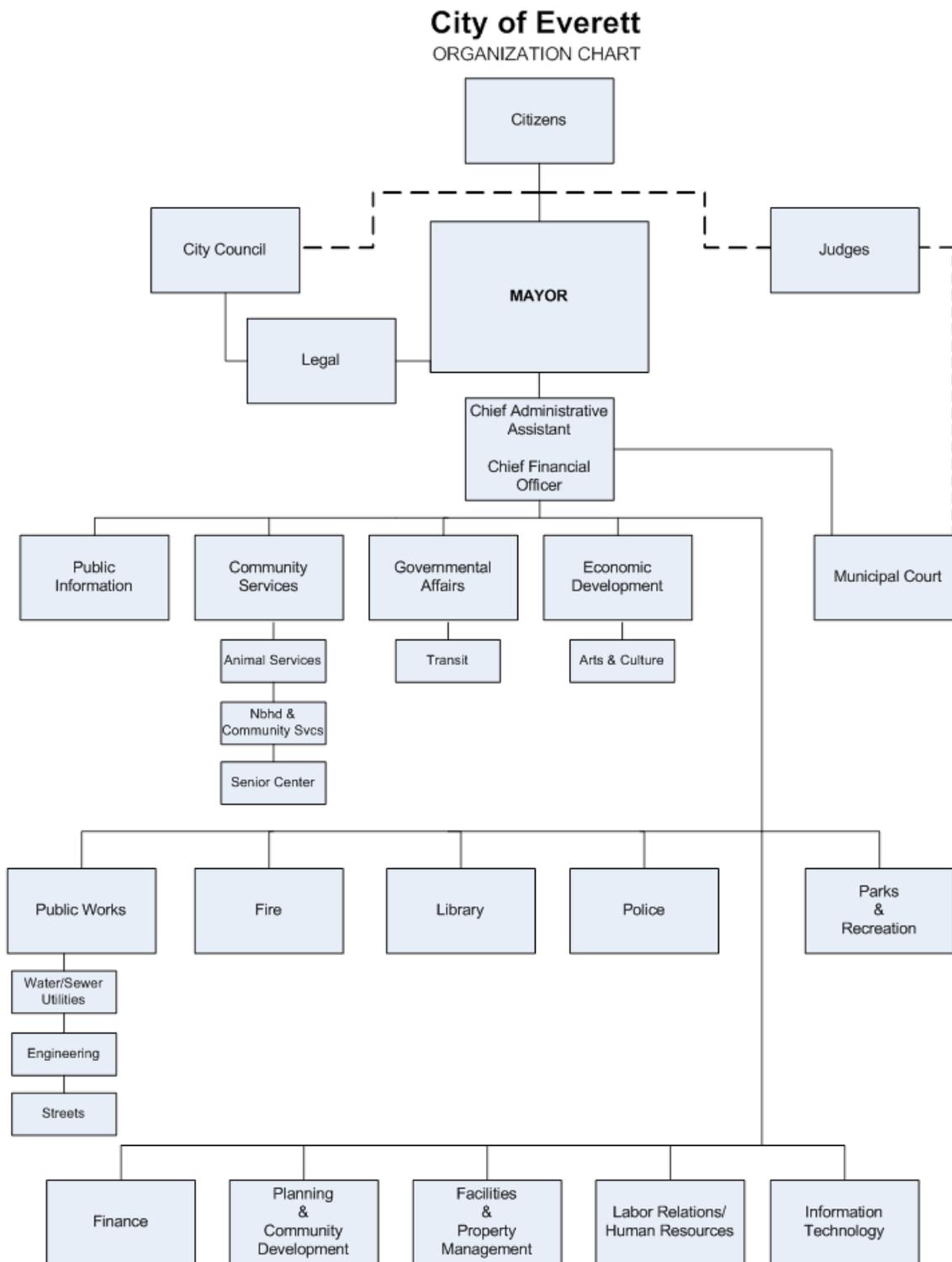
**CITY OF EVERETT
PRINCIPAL OFFICIALS**

Elected Officials**Term Expires**

Mayor	12/31/13	Ray A. Stephanson
City Councilmembers:		
Position No. 1	12/31/13	Paul Roberts
Position No. 2	12/31/13	Jeff Moore, President
Position No. 3	12/31/13	Scott Murphy
Position No. 4	12/31/15	Ron Gipson
Position No. 5	12/31/15	Scott Bader
Position No. 6	12/31/15	Brenda Stonecipher
Position No. 7	12/31/15	Richard Anderson

Appointed Officials

Chief Administrative Officer-Chief Financial Officer	Debra Bryant
Governmental Affairs Director	Pat McClain
Executive Administrator	Deborah Wright
Economic Development Director	Lanie McMullin
City Attorney	James D. Iles
Labor Relations/Services Director	Sharon DeHaan
Chief of Police	Kathy Atwood
Fire Chief	Murray Gordon
Parks & Recreation Director	Paul Kaftanski
Library Director	Eileen Simmons
Facilities/Property Management Director	Carlton Gipson
Engineering/Public Services Director	Dave Davis
Transportation/Transit Services Director	Tom Hingson
Planning and Community Development Director	Allan Giffen
Public Information Director	Meghan Pembroke
Information Technology Director	Jerry Diedrichs
City Clerk	Sharon Fuller
Finance Manager/Treasurer	Susannah Haugen





Government Finance Officers Association

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

Presented to

**City of Everett
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

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

Executive Director/CEO



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Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

June 25, 2014

Mayor and City Council
City of Everett
Everett, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Everett, Snohomish County, Washington, as of and for the year ended December 31, 2013, 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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Everett, Snohomish County, Washington, as of December 31, 2013, 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, 2013, the City has implemented the Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. 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 24 and budgetary comparison information on pages 82 through 84, pension trust fund information on page 85 and information on postemployment benefits other than pensions on page 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund financial statements on pages 87 through 142 and Single Audit Section on pages 175 through 178 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 are presented for purposes of additional analysis and are 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 25, 2014, 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,



TROY KELLEY
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Everett's annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended December 31, 2013. The intent of this discussion and analysis is to review the City's financial performance as a whole. Please read it in conjunction with the Letter of Transmittal, the Financial Statements, and the Notes to the Financial Statements.

2013 FINANCIAL HIGHLIGHTS

- At December 31, 2013, the City's net position, the amount by which total assets exceed total liabilities, totaled \$841.2 million. Of this amount, \$664.0 million, or 78.9%, is invested in capital assets. Of the remaining net position, \$134.2 million is unrestricted and may be used to meet the City's ongoing obligations.
- The overall financial position of the City has remained relatively unchanged. Business type activities' net position increased by a net of \$5.3 million as a result of higher revenues and lower expenses. Governmental type activities' net position increased by \$1.9 million.
- As of December 31, 2013, the City's governmental funds reported a combined ending fund balance of \$105.5 million, a decrease of \$6.0 million from 2012 as the expenditures continue to exceed revenues. In order to address the shortfall, the City has formed a Structural Deficit Advisory Team to research and evaluate potential options to balance the budget.
- In 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities. The objective of this statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources. The result of implementation was direct adjustment to net position in the amount of \$178K in governmental activities and \$1,744K in business type activities to eliminate the unamortized debt issuance costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

The required components of the City's annual financial report include the Management's Discussion and Analysis (MD&A), the basic financial statements, and other required supplementary information. This discussion and analysis provides an overview of the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

In addition to the required components, the City's annual report includes other voluntary supplementary information. The additional supplementary information includes a section with combining statements that provides details about the City's non-major funds and internal service funds -- all of which are added together and presented in single columns in the basic financial statements.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. They provide both short-term and long-term information about the City's financial status as a whole.

The government-wide statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The City also includes the Everett Public Facilities District (EPFD) as a discretely presented component unit in its report. A component unit is a governmental unit over which the City can exercise influence and/or may be obligated to provide a financial subsidy. The EPFD is presented in a separate column in the government-wide statements. This presentation allows users of the government-wide financial statements to focus on the primary government as well as address the City's relative relationship with the EPFD.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates governmental funds' current

financial resources (short-term spendable resources) with capital assets and long-term obligations. The Statement of Net position serves a purpose similar to that of the Balance Sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on the net cost of each governmental and business-type function as well as information on how the government's net position changed during the fiscal year. This statement also separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). By separating program revenue from general revenue, users of the financial statements can identify the extent to which each program relies on taxes for funding.

All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. The accrual basis of accounting requires that revenues are reported when earned and expenses are reported when incurred, regardless of the timing of when cash is received or paid. For instance, uncollected taxes and unpaid vendor invoices for items received in the current fiscal year are included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until future fiscal periods.

FUND FINANCIAL STATEMENTS

While the government-wide statements look at the City as a whole and focus on types of activities (general government versus business-type activities), the fund financial statements provide a more detailed look at the City's individual major funds and combined fund types.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses funds to ensure and demonstrate fiscal accountability and compliance with finance-related legal requirements. The City's funds fall into three types: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for most of the City's tax-supported activities and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, the focus of governmental fund financial statements is on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating whether there are more or less financial resources that can be spent in the near future to finance City services.

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund and the Capital Improvement Reserve Fund. These are the City's major governmental funds. Data from the remaining governmental funds are combined and presented in a single, aggregated column in the fund statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements following the basic financial statements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to the governmental activities column in the government-wide statements to facilitate this comparison.

The City maintains budgetary controls over its governmental funds. Budgetary controls ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental fund budgets are established in accordance with state law, and are adopted on a fund level. General Fund budget variances are reviewed later in this discussion and analysis.

Proprietary funds are used to account for the City's business-type activities where all, or part, of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. The fund level statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the total assets and total liabilities between the two statements, you will notice only slight differences. One notable difference is that the "due from other funds" (asset) and the "due to other funds" (liability) are combined in a single line called "internal balances" in the asset section of the government-wide statement of net position.

The City reports two types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to report activities that provide supplies and services to various City departments and to accumulate and allocate the associated costs of providing these supplies and services to the various functions. The revenues and expenses of internal service funds that are duplicated in other funds are eliminated in the government-wide statements. Because the remaining balances primarily benefit governmental, rather than business-type activities, the internal service funds are aggregated and included within governmental activities in the government-wide statements.

The Proprietary Fund Balance Sheet and the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Equity present separate columns of financial data for the Water and Sewer Utility Fund and the Transit Fund. These are the City's major enterprise funds. Data from the remaining enterprise funds are combined and presented in a single, aggregated column in the fund statements. Individual fund data for each of the non-major enterprise funds, as well as the internal service funds, are provided in the form of combining statements following the basic financial statements.

Fiduciary Funds are used to account for resources held by the City in a trustee capacity, or as an agent for outside individuals or private organizations. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own operations. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net position and a Statement of Changes in Fiduciary Net position as part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided, and are an integral part of the government-wide and fund financial statements.

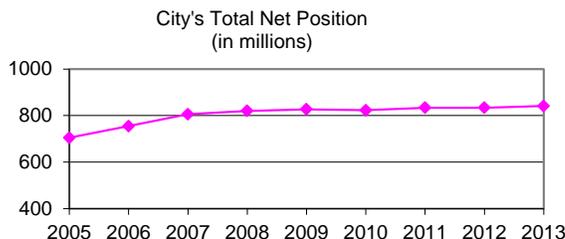
OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning the City's Fire and Police Pension Funds and Other Post Employment Benefit Funds.

The combining statements referred to earlier for non-major governmental and enterprise funds, as well as internal services funds, are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, changes in net position over time may serve as a useful indicator of a government's financial position. The City's total net position at December 31, 2012, was \$834.0 million December 31, 2013, was \$841.2 million. As the chart below illustrates, the City's net position has been fairly constant since 2007.



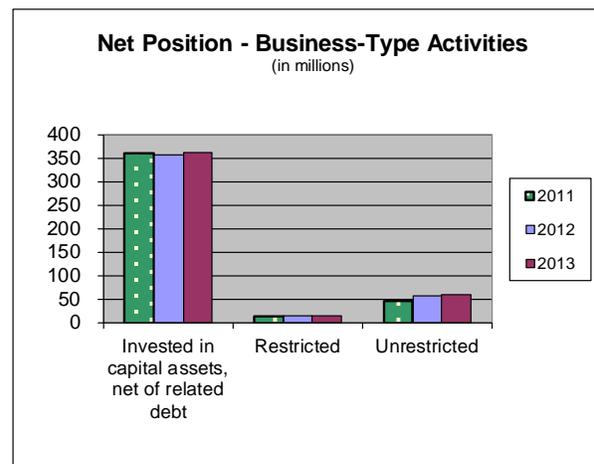
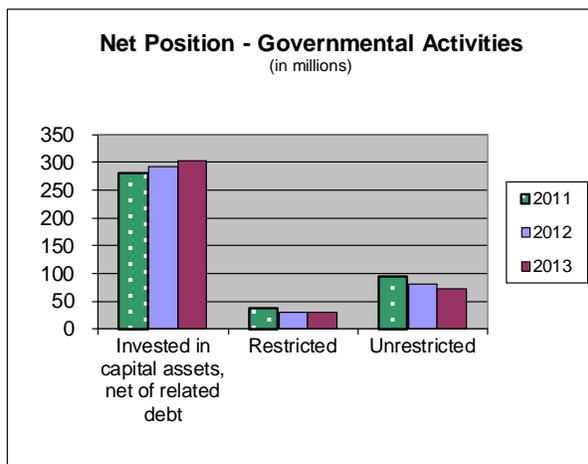
Elements contributing to the change in net position are discussed in the Governmental and Business-Type Activities Analysis sections. The table below presents a condensed version of the Government-Wide Statement of Net Position.

Table 1
City of Everett's Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 143,936	\$ 151,036	\$ 82,045	\$ 89,474	\$ 225,981	\$ 240,510
Capital assets, net	326,477	317,280	559,743	555,465	886,220	872,745
Total assets	470,413	468,316	641,788	644,939	1,112,201	1,113,255
Total deferred outflows of resources	-	-	1,843	-	1,843	-
Long-term liabilities	53,993	56,572	200,644	206,232	254,637	262,804
Other liabilities	12,204	9,397	6,045	7,075	18,249	16,472
Total liabilities	66,197	65,969	206,689	213,307	272,886	279,276
Net position						
Net investment in capital assets	301,733	291,590	362,486	358,378	664,219	649,968
Restricted	29,467	30,928	12,616	14,894	42,083	45,822
Unrestricted (deficit)	73,015	79,829	61,839	58,360	134,854	138,189
Total net position	\$ 404,215	\$ 402,347	\$ 436,941	\$ 431,632	\$ 841,156	\$ 833,979

As depicted in the charts below, the majority of the City's net position is invested in capital assets, which are used to provide services to citizens. Capital assets include streets, water/sewer lines and related infrastructure, land, buildings, equipment, etc., less any related outstanding debt used to acquire those assets. It should be noted that although the investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted assets represent resources that are subject to external restrictions on how they may be used. The Statement of Net Position, further breaks out restricted assets into major categories. For example, \$14.0 million is restricted for community development projects that receive grant or real estate excise tax funding and must comply with grant guidelines and state law limitations. Other examples include the assets obtained through the Emergency Medical Services levy and criminal justice grant funding, which are restricted to public safety use. The 2013 year-end unrestricted net position of \$73.0 million in governmental activities and \$61.2 million in business-type activities may be used to meet ongoing obligations.



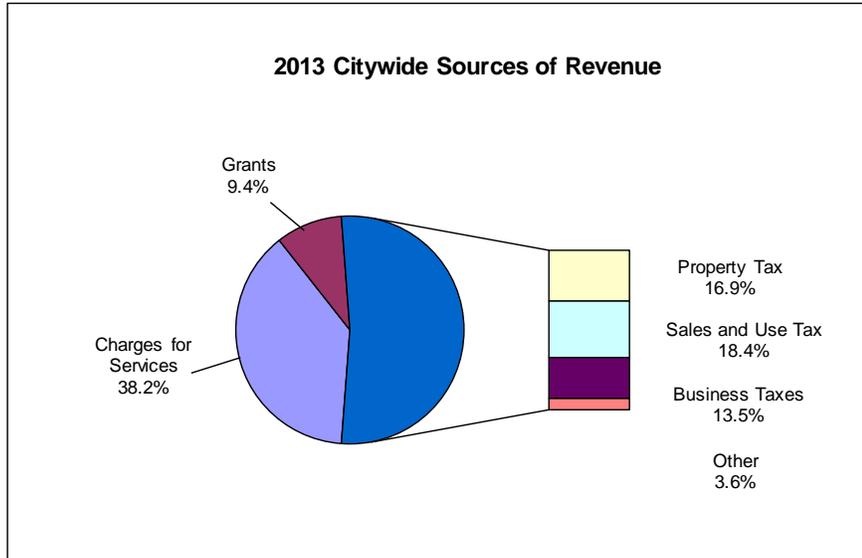
At December 31, 2013, the City reports positive balances in all three categories of net position for both governmental and business-type activities. The same situation held true for the past nine years.

The table below contains condensed financial information derived from the government-wide statement of activities comparing the current year to the prior year.

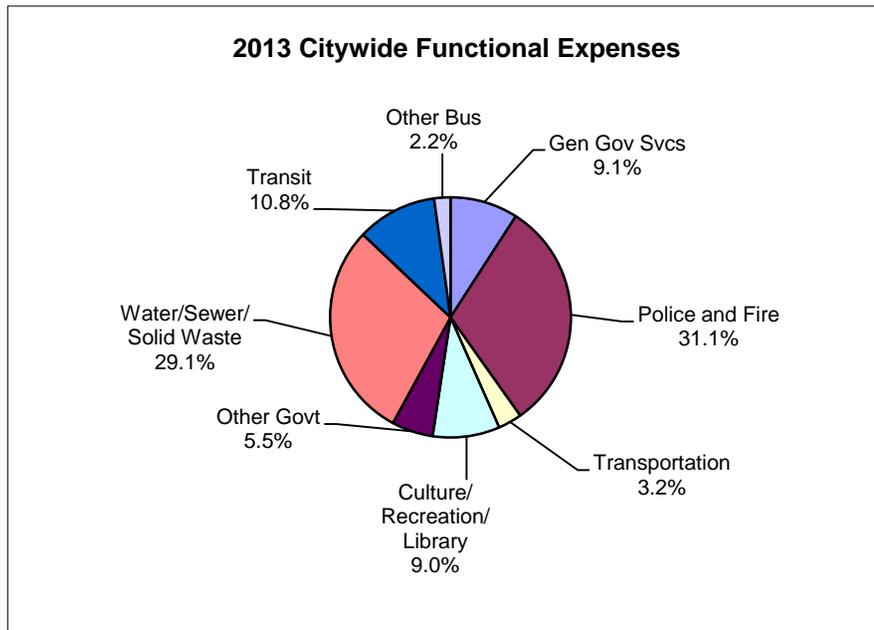
Table 2
City of Everett's Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 10,605	\$ 10,311	\$ 76,718	\$ 73,273	\$ 87,323	\$ 83,584
Operating grants and contributions	3,352	2,131	1,522	1,855	4,874	3,986
Capital grants and contributions	7,332	3,349	9,321	4,426	16,653	7,775
General revenues:						
Property taxes	38,606	38,766	-	-	38,606	38,766
Sales taxes	25,596	24,605	16,380	15,739	41,976	40,344
Business taxes	30,706	29,331	98	100	30,804	29,431
Other taxes	8,157	8,681	235	239	8,392	8,920
Interest and investment earnings	(2,902)	2,406	(3,130)	1,652	(6,032)	4,058
TOTAL REVENUES	\$ 121,452	\$ 119,580	\$ 101,144	\$ 97,284	\$ 222,596	\$ 216,864
Program Expenses						
Governmental activities:						
General government services	\$ 19,462	\$ 25,422	\$ -	\$ -	\$ 19,462	\$ 25,422
Police	36,953	37,680	-	-	36,953	37,680
Fire	29,429	29,279	-	-	29,429	29,279
Engineering & construction services	3,787	3,591	-	-	3,787	3,591
Transportation	6,788	8,553	-	-	6,788	8,553
Community services	7,660	7,574	-	-	7,660	7,574
Library	5,781	5,066	-	-	5,781	5,066
Culture and recreation	13,426	12,645	-	-	13,426	12,645
Interest on long-term debt	402	812	-	-	402	812
Business-type activities:						
Water	-	-	30,448	29,673	30,448	29,673
Sewer	-	-	30,774	28,379	30,774	28,379
Solid waste	-	-	987	794	987	794
Parking	-	-	287	283	287	283
Transit	-	-	22,943	23,273	22,943	23,273
Golf	-	-	4,370	4,146	4,370	4,146
TOTAL EXPENSES	\$ 123,688	\$ 130,622	\$ 89,809	\$ 86,548	\$ 213,497	\$ 217,170
Increase in net position before transfers	\$ (2,236)	\$ (11,042)	\$ 11,335	\$ 10,736	\$ 9,099	\$ (306)
Transfers	4,282	3,974	(4,282)	(3,974)	-	-
Increase in net position	\$ 2,046	\$ (7,068)	\$ 7,053	\$ 6,762	\$ 9,099	\$ (306)
Net position - beginning	402,347	409,415	431,632	424,870	833,979	834,285
Change in accounting principle	(178)	-	(1,744)	-	(1,922)	-
Net position - ending	\$ 404,215	\$ 402,347	\$ 436,941	\$ 431,632	\$ 841,156	\$ 833,979

As shown in the chart below, taxes made up 52.4% of total revenue received by the City as a whole in 2013. Total tax revenues increased by \$1.7 million, mostly due to increases in sales and business taxes, which are beginning to reflect improvements in the overall economy. Of the 38.2% in charges for services, 87.9% is from business-type activities.



The following chart compares the functional expenses of the City. The largest expense is the combined police and fire functions, making up nearly one third of the City's total expenses. A close second is the combined water/sewer/wastewater functions.

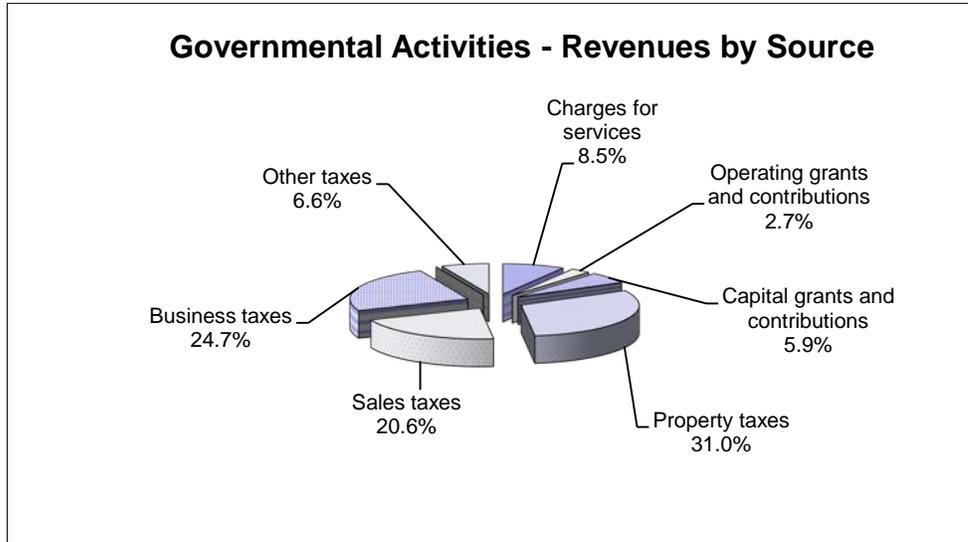


GOVERNMENTAL ACTIVITIES ANALYSIS

As shown in the Statement of Activities, total expenses for all governmental activities in 2013 was \$123.7 million. Of this amount, \$21.3 million was paid for 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 \$102.4 million was the cost of governmental activity services paid primarily by City taxpayers.

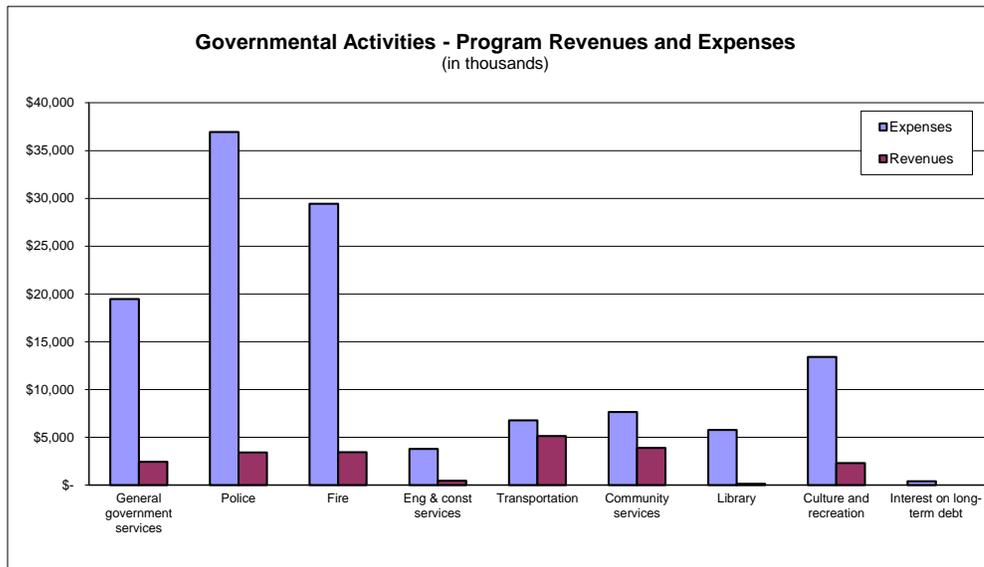
Revenues

Total governmental activity revenues (excluding transfers) remain unchanged from last year. As the economy continued to improve, the sales and business tax revenues increased by \$2.4 million, which was offset by decrease in interest and investment earnings, reflecting the low interest rate environment.



Expenses

Total governmental activity expenses decreased by \$6.9 million. General Government Services expense decreased by \$6.0 million. The 2012 expense was higher as a result of \$2.9 million one time transfer made to the self-insurance fund to increase the reserve and \$3.1 million increase in the City's pollution remediation obligation. Police and fire activities account for nearly 53.7% of governmental activity expenses. In 2013, police expenses decreased by \$726K and fire expenses increased by \$150K.



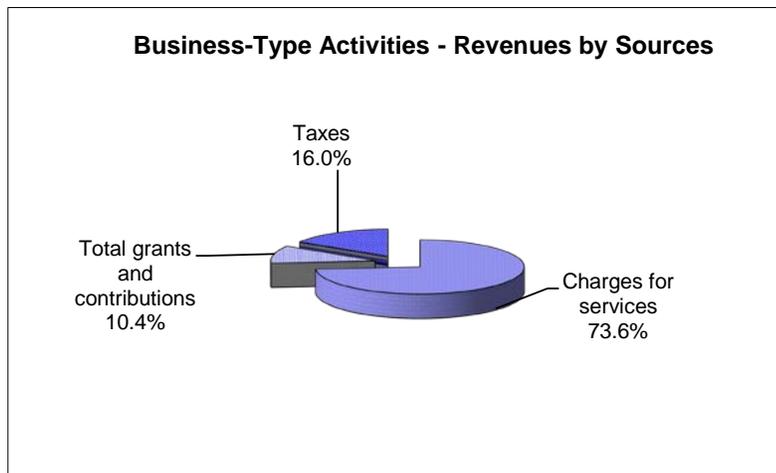
BUSINESS-TYPE ACTIVITIES ANALYSIS

In 2013, program revenues covered \$87.6 million of the \$89.8 million in business-type activity expenses, leaving a net expense of \$2.2 million paid primarily by City taxpayers.

Revenues

Total business-type revenues rose by \$7.0 million from the prior year. As shown in the chart below, the majority of business-type activity revenue is from charges for services, which grew by \$3.4 million from 2012, due to an increase in water consumption and sewer and solid waste uses. This increase was offset by decrease in interest and investment earnings. In 2013, the City issued \$62.145 million in Water and Sewer Revenue Refunding Bonds, refinancing the outstanding 2003 and 2005 Water and Sewer Revenue Refunding Bonds, to achieve a net present value of savings in the amount of \$10.5 million, or 15%, through lower interest rates. Water and Sewer revenue debt is issued for the purpose of paying the cost of additions, improvements and betterment of the system.

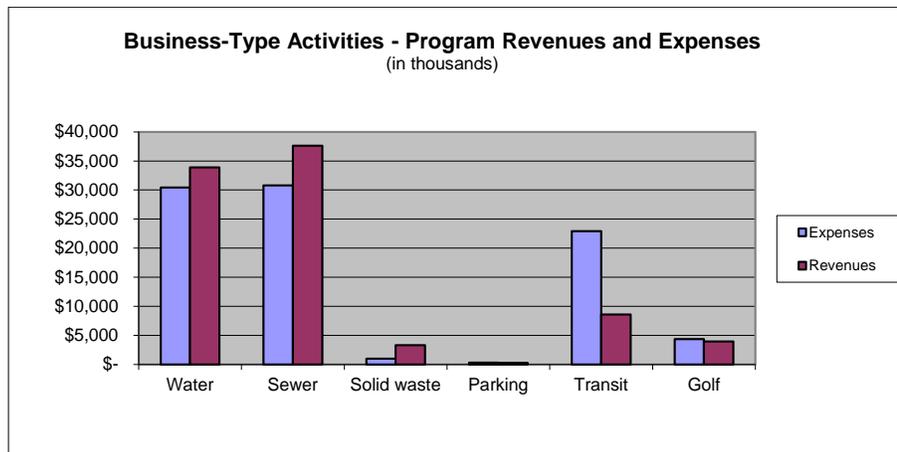
Operating Grants and Capital Grants revenue increased by \$4.5 million from the prior year. Grant revenue can fluctuate widely from year to year based on a number of factors, including the availability of federal and state grants, whether the City has applied for and received grant awards, and whether the City has major capital projects in progress.



Expenses

Total business-type expenses increased by \$3.3 million from 2012, as a result of increase in repairs and maintenance expenses related to City's water filtration plant.

The chart below depicts the revenues and expenses for each of the City's business-type programs. As shown, Water, Sewer, and Solid Waste each generated enough program revenue (primarily user fees) to cover operating costs, while Transit, Golf, and Parking did not. These activities are discussed in more detail in the Business-type Funds Analysis section.



FUND-LEVEL FINANCIAL ANALYSIS

GOVERNMENTAL FUNDS

As discussed, governmental funds are reported in the fund statements with a short-term, spendable resources focus. This information is useful in assessing whether resources available at year-end are adequate to cover upcoming financing requirements.

GASB Statement No. 54 established fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The five components of fund balance are as follows:

- Non-spendable fund balance - examples are inventory and prepaid items.
- Spendable fund balance:
 - Restricted fund balance: externally enforceable legal restrictions such as those related to traffic mitigation revenue and grant receipts.
 - Committed fund balance: funds that can only be used for purposes pursuant to constraints imposed by formal action of the City Council.
 - Assigned fund balance: amounts that reflect the City intended use of resources in the special revenue, capital projects, and debt service funds.
 - Unassigned fund balance: residual net resources that are not properly classified in one of the above four categories.

At year-end, the governmental funds reported a combined ending fund balance of \$105.5 million. (refer to Governmental Funds Balance Sheet). This is a \$6.0 million decrease from the prior year-end. The government-wide Statement of Activities shows an increase in net position of \$2.0 million. The difference is due primarily to the way capital assets are reported. In the fund financial statements, capital expenditures are reported as current expenditures--thereby directly reducing available resources (fund balance). At the government-wide level of reporting, the same capital expenditures are capitalized and are included in the net position balance.

Approximately 62.6% of the total ending fund balance of governmental funds is classified as either assigned or unassigned, which means the funds are available for spending at the City's discretion.

General Fund – The general fund is the City's primary operating fund and the largest funding source for day-to-day service delivery. As a result of GASB Statement No. 54 implementation, several funds previously classified as special revenue funds are now combined with the general fund. Without the consolidation, the fund balance decreased by \$1.3 million or 4.7%. Tax revenues grew by \$2.6 million and expenditures grew by \$3.9 million. Further discussion regarding changes in tax revenues and expenditures appear earlier in this document under the Governmental Activities Analysis section.

Capital Improvement Reserve Fund – The City's other major governmental fund recorded a decrease of \$1.9 million in fund balance. As the name indicates, this fund accumulates money to pay for capital projects; therefore, expenditures and fund balance can fluctuate widely from year to year.

Other Governmental Funds – Total fund balance for other governmental funds decreased by \$1.1 million, primarily due to activity in Real Estate Excise Tax Fund 154.

BUSINESS-TYPE FUNDS

Water/Sewer Utility Fund – This fund is the largest business-type fund in the City, accounting for \$372.6 million, or 85.3%, of the business-type net position. Of this amount, \$296.8 million is invested in capital assets, \$13.1 million is classified as restricted (primarily for debt service), and \$62.6 million is classified as unrestricted. The fund's 2013 net income, before contributions and transfers, was \$3.7 million, which is \$4.5 million less than 2012. Increases in charge for services were offset by the decrease in interest revenue and increases operating expenses.

Transit Fund – This is the City's other major business-type fund. It reported a \$19.2 million operating loss in 2013 (before non-operating revenues and capital contributions). The loss was reduced by the voter approved 0.6% sales tax, which is dedicated for transit purposes; 2013 collections totaled \$16.6 million. Grants in the amount of \$5.7 million also mitigated the loss.

Other Business-type Funds – The Golf Fund reported net loss of \$368,355 compared to net loss of \$245,209 in 2012. Management continues to implement elements of its business plan to increase revenues and decrease expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

The final General Fund revenue budget (including transfers-in) was \$1.7 million, or 1.9% greater than the original budget. The majority of the increase (\$1.3 million) was in grant revenue, resulting from re-appropriations from the 2012 budget and new grants awarded in 2013.

The final expenditure budget (including transfers-out) was \$8.5 million or 9.4% greater than the original budget. This included increases to grant related expenditure budgets to match the grant revenue noted above. It also included reappropriations from the 2012 budget of \$1.6 million for contingencies and obligations related to potential tax refunds and several land slide repairs, and \$5.1 million for labor contract settlements, and prefunding insurance reserves, the overlay program, and MVD reserve to begin reducing the projected 2014 budget deficit. The \$5.1 million re-appropriation for prefunding 2014 expenditures was possible as a result of department's efforts to reduce expenditures in 2012. Most departments achieved expenditure reductions by holding open vacant positions.

Actual results compared to final budget

General Fund revenue came in under the final amended budget by \$1.1 million or 1.2%. The majority of this amount is due underperformance in utility taxes and to grant revenue not yet earned. Grant revenue is booked only after the related expenditures are incurred.

Expenditures ended the year \$5.7 million or 5.8% under budget. \$1.6 million of this amount was due to under spending the contingency that was set aside at the beginning of the year. Grant-related under-expenditures account for \$465,000 of the under budget amount. \$2.8 million of the under budget amount was from labor savings as the City continued to hold open several vacant positions. These amounts were re-appropriated to the 2014 budget as the City continues works to close budget gaps in this slow-growth economy.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of December 31, 2013, the City of Everett's investment in capital assets, including construction in progress, for its governmental and business-type activities amounted to \$886.2 million. The year-end balance represents a net increase (additions less retirements and depreciation) of \$13.4 million from the end of last year.

Table 3
City of Everett's Capital Assets
(net of accumulated depreciation)

(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Land	\$ 60,556	\$ 59,867	\$ 33,907	\$ 33,704	\$ 94,463	\$ 93,571
Buildings	66,402	56,551	125,116	122,921	191,518	179,472
Improvements other than buildings	14,807	15,424	349,169	321,437	363,976	336,861
Infrastructure	170,897	150,229	1,726	1,822	172,623	152,051
Machinery and equipment	9,716	8,413	15,122	10,966	24,838	19,379
Intangibles	353	372	10,405	10,667	10,758	11,039
Construction in progress	3,746	26,424	24,299	53,947	28,045	80,371
	<u>\$ 326,477</u>	<u>\$ 317,280</u>	<u>\$ 559,744</u>	<u>\$ 555,464</u>	<u>\$ 886,221</u>	<u>\$ 872,744</u>

Major governmental capital asset investments for the year included (in millions):

- 2013 overlay program.....\$ 2.1
- 112th St SE – Silver Lk Rd to SR 527 Improvement.....1.5

- Municipal Court Replacement..... 1.2
- SR 99/Evergreen Way Improvement 1.2
- Fire Administration Building Improvement 1.2

Major business-type capital asset investments for the year included (in millions):

- Sewer Lift Station #24 Replacement.....\$ 3.7
- WPCF Expansion, Phase B.....2.2
- 112th St SE Water Main Improvement..... 1.2
- Water Main Design0.9
- Powder Mill Gulch Stream Stabilization0.9

Additional information about the City of Everett's capital assets can be found in Note 6 to the financial statements.

DEBT ADMINISTRATION

As shown in the table below, the City's total outstanding debt at December 31, 2013, was \$209.9 million. Of this amount, \$28.8 million is bonded debt backed by the full faith and credit of the City, \$147.9 million is bonded debt secured solely by water and sewer user fees, and \$33.2 million is in Public Works Trust Fund and State Revolving Fund loans.

The City's total debt outstanding decreased by a net amount (new issues less principal payments and refundings) of \$11.9 million from the prior year end. The major debt transactions that contributed to this change are detailed below.

- The City issued \$62.1 million in Water and Sewer Refunding Bonds in 2013. The proceeds were used to advance refund \$35.2 million outstanding 2003 Water and Sewer Revenue Refunding Bonds and advance refund \$31.9 million of certain maturities of 2005 Water and Sewer Revenue Refunding Bonds.
- The City redeemed \$4.6 million of Revenue debt in 2013.

Table 4
City of Everett's Outstanding Debt
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 22,835	\$ 23,490	\$ 6,000	\$ 7,000	\$ 28,835	\$ 30,490
Revenue debt	-	-	147,880	156,055	147,880	156,055
Other long-term debt	992	1,212	32,200	34,022	33,192	35,234
	\$ 23,827	\$ 24,702	\$ 186,080	\$ 197,077	\$ 209,907	\$ 221,779

The City works to maintain high credit ratings to assist in obtaining financing as the lowest possible cost. The City's bond rating, according to Standard & Poor's, is AA+ for both its general obligation and revenue debt.

Additional details about the City's long-term debt can be found in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Principal factors influencing the City's 2014 budget included: continued sluggish retail sales; a decrease in utility taxes due to the loss of a major employers, an increase in business revenues stemming mainly from the aerospace sector, and property tax revenue growth limited to 1% on the base, plus adjustments for new construction and annexations.

Other economic factors considered when preparing the City's 2014 budget included:

- Overall economic activity is expected to continue to be low.

- Population is expected to increase by 1% in 2014.
- The inflation rate (as measured by the June to June Seattle/Urban Consumer Price Index) is expected to remain low. For 2013, it was 1.4%.
- Interest rates are expected to remain low through 2014.

Some of the specific steps taken to balance the 2014 budget included: freezing departmental M&O budgets, prepayments of reserve contributions from prior year underexpenditures, deferrals of projects and equipment replacements, and suspension of contributions to our LEOFF1 police and fire pension and OPEB funds.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide our citizens, creditors, investors, and other interested parties with a general overview of the City's finances and to show the City's accountability for the financial resources it receives. If you have any questions about this report, or need additional financial information, please contact the Finance Department at 2930 Wetmore Avenue, Suite 9H, Everett, WA 98201.



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**STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government			Component Unit
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EVERETT PUBLIC FACILITIES DISTRICT
ASSETS				
Cash and cash equivalents	\$ 15,632,917	\$ 10,729,535	\$ 26,362,452	\$ 1,203,429
Deposits with trustees	54,990	165,565	220,555	-
Investments	81,168,156	54,978,763	136,146,919	-
Receivables, net	28,357,308	12,851,693	41,209,001	509,057
Internal balances	11,771,683	(11,771,683)	-	-
Inventories	541,240	1,048,794	1,590,034	-
Prepayments	1,282,285	110,901	1,393,186	318,646
Net pension assets	3,239,556	-	3,239,556	-
Restricted:				
Cash and cash equivalents	-	3,092,730	3,092,730	2,329,333
Investments	-	10,165,842	10,165,842	-
Special assessments	123,454	2,520	125,974	-
Investment in joint venture	1,764,755	669,332	2,434,087	-
Land	60,555,865	33,907,088	94,462,953	257,074
Construction in progress	3,745,925	24,299,394	28,045,319	-
Capital assets, net (Note 6)	262,174,793	501,537,261	763,712,054	40,696,150
TOTAL ASSETS	\$ 470,412,927	\$ 641,787,735	\$ 1,112,200,662	\$ 45,313,689
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ -	\$ 1,843,078	\$ 1,843,078	\$ -
COMBINED ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 470,412,927	\$ 643,630,813	\$ 1,114,043,740	\$ 45,313,689
LIABILITIES				
Accounts payable and other current liabilities	\$ 10,467,519	\$ 5,797,785	\$ 16,265,304	\$ 841,094
Unearned revenues	143,310	246,804	390,114	1,012,884
Net OPEB obligations	1,594,305	-	1,594,305	-
Non-current liabilities (Note 12):				
Due within one year	12,148,849	10,611,953	22,760,802	1,095,000
Due in more than one year	41,843,678	190,033,044	231,876,722	49,774,590
COMBINED LIABILITIES AND DEFERRED OUTFLOWS OF RESOURCES	\$ 66,197,661	\$ 206,689,586	\$ 272,887,247	\$ 52,723,568
NET POSITION				
Net Investment in capital assets	\$ 301,733,296	\$ 362,485,744	\$ 664,219,040	\$ (9,916,365)
Restricted for:				
Debt service	236,242	13,204,386	13,440,628	2,329,333
Public safety	8,254,588	-	8,254,588	-
Transportation	3,966,592	-	3,966,592	-
Parks and recreation	2,247,448	-	2,247,448	-
Community development projects	14,013,220	-	14,013,220	-
Tourism	418,676	-	418,676	-
Economy	330,508	-	330,508	-
Government regulation	-	54,186	54,186	-
Special assessments	-	2,520	2,520	-
Unrestricted	73,014,696	61,194,391	134,209,087	177,153
TOTAL NET POSITION	\$ 404,215,266	\$ 436,941,227	\$ 841,156,493	\$ (7,409,879)

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
(PAGE 1 OF 2)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government services	\$ 19,462,237	\$ 1,287,012	\$ 421,730	\$ 739,893
Police	36,953,341	2,439,542	916,581	66,828
Fire	29,429,312	1,457,689	123,586	1,877,271
Engineering & construction services	3,786,687	459,583	-	-
Transportation	6,787,720	497,878	-	4,644,863
Community services	7,659,733	2,355,384	1,546,440	-
Library	5,781,183	99,250	35,569	420
Culture and recreation	13,426,236	2,008,219	308,203	3,209
Interest on long-term debt	402,235	-	-	-
Total governmental activities	123,688,684	10,604,557	3,352,109	7,332,484
Business-type activities:				
Water	30,447,916	32,820,242	-	1,069,626
Sewer	30,774,660	34,502,663	364,244	2,734,797
Solid waste	986,840	2,461,856	31,669	792,392
Parking	287,032	264,095	-	-
Transit	22,942,885	2,876,207	998,620	4,723,743
Golf	4,370,102	3,793,021	127,125	-
Total business-type activities	89,809,435	76,718,084	1,521,658	9,320,558
Total primary government	\$ 213,498,119	\$ 87,322,641	\$ 4,873,767	\$ 16,653,042
Component units:				
Everett Public Facilities District	\$ 10,961,600	\$ 8,093,443	\$ 2,300,890	\$ -

General revenues:
Property taxes
Sales taxes
Business taxes
Excise taxes
Allocation of state-imposed taxes
Interest and investment earnings

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning

Change in accounting principle

Net position - ending

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
(PAGE 2 OF 2)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Everett Public Facilities District
\$ (17,013,602)	\$ -	\$ (17,013,602)	
(33,530,390)	-	(33,530,390)	
(25,970,766)	-	(25,970,766)	
(3,327,104)	-	(3,327,104)	
(1,644,979)	-	(1,644,979)	
(3,757,909)	-	(3,757,909)	
(5,645,944)	-	(5,645,944)	
(11,106,605)	-	(11,106,605)	
(402,235)	-	(402,235)	
(102,399,534)	-	(102,399,534)	
	3,441,952	3,441,952	
	6,827,044	6,827,044	
	2,299,077	2,299,077	
	(22,937)	(22,937)	
	(14,344,315)	(14,344,315)	
	(449,956)	(449,956)	
	(2,249,135)	(2,249,135)	
\$ (102,399,534)	\$ (2,249,135)	\$ (104,648,669)	
			\$ (567,267)
38,606,082	-	38,606,082	
25,596,982	16,380,028	41,977,010	
30,706,072	98,650	30,804,722	
4,070,079	-	4,070,079	
4,086,888	235,158	4,322,046	
(2,901,849)	(3,129,771)	(6,031,620)	
4,281,872	(4,281,872)	-	
104,446,126	9,302,193	113,748,319	
2,046,592	7,053,058	9,099,650	(567,267)
402,346,677	431,632,296	833,978,973	(6,842,612)
(178,003)	(1,744,127)	(1,922,130)	-
\$ 404,215,266	\$ 436,941,227	\$ 841,156,493	\$ (7,409,879)

The accompanying notes are an integral part of this statement.

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	GENERAL FUND	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 6,720,377	\$ 2,755,655	\$ 3,552,188	\$ 13,028,220
Change and imprest funds	49,299	-	-	49,299
Deposits with trustee	54,990	-	-	54,990
Investments	35,144,963	13,583,709	19,958,008	68,686,680
Receivables, net				
Taxes	10,373,147	174,539	174,539	10,722,225
Customer accounts	85,507	35,161	233,695	354,363
Interest	77,706	13,412	41,999	133,117
Due from other funds	62,990	-	77,373	140,363
Interfund receivable	99,550	-	855,000	954,550
Due from other governmental units	535,002	-	577,235	1,112,237
Prepayments	917,652	-	-	917,652
Special assessments - non-current	-	-	123,454	123,454
Notes/contracts receivable	1,140,000	-	13,603,859	14,743,859
Advances to other funds	7,319,168	-	-	7,319,168
TOTAL ASSETS	\$ 62,580,351	\$ 16,562,476	\$ 39,197,350	\$ 118,340,177
LIABILITIES				
Wages payable	\$ 5,039,030	-	\$ 711,536	\$ 5,750,566
Accounts payable	1,752,027	-	615,239	2,367,266
Due to other funds	77,373	58,776	329	136,478
Interfund payable	-	-	888,550	888,550
Due to other governmental units	83,681	-	27	83,708
Custodial accounts	964,356	-	-	964,356
Revenues collected in advance	66,282	-	-	66,282
Other liabilities	146,709	-	1,870	148,579
Unearned Revenue	-	-	77,028	77,028
TOTAL LIABILITIES	8,129,458	58,776	2,294,579	10,482,813
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	2,249,943	-	-	2,249,943
Unavailable revenues-special assessments	-	-	123,454	123,454
Unavailable revenues-other	11,400	-	-	11,400
TOTAL DEFERRED INFLOWS OF RESOURCES	2,261,343	0	123,454	2,384,797
FUND BALANCES				
Nonspendable	9,376,820	-	434,160	9,810,980
Restricted	-	-	29,467,274	29,467,274
Committed	158,569	-	-	158,569
Assigned	-	16,503,700	6,977,218	23,480,918
Unassigned	42,654,161	-	(99,335)	42,554,826
TOTAL FUND BALANCES	52,189,550	16,503,700	36,779,317	105,472,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 62,580,351	\$ 16,562,476	\$ 39,197,350	\$ 118,340,177

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Total Fund Balances reported on the Balance Sheet - Governmental Funds	\$ 105,472,567
<p>Amounts reported for governmental activities in the Balance Sheet - Governmental Funds differ from amounts reported in the government-wide Statement of Net Position by the following items:</p>	
Capital assets reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	325,130,362
Assets and liabilities of internal service funds included in governmental activities in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	6,736,083
Unearned revenues reported in the Balance Sheet - Governmental Funds not reported in the government-wide Statement of Net Position	2,384,797
Accrued receivables reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	2,264,873
Net investment in joint venture reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	1,764,755
Net pension asset and net OPEB liability reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	1,645,251
Discount on notes receivable reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	(1,080,503)
Accrued pollution remediation liability reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	(5,008,950)
Long-term debt reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	(35,093,969)
Total Net Position reported on the government-wide Statement of Net Position	<u>\$ 404,215,266</u>

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, 2013**

	GENERAL FUND	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 86,819,707	\$ 1,227,466	\$ 10,337,066	\$ 98,384,239
Licenses and permits	1,322,961	-	-	1,322,961
Intergovernmental revenues	3,851,492	-	10,400,656	14,252,148
Charges for services	9,028,450	-	1,858,653	10,887,103
Fines and forfeits	1,828,514	-	8,659	1,837,173
Other revenues	(34,816)	(297,173)	6,955	(325,034)
Total revenues	102,816,308	930,293	22,611,989	126,358,590
EXPENDITURES				
Current:				
General government services	23,532,288	-	465,116	23,997,404
Security of persons and property	56,733,514	-	8,095,580	64,829,094
Physical environment	228,636	-	-	228,636
Transportation	3,712,324	-	2,274,306	5,986,630
Economic environment	5,219,949	-	1,602,887	6,822,836
Mental and physical health	925,972	-	-	925,972
Culture and recreation	14,589,991	500,000	800,940	15,890,931
Capital outlay	3,996,212	-	12,582,245	16,578,457
Debt service:				
Principal	-	-	874,315	874,315
Interest	1,292	-	537,078	538,370
Total Expenditures	108,940,178	500,000	27,232,467	136,672,645
Excess (deficiency) of revenues over (under) expenditures	(6,123,870)	430,293	(4,620,478)	(10,314,055)
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	18,678	-	-	18,678
Transfers in	5,264,947	385,477	7,372,040	13,022,464
Transfers out	(2,172,098)	(2,694,598)	(3,894,712)	(8,761,408)
Total other financing sources (uses)	3,111,527	(2,309,121)	3,477,328	4,279,734
Net change in fund balances	(3,012,343)	(1,878,828)	(1,143,150)	(6,034,321)
Fund balances - beginning	55,201,893	18,382,528	37,922,467	111,506,888
FUND BALANCES - ENDING	\$ 52,189,550	\$ 16,503,700	\$ 36,779,317	\$ 105,472,567

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Net change in fund balances for total governmental funds reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (6,034,321)
<p>Amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balances differ from amounts reported in the government-wide Statement of Activities by the following items:</p>	
<p>Governmental funds report capital outlays as expenditures. Government-wide statements establish capital outlays as assets and allocate the cost of depreciable assets over their estimated useful lives as depreciation expense. This item represents the amount by which capital outlays exceeded (or, if negative, were less than) depreciation expense in the current period.</p>	8,352,854
<p>Governmental funds report the proceeds from the issuance of long-term debt (e.g., bonds and leases) as revenues and the associated issuance costs as expense in the period the debt is issued. Government-wide statements report long-term debt as a liability and amortize issuance costs as expense over the life of the obligation. This item represents the net effect of these differences in the treatment of long-term debt and related items during the current period.</p>	961,055
<p>Fair value of capital assets donated to the City reported in the government-wide statements during the current period.</p>	894,946
<p>Internal service funds are used by management to charge the costs of fleet management, management information systems, self-insurance, employee health benefits, and telecommunications to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.</p>	402,554
<p>Increase (decrease) to accrued receivables in the government-wide statements during the current period.</p>	209,283
<p>Decrease (increase) to accrued pollution remediation liability in the government-wide statements during the current period.</p>	25,000
<p>Increase (decrease) to notes and interest receivable on the government-wide statements during the current period.</p>	22,774
<p>Disposition of capital assets (i.e., sales, trade-ins and transfers) results in a decrease in capital assets reported in the government-wide statements during the current period.</p>	(50,648)
<p>Increase (decrease) to investment in joint venture reported in the government-wide statements during the current period.</p>	(112,489)
<p>Increase (decrease) to non-current unearned revenue on the Balance Sheet - Governmental Funds during the current period.</p>	(345,294)
<p>Increase (decrease) to the combined net pension asset and net OPEB liability on the government-wide statements during the current period.</p>	(2,279,122)
Change in net position of governmental activities reported on the government-wide Statement of Activities	\$ 2,046,592

The accompanying notes are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -	
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 8,372,662	\$ 1,703,397	\$ 653,476	\$ 10,729,535	\$ 2,555,397	
Deposits with Trustee	-	165,565	-	165,565	-	
Investments	47,447,542	4,910,107	2,621,114	54,978,763	12,481,477	
Bond covenant accounts:						
Restricted cash and cash equivalents	2,937,815	-	100,729	3,038,544	-	
Restricted investments	10,165,842	-	-	10,165,842	-	
Receivables, net						
Taxes	-	3,093,015	-	3,093,015	-	
Customer accounts	5,902,041	10,292	263,054	6,175,387	30,507	
Interest	103,792	7,193	2,832	113,817	10,632	
Due from other funds	-	1,575	-	1,575	-	
Interfund loans	959,200	-	-	959,200	-	
Due from other governments	2,745,745	625,386	98,343	3,469,474	-	
Prepayments	-	95,604	15,297	110,901	364,634	
Inventory	921,945	-	126,849	1,048,794	541,240	
Total Current Assets	<u>79,556,584</u>	<u>10,612,134</u>	<u>3,881,694</u>	<u>94,050,412</u>	<u>15,983,887</u>	
NONCURRENT ASSETS						
Restricted cash and cash equivalents	54,186	-	-	54,186	-	
Special assessments	2,520	-	-	2,520	-	
Investment in joint venture	669,332	-	-	669,332	-	
Land	22,507,655	10,439,811	959,622	33,907,088	-	
Construction in progress	17,922,247	24,214	6,352,933	24,299,394	-	
Capital assets, net of depreciation (Note 6)	447,626,057	45,548,740	8,362,464	501,537,261	1,346,221	
Total Noncurrent Assets	<u>488,781,997</u>	<u>56,012,765</u>	<u>15,675,019</u>	<u>560,469,781</u>	<u>1,346,221</u>	
TOTAL ASSETS	<u>568,338,581</u>	<u>66,624,899</u>	<u>19,556,713</u>	<u>654,520,193</u>	<u>17,330,108</u>	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	1,843,078	-	-	1,843,078	-	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,843,078</u>	<u>-</u>	<u>-</u>	<u>1,843,078</u>	<u>-</u>	
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>570,181,659</u>	<u>66,624,899</u>	<u>19,556,713</u>	<u>656,363,271</u>	<u>17,330,108</u>	
LIABILITIES						
CURRENT LIABILITIES						
Wages and benefits payable	1,841,626	903,731	55,371	2,800,728	204,202	
Accounts payable	2,062,229	399,739	412,554	2,874,522	923,126	
Claims and judgments payable	-	-	-	-	6,918,964	
Interest payable	660,638	-	17,395	678,033	-	
Taxes payable	87,367	2,793	7,461	97,621	-	
Due to other funds	3,885	-	-	3,885	1,575	
Interfund loans payable	-	-	959,200	959,200	-	
Due to other governments	-	603,074	-	603,074	-	
Unearned revenue	-	50,566	196,238	246,804	-	
Current portion of long-term debt	8,436,398	-	1,002,012	9,438,410	-	
Other current liabilities	-	-	-	-	79,904	
Total Current Liabilities	<u>13,092,143</u>	<u>1,959,903</u>	<u>2,650,231</u>	<u>17,702,277</u>	<u>8,127,771</u>	
NONCURRENT LIABILITIES						
Capital Leases Payable	40,299	-	-	40,299	-	
General obligation bonds payable	-	-	5,010,900	5,010,900	-	
Revenue bonds payable	154,472,051	-	-	154,472,051	-	
Special assessment bonds payable	2,520	-	-	2,520	-	
Advances from other funds	-	-	7,319,168	7,319,168	-	
Loans payable	29,344,829	-	-	29,344,829	-	
Claims and judgments payable	-	-	-	-	6,856,934	
Other long-term liabilities	636,132	124,697	318,966	1,079,795	59,525	
Total Noncurrent Liabilities	<u>184,495,831</u>	<u>124,697</u>	<u>12,649,034</u>	<u>197,269,562</u>	<u>6,916,459</u>	
TOTAL LIABILITIES	<u>197,587,974</u>	<u>2,084,600</u>	<u>15,299,265</u>	<u>214,971,839</u>	<u>15,044,230</u>	
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>197,587,974</u>	<u>2,084,600</u>	<u>15,299,265</u>	<u>214,971,839</u>	<u>15,044,230</u>	
NET POSITION						
Net investment in capital assets	296,810,872	56,012,765	9,662,107	362,485,744	1,346,221	
Restricted for debt service	13,103,657	-	100,729	13,204,386	-	
Restricted for special assessments	2,520	-	-	2,520	-	
Restricted for other governments	54,186	-	-	54,186	-	
Unrestricted	62,622,450	8,527,534	(5,505,388)	65,644,596	939,657	
TOTAL NET POSITION	<u>\$ 372,593,685</u>	<u>\$ 64,540,299</u>	<u>\$ 4,257,448</u>	<u>441,391,432</u>	<u>\$ 2,285,878</u>	
Amounts reported for business-type activities in the statement of net assets are different because:						
The net effect of activities allocated from internal service funds is presented as an						
internal balance on the statement of net position.						
(4,450,205)						
Net position of business-type activities						
<u>\$ 436,941,227</u>						

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Admission taxes	\$ -	\$ -	\$ 98,650	\$ 98,650	\$ -
Charges for services	67,793,034	1,679,532	6,518,971	75,991,537	28,641,286
Rental revenues	-	1,048,767	-	1,048,767	-
Total Operating Revenues	67,793,034	2,728,299	6,617,621	77,138,954	28,641,286
OPERATING EXPENSES:					
Personnel services	20,739,370	11,331,085	1,104,764	33,175,219	2,843,648
Supplies	3,929,793	1,662,344	715,669	6,307,806	4,613,977
Professional services	5,381,561	1,952,509	1,848,542	9,182,612	13,180,047
Depreciation and amortization	12,463,722	3,362,126	842,190	16,668,038	322,324
Taxes	2,288,671	10,131	-	2,298,802	-
Other operating expenses	11,298,285	3,647,643	746,974	15,692,902	6,257,499
Total Operating Expenses	56,101,402	21,965,838	5,258,139	83,325,379	27,217,495
Operating Income (Loss)	11,691,632	(19,237,539)	1,359,482	(6,186,425)	1,423,791
NON-OPERATING REVENUES (EXPENSES):					
Sales tax	-	16,615,186	-	16,615,186	-
Intergovernmental revenues	364,244	998,620	951,184	2,314,048	-
Interest and investment revenue	(2,465,025)	(241,425)	(101,189)	(2,807,639)	(548,711)
Rent	435,604	28,609	-	464,213	-
Other non-operating revenues	125,111	38,207	-	163,318	41,669
Gain (loss) on sale/retirement of assets	60,198	14,400	-	74,598	7,957
Sale of junk/salvage	-	450	-	450	-
Interest expense	(6,547,948)	-	(385,832)	(6,933,780)	-
Other non-operating expenses	-	(1,356,040)	-	(1,356,040)	-
Total Non-Operating Revenues (Expenses)	(8,027,816)	16,098,007	464,163	8,534,354	(499,085)
Income (Loss) Before Contributions and Transfers	3,663,816	(3,139,532)	1,823,645	2,347,929	924,706
Capital contributions	3,720,289	4,723,743	-	8,444,032	-
Transfers in	-	-	3,800	3,800	20,816
Transfers out	(3,692,400)	(593,272)	-	(4,285,672)	-
CHANGE IN NET POSITION	3,691,705	990,939	1,827,445	6,510,089	945,522
NET POSITION - BEGINNING	370,596,100	63,549,360	2,480,010	436,625,470	1,340,356
Change in accounting principle	(1,694,120)	-	(50,007)	(1,744,127)	-
NET POSITION - ENDING	\$ 372,593,685	\$ 64,540,299	\$ 4,257,448	\$ 441,391,432	\$ 2,285,878

Change in accounting policy in Net Position for business-type funds is explained as follows:

Increase in Net Position, per above	\$ 6,510,089
The net revenue (expense) of certain activities of internal service funds associated with business-type activities.	<u>542,970</u>
Change in Net Position, per Statement of Activities	<u>\$ 7,053,059</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 1 of 2)**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 69,339,606	\$ 2,769,135	\$ 6,617,831	\$ 78,726,572	\$ 5,761,452
Receipts from interfund services provided	936,034	9,425	-	945,459	22,937,990
Payments to suppliers	(16,257,914)	(1,251,369)	(2,871,508)	(20,380,791)	(19,743,262)
Payments to employees	(20,511,816)	(11,312,484)	(1,077,927)	(32,902,227)	(2,830,714)
Payments for interfund services used	(6,483,745)	(5,979,848)	(172,740)	(12,636,333)	(352,287)
Claims paid	-	-	-	-	(5,454,166)
Other receipts (payments)	102,281	(1,281,473)	-	(1,179,192)	757,944
NET CASH PROVIDED BY OPERATING ACTIVITIES	27,124,446	(17,046,614)	2,495,656	12,573,488	1,076,957
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Sales tax received	-	16,507,638	-	16,507,638	-
Receipts from non-capital grants	364,244	811,969	945,363	2,121,576	-
Interfund loans received	1,225,000	-	-	1,225,000	-
Interfund loans paid out	(965,000)	-	-	(965,000)	-
Principal paid on interfund loans	-	-	(170,000)	(170,000)	-
Interest paid on interfund loans	-	-	(159,616)	(159,616)	-
Transfers to other funds	(3,692,400)	(593,272)	-	(4,285,672)	-
Transfers from other funds	-	-	3,800	3,800	20,816
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(3,068,156)	16,726,335	619,547	14,277,726	20,816
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital debt	1,071,215	-	-	1,071,215	-
Refunding of capital debt	(1,843,078)	-	-	(1,843,078)	-
Principal paid on capital debt	(11,005,307)	-	(1,000,000)	(12,005,307)	-
Interest paid on capital debt	(1,999,036)	-	(230,001)	(2,229,037)	-
Proceeds from interfund loans	-	-	(260,000)	(260,000)	-
Receipts from capital grants	-	4,612,443	-	4,612,443	-
Proceeds from sale of capital assets	72,187	14,850	-	87,037	7,957
Capital contributions	2,843,367	-	13,224	2,856,591	-
Acquisition and construction of capital assets	(15,252,188)	(5,859,332)	(1,492,279)	(22,603,799)	(323,617)
Payments to joint ventures	7,611	-	-	7,611	-
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(26,105,229)	(1,232,039)	(2,969,056)	(30,306,324)	(315,660)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of investments	-	558,650	-	558,650	176,157
Purchase of investments	(2,761,977)	-	(188,747)	(2,950,724)	(1,643,456)
Investment income	1,698,138	130,799	86,301	1,915,238	324,381
NET CASH PROVIDED BY INVESTING ACTIVITIES	(1,063,839)	689,449	(102,446)	(476,836)	(1,142,918)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,112,778)	(862,869)	43,701	(3,931,946)	(360,805)
Cash and Cash Equivalents, January 1	14,477,441	2,731,831	710,504	17,919,776	2,916,202
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 11,364,663	\$ 1,868,962	\$ 754,205	\$ 13,987,830	\$ 2,555,397
Current Cash and Cash Equivalents	\$ 8,372,662	\$ 1,868,962	\$ 653,476	\$ 10,895,100	\$ 2,555,397
Restricted Cash and Cash Equivalents	2,992,001	-	100,729	3,092,730	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 11,364,663	\$ 1,868,962	\$ 754,205	\$ 13,987,830	\$ 2,555,397

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 2 of 2)**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 11,691,632	\$ (19,237,539)	\$ 1,359,482	\$ (6,186,425)	\$ 1,423,791
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and amortization	12,463,722	3,362,126	842,191	16,668,039	322,324
Other non-operating receipts	560,715	66,816	-	627,531	41,669
Other non-operating disbursements	-	(1,345,789)	-	(1,345,789)	-
Change in Assets and Liabilities:					
(Increase) decrease in inventories	(173,530)	-	(1,433)	(174,963)	(27,529)
(Increase) decrease in receivables	2,024,172	(58,293)	(9,522)	1,956,357	423,671
(Increase) decrease in prepaid expenses	1,343,084	(57,483)	38,753	1,324,354	393,228
Increase (decrease) in accounts and other payables	(872,527)	200,733	231,891	(439,903)	(1,506,454)
Increase (decrease) in compensated absences	87,178	(28,983)	24,562	82,757	6,257
Increase (decrease) in other current liabilities	-	51,798	9,732	61,530	-
TOTAL ADJUSTMENTS	15,432,814	2,190,925	1,136,174	18,759,913	(346,834)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 27,124,446	\$ (17,046,614)	\$ 2,495,656	\$ 12,573,488	\$ 1,076,957
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Non-Cash Financing, Capital and Investing Activities:					
Capital assets contributed by private developers	\$ 64,644	\$ -	\$ -	\$ 64,644	\$ -
Capital assets acquired by capital lease	60,556	-	-	60,556	-
Increase (decrease) in fair value of investments	(3,972,562)	(216,814)	(180,879)	(4,370,255)	(840,649)
Capital grants earned, not received	-	138,851	-	138,851	-
TOTAL NON-CASH ACTIVITIES	\$ (3,847,362)	\$ (77,963)	\$ (180,879)	\$ (4,106,204)	\$ (840,649)

The accompanying notes are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ 40,238	\$ 175,759
Agency Bonds	42,624,945	-
Accounts receivable - net	1,720	29,783
Interest receivable	7,805	-
TOTAL ASSETS	42,674,708	205,542
LIABILITIES		
Accounts payable	9,865	14,020
Interfund Loans Payable	66,000	-
Other current liabilities	-	191,522
TOTAL LIABILITIES	75,865	205,542
NET POSITION		
Assets held in trust for pension benefits	12,880,703	-
Assets held in trust for post employment benefits	29,718,140	-
Total held in trust	\$ 42,598,843	\$ 0

The accompanying notes are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

		TRUST FUNDS
ADDITIONS:		
Contributions		
Employer	\$	99,776
State		155,946
Total contributions		<u>255,722</u>
Investment income		
Interest		769,621
Net appreciation (depreciation) in fair value		<u>(3,861,503)</u>
Net investment income		<u>(3,091,882)</u>
TOTAL ADDITIONS		<u>(2,836,160)</u>
DEDUCTIONS:		
Benefits		
		2,979,836
Administrative expense		45,146
TOTAL DEDUCTIONS		<u>3,024,982</u>
CHANGE IN NET POSITION		
Pension benefits		(506,723)
Postemployment healthcare benefits		(5,354,419)
NET POSITION RESERVED FOR EMPLOYEES' PENSION BENEFITS		
Employees' pension benefits, January 1		13,387,425
NET POSITION RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS		
Postemployment healthcare benefits, January 1		35,072,560
NET POSITION - ENDING	\$	<u>42,598,843</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The City of Everett was incorporated on May 4, 1893. The City operates under a Mayor-Council form of government, and under its charter has all powers granted to like cities by the constitution and laws of the state. The City is a general-purpose government providing police, fire, emergency medical service, water distribution, sewage collection and treatment, street maintenance, planning and zoning, libraries, parks and recreation, and general administrative services - the full range of municipal services contemplated by statute or charter.

As required by the generally accepted accounting principles the City of Everett includes all governmental activities, organizations, and functions (referred to in this note as "organizations," whether they are structured as funds, departments, agencies, boards, or commissions) for which the City of Everett is financially accountable.

Also included are other organizations for which the nature and significance of their relationship with the City of Everett are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City of Everett is financially accountable for other entities if it appoints a voting majority of the governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

Each blended and discretely presented component unit has a December 31 year-end.

Blended Component Unit – Although legally separate entities, blended component units are, in substance, part of the government's operations. Therefore, data from these units are combined with data of the primary government.

The **Industrial Development Corporation (IDC)** of the City of Everett, a public nonprofit corporation, is authorized to facilitate the issuance of tax-exempt nonrecourse revenue bonds to finance industrial development within the corporate boundaries of the City. The local government, through the public corporation, is simply lending its name to confer tax-exempt status on the bonds issued. Neither the local government, the public corporation, nor the state government pledges its credit to repayment of the bonds. The funds for repayment of the bonds come from private lenders and must be repaid by the company for which the industrial development facilities are financed and built. Currently, there are no outstanding bonds.

The entire IDC's governing body is comprised of City council members and the mayor, who serves as ex officio. As a result, the City has the ability to affect the organization's operation. The IDC's account balances and transactions included in the City's financial statements as a special revenue fund. The transactions, if any, are minimal; therefore, separate financial statements have not been issued.

In February 2009, the city formed a community development entity (CDE) called the **City of Everett CDE LLC**. The City of Everett CDE LLC is a separate legal entity whose purpose is to help alleviate poverty and incentivize investments into low income community census tracts. The Everett CDE LLC applied for New Market Tax Credits (NMTC) in April of 2009. In October 2009, the US Treasury Department awarded \$25 million in NMTC to City of Everett CDE LLC.

The City of Everett CDE LLC is wholly owned and controlled by the City. The volunteer board members, who are appointed by the mayor and approved by City Council, serve solely in an advisory capacity.

Discretely Presented Component Unit – Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

The **Everett Public Facilities District (PFD)**, a municipal corporation of the State of Washington, was established by City ordinance in March 2001, to finance, design, construct, operate, and maintain a special events center. The Board of Directors consists of five members, all appointed by the Everett City Council. The City is contingently liable for the 2007 Variable Rate Project Revenue Bonds issued by the Public Facilities District (PFD). As of December 31,

2013, the outstanding 2007 Variable Rate Project Revenue Bonds balance was \$27,415,000. The PFD also has outstanding Limited Sales Tax and Interlocal Revenue Bond debt of \$22,650,000 at year end. Payments for the PFD debt are expected to be made from PFD tax revenues and net project revenues. In the event that these revenues are insufficient to make any required payments, the City may be liable for the required payments on the outstanding 2007 Variable Rate Project Revenue Bond debt. The district is presented as an enterprise fund. Complete financial statements may be obtained at the PFD administrative offices at 2000 Hewitt Avenue, Suite 200, Everett, Washington 98201.

B. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Effective January 1, 2013, the City adopted the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The objective of this statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

C. 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the City's accounting system automatically allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

Several major revenue sources associated with the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. These major revenues include property taxes; business and occupation taxes; real estate excise taxes; sales tax; natural gas, telephone, and electric taxes; licenses; and interest. 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 governmental 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 capital improvement reserve fund, which is a special revenue fund, accounts for the activity and reserves associated with community, recreational and public safety improvements. The major funding source for this fund includes Real Estate Excise Tax, general fund contributions, rental income, and interest earnings.

The City reports the following major proprietary funds:

- The water and sewer utility fund accounts for the distribution and filtration of water, the collection and treatment of wastewater, the collection and treatment of sewage, and for surface water management.
- The transit fund accounts for public transit transportation services, including an elderly persons with disabilities van service and a rideshare program. The transit fund also accounts for the operation of Everett Station.

Additionally, the City reports the following fund types:

- Internal service funds account for the City's self-insured medical and chiropractic health benefits, general liability, workers' compensation, and property insurance coverage, fleet management services, telecommunication services, and information technology services provided to other departments on a cost reimbursement basis.
- Pension trust funds account for the activities of the police and fire pension funds, which accumulate resources for pension benefit payments and post-employment health care benefits to qualified public safety employees.
- Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations. The City uses an agency fund to account for the Downtown Business Improvement Area, the Snohomish County Police Staff and Auxiliary Service Center (SNOPAC), the Green Bus Coalition, and the Tulalip Water Delivery System.

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. All taxes are considered general revenues.

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 Utilities Fund, Solid Waste Utility Fund, Transit Fund, Parking Garage Fund, Golf Fund, and the internal service funds are charges to customers for sales and services. Operating expenses for 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.

E. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. These investments are reported in the balance sheets as cash and cash equivalents. Cash and cash equivalents are defined as cash on hand, demand deposits, and all highly liquid investments, including restricted assets, with original maturities of three months or less. The interest on these investments is prorated to the applicable funds.

Investments – See Note 4.

Receivables

Taxes receivable consist of property taxes and related interest and penalties, electric taxes, telephone taxes, B&O taxes, natural gas use taxes, and sales taxes. 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. Interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Notes and contracts receivable consist of amounts loaned to private individuals or organizations primarily in conjunction with the Community Home Improvement Program or the Community Development Block Grant Program. Special assessments receivable, which are recorded when the special assessment is levied, consist of current and delinquent assessments and related interest and penalties.

Amounts Due to and from Other Funds, Interfund Loans, and Advances

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, advances and amounts due to and from other funds are presented in Note 14.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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.

Inventories and Prepayments

Inventories of proprietary funds are valued using the weighted average cost method for Utilities and Golf, and the moving average cost method for the Equipment Rental Fund. Inventories of the governmental fund are recorded as expenditures when purchased.

Certain payments made in the current period reflect costs applicable to future accounting periods. These amounts are reported as "Prepayments" in both the government-wide and fund financial statements.

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 for construction, escrow requirements and debt service, including special assessments receivable. Related liabilities are included in "Special Assessments – Non-Current" in the statement of net position. Specific debt service requirements are disclosed in Note 10.

Restricted assets of governmental activities include the following:

Special assessments receivable	\$ 123,454
CHIP Loans receivable	13,169,699
	<u>\$ 13,293,153</u>

Restricted assets of business-type activities include the following:

Revenue bond debt service accounts	\$ 13,204,386
Escrow required by Snohomish County Health District	54,186
Special assessments receivable	2,520
Total	<u>\$ 13,261,092</u>

Capital Assets and Depreciation - See Note 6.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused sick leave and vacation benefits.

Employees may accumulate a maximum of between 960 and 1,176 hours of sick leave depending upon the collective bargaining unit agreement or City ordinance that applies to them. Upon separation from City employment, eligible employees will be compensated between 0 and 520 hours of their sick leave balance, depending upon the applicable collective bargaining agreement or City ordinance.

A long-term liability for a portion of accumulated sick leave has been recorded in the government-wide and proprietary fund financial statements using the vesting method. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Eligible employees may accumulate a maximum of between 384 and 448 hours of vacation leave in accordance with the applicable collective bargaining agreement or City ordinance but may not accumulate more than two full years of earned vacation. At the time of retirement or separation from the City, eligible employees will be compensated for a maximum of 240 to 448 hours of their accrued vacation balance, again depending on the applicable collective bargaining agreement or City ordinance.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City only has one item that qualifies for reporting in this category: deferred gains on refunding reported in the statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that period. The City has three items that qualify for reporting in this category: (1) Unavailable property taxes recorded as receivables, (2) unavailable special assessments recorded as non-current receivable, (3) unavailable interest revenue relating to loans.

Short-term Debt

The City did not issue short-term debt during 2013.

Long-term Debt

In the fund financial statements of proprietary fund types and in the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Detailed information on long-term debt outstanding at year-end is presented in Note 10 and Note 12.

Other accrued liabilities

These accounts include accrued employee benefits, customer deposits, and pollution remediation liabilities.

Fund Balances

The components for reporting the City's governmental fund balances are nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance cannot be spent because they are either not in spendable form such as inventory or prepaids or they are legally or contractually required to remain intact. Restricted fund balance includes amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments. Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. City Council is the City's highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an ordinance. Assigned fund balance includes amounts that have an intended use established by the City Council or Administration. However, little or no formal action is required to modify intended use. The unassigned fund balance represents the residual net resources.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. The City does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts used first, followed by assigned, amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

On February 17, 1993, City Council passed ordinance 1928-93 which established a Contingency Reserve Fund. Per the ordinance, funds in the Contingency Reserve Fund can only be expended upon consensus agreement between Administration and City Council. Such expenditures can only be used when extraordinary needs arise that require immediate budget attention. Examples include natural and man-made disasters, civic unrest, and severe economic downturns. The balance in the Contingency Reserve Fund at December 31, 2013 was \$4.0 million and is included in the unassigned fund balance of the General Fund. The City maintains a formal policy that fund balance in the General Fund be at least 20 percent of operating revenues.

Fund balances by classification for the year ended December 31, 2013 were as follows:

Fund Balances	General Fund	Capital Improvement Reserved Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Long Term Loans	\$ 1,140,000	\$ -	\$ 434,160	\$ 1,574,160
Advances to Other Funds	7,319,168	-	-	7,319,168
Prepayments	917,652	-	-	917,652
Restricted for:				
Tourism Advertising	-	-	418,676	418,676
Parks & Recreation Maintenance	-	-	1,705,472	1,705,472
Animal Shelter Operation	-	-	330,508	330,508
Parks Capital Constructions	-	-	541,976	541,976
Streets Capital Constructions	-	-	1,077,998	1,077,998
Capital Projects Debt Service	-	-	236,242	236,242
Policing	-	-	8,254,588	8,254,588
Traffic Improvement Projects	-	-	2,888,594	2,888,594
CHIP Loans	-	-	14,013,220	14,013,220
Committed to:				
1% for the City Streets Art	158,569	-	-	158,569
Assigned to :				
Capital Projects	-	5,677,055	-	5,677,055
City Debt Services	-	10,826,645	32,199	10,858,844
Riverfront Capital Projects	-	-	504,557	504,557
City Street Improvements	-	-	4,429,530	4,429,530
Everett TV Equipment Replacements	-	-	557,830	557,830
Animal Shelter Operation	-	-	85,875	85,875
Library Books	-	-	49,147	49,147
Library Operations	-	-	85,392	85,392
EMS	-	-	366,308	366,308
Policing	-	-	23,234	23,234
City Roads Safety Improvements	-	-	372,004	372,004
Facility Construction Projects	-	-	392,578	392,578
Parks Capital Construction	-	-	78,564	78,564
Unassigned:				
	42,654,161	-	(99,335)	42,554,826
Total Fund Balances	\$ 52,189,550	\$ 16,503,700	\$ 36,779,317	\$ 105,472,567

At December 31, 2013 the non major governmental funds included a deficit unassigned fund balance of \$99 thousand.

The deficit balance occurred in the Community Development Block Grant Fund. expenditures exceeded the resources; therefore, the negative residual amount is classified as a deficit unassigned fund balance.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental funds balance sheet includes a reconciliation between Total Fund Balances – Governmental Funds and Total Net Position-Governmental Activities as reported in the government-wide statement of net position. Certain items in the reconciliation are a combination of items reported at net. These items are detailed as follows:

Governmental balance sheets reconciliation

Capital assets not reported in total governmental funds:

Cost of capital assets	\$ 452,702,594
Fair value of annexed land and infrastructure	1,827,540
Accumulated depreciation	<u>(129,399,772)</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net position of governmental activities.

\$ 325,130,362

Long-term debt not reported in total governmental funds:

Bonds payable	\$ (23,827,276)
Compensated absences accrued	(10,312,567)
Unamortized balance of bond premiums	(914,955)
Accrued interest payable	(38,113)
Capital leases	<u>(1,058)</u>

Net adjustment to reduce total fund balances of government funds to arrive at net position of governmental activities

\$ (35,093,969)

Internal service funds reported separately with business-type funds:

Internal service funds - total fund equity	\$ 2,285,878
Amount allocated to internal balances - business-type activities	<u>4,450,205</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net position of governmental activities.

\$ 6,736,083

- **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between Net changes in fund balances-Total Governmental Funds and Change in net position-Governmental Activities as reported in the government-wide statement of activities. Certain items in the reconciliation are a combination of items reported at net. These items are detailed as follows:

Governmental revenues/expenditures reconciliation

The net effect of various miscellaneous transactions involving capital assets:

Book value of disposed assets:

Cost of government-type capital assets disposed	\$ (7,412,955)
Accumulated depreciation of disposed assets	<u>7,362,307</u>

Net adjustment to increase (reduce) net change in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ (50,648)</u>
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The amount by which depreciation exceeds capital outlays in the current period:

Expenditures that are capitalized	\$ 16,233,621
Current depreciation expense	<u>(7,880,767)</u>

Net adjustment to increase (reduce) net change in fund balance-total governmental funds to arrive at change in net position of governmental activities	<u>\$ 8,352,854</u>
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The net effect of the differences in the treatment of long-term debt and related items:

Proceeds of long-term debt	\$ -
Principal payments on long-term debt	874,316
Decrease (increase) in interest payable	24,032
Decrease (increase) in compensated absences liability	(7,674)
Amortization of bond premium	<u>70,381</u>

Net adjustment to increase (reduce) net change in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ 961,055</u>
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The net revenue (expense) of certain activities of internal service funds:

Interest revenue allocated from internal service funds to governmental activities	\$ (226,519)
Net expense allocated from internal service funds to governmental activities	608,256
Interfund transfers out	<u>20,817</u>

Net adjustment to reduce net change in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ 402,554</u>
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NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Budget****Scope of Budget**

Annual appropriated budgets are adopted for the general fund, special revenue funds, and debt service funds, on a basis consistent with generally accepted accounting principles. Budget-to-actual comparison schedules are presented for these funds.

Annual appropriated budgets are also adopted for the proprietary funds; however, they are “management budgets” and are not required to be presented in these statements. Budgets for capital project funds are adopted at the individual-project level and for fiscal periods that correspond to the projects. Because these funds are not budgeted on an annual basis, budgetary comparisons are not presented.

Legal budgetary control is established at the fund level. 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 are used to monitor expenditures for individual functions and activities by object class. Annual appropriations for all funds lapse at year-end.

Amending the Budget

The Mayor 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 one more than the majority after holding public hearings. The budget was amended by ordinance three times in 2013.

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.

Compliance

As of December 31, 2013, the following funds reported deficits in fund balance or net position:

Fund 440 – Golf Fund had a deficit net position of \$3,193,876. To eliminate the deficit, the City continues elements of its business plan to increase revenue and decrease expenses.

Fund 503 – Self Insurance Fund had a deficit net position of \$851,866. This deficit will be eliminated by increase in interfund assessments.

There were no other material violations of finance-related legal or contractual provisions in any of the funds of the City.

NOTE 4 – DEPOSITS AND INVESTMENTS**Deposits**

The City's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Corporation (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, Bankers'

Acceptances or certificates of deposit with Washington State Banks that are approved by the Washington State Protection Commission (PDPC) to accept public funds.

The Washington Local Government Investment Pool (LGIP) is an unrated investment pool that 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.

All Fire and Police Pension Fund investments are purchased through and held by RBC Wealth Management, a division of RBC Capital Markets, LLC, member NYSE/FINRA/SIPC (New York Stock Exchange/Financial Industry Regulatory Authority/Securities Investor Protection Corporation). Fire and Police Pension assets are protected by the SIPC up to \$500,000 per account (of which \$250,000 may be cash). RBC Wealth Management has an additional policy which provides up to an additional \$99.5 million per SIPC qualified account (of which \$900,000 may be cash) subject to a total maximum aggregate of \$400 million. Neither SIPC protection, nor protection in excess of that provided by SIPC, covers a decline in the value of customer's assets due to market loss.

As of December 31, 2013, the City had the following investments and maturities:

INVESTMENT TYPE	FAIR VALUE	MATURITIES			
		LESS THAN A YEAR	1 - 3 YEARS	4 - 7 YEARS	7 TO 10 YEARS
Agencies:					
FAMCA	2,822,070				2,822,070
FFCB	33,591,457			14,685,778	18,905,679
FHLB	43,410,927		2,077,680	15,398,017	25,935,230
FHLMC	38,117,569			23,012,669	15,104,900
FNMA	25,568,118			7,247,849	18,320,269
Certificate of Deposit:					
Umpqua Bank	3,000,000	3,000,000			
Total Investments	146,510,140	3,000,000	2,077,680	60,344,313	81,088,148
Deposits:					
State Pool	19,310,066	19,310,066			
Deposit Account - Opus Bank	5,399,295	5,399,295			
Total Deposits	24,709,361	24,709,361			
TOTAL INVESTMENTS & DEPOSITS	171,219,501	27,709,361	2,077,680	60,344,313	81,088,148

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the City's policy requires that it diversify its investments by security type and institutions, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than ten years from the purchase date.

The LGIP is an un-rated 2a-7 like pool, as defined by GASB Statement No. 31. The weighted average maturity of the LGIP portfolio does not exceed 90 days.

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 US Treasuries and Government Agencies, all of which hold AAA ratings from Standard & Poor's and Aaa from Moody's Investor Services.

Concentration of Credit Risk

The City's Investment Policy limits investment in any one US Government Agency issuer to no more than 70 percent of the portfolio value, and other government obligations, repurchase agreements, bankers' acceptances, certificates of deposit, and savings or time deposits in any one issuer to no more than 10 percent. There is no restriction on the City's percentage of investment in Treasuries or the State Investment Pool.

Custodial Credit Risk for Cash Deposits

In accordance with state law and the city’s Investment Policy, all cash deposits are held in banks that are authorized by the PDPC to accept public deposits. In order to receive and maintain PDPC approval, banks must collateralize all uninsured public deposits at 100 percent.

Interest Allocation

Interest earnings are distributed monthly among funds based on average cash balances. However, in certain cases where a fund’s resources derive from another fund, investment income is reported in the fund that is providing the resources rather than the fund that reports the underlying investment. These special distributions include the following:

Fund Reporting Investment	Fund Receiving Investment Income
Fund 115 - Special Projects	Fund 002 - General Fund
Fund 160 - Rainy Day Fund	Fund 002 - General Fund
Fund 162 - Capital Improvement Fund - CIP 4	Fund 002 - General Fund
Fund 342 – City Facilities Construction Fund	Fund 002 - General Fund
Fund 354 – Parks CIP 3 Construction Fund	Fund 154 – Real Estate Excise Tax Fund

NOTE 5 - PROPERTY TAXES

The Snohomish County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Properties listed on the County tax rolls as of May 31 are included in the annual tax levy the following January 1. New construction through August 31 is included in the annual tax levy the following January 1.

Property taxes levied by the County Assessor are based on 100% of market value. The taxes are collected by the County Treasurer and become a lien on the first day of the levy year and may be paid in two equal installments if the total amount exceeds \$50. The first half of real property taxes is due April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties of 3% to 11% if not paid as scheduled.

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 tax rate for general City operations is limited by State law (RCW 84.52.043) to \$3.375 per \$1,000 of assessed value. An additional amount, up to \$0.225, may be levied as a contribution to the Firemen’s Pension Fund if a report by a qualified actuary indicates that additional funds are required. The City maintains a Firemen’s Pension Fund; thus the limit is \$3.600. This amount may be reduced for any of the following reasons:

- (1) **RCW 84.52.050** limits the total regular property taxes to one percent of assessed valuation or \$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 one percent limit.
- (2) **Initiative 747** passed by the voters in November of 2001 limits the amount by which a taxing jurisdiction can increase the amount of its regular property tax levy to the lesser of the Implicit Price Deflator (IPD) or one percent, plus adjustments for new construction and annexations. Tax increases higher than one percent must be approved by the voters at an election held according to RCW 84.55.050. A simple majority vote is required.

For 2013, the City levied the following property taxes on an assessed value of \$10,626,808,542. 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	\$3.133	\$ 33,298,620
Emergency medical services	0.500	5,313,404
TOTAL CITY LEVY	\$3.633	\$ 38,612,024

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital assets consist of land, buildings, improvements, machinery and equipment, infrastructure (e.g., roads, bridges, traffic controls, library collections, and similar items), and intangibles (e.g., computer software and other intellectual property) with an estimated useful life of more than one year. Land is capitalized at cost with no minimum threshold. Buildings, improvements, machinery and equipment and intangibles are capitalized when the cost of an individual item exceeds \$5,000. Infrastructure assets are capitalized when the cost equals or exceeds \$200,000. Assets are valued at actual historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets and infrastructure are valued at their estimated fair value on the date received. Capital assets financed by capital leases are recorded at the present value of lease payments. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties. The cost of normal maintenance and repair of both governmental and business-type assets is charged to operations as incurred.

Capital assets are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets of the internal service funds are reported with governmental assets in the statement of net position.

A summary of changes in governmental capital assets appears as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE 01/01/13	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 12/31/13
Capital assets, not being depreciated or amortized:					
Land	\$ 59,866,571	\$ 681,900	\$ 7,394	\$ -	\$ 60,555,865
Construction in progress *	26,424,350	8,387,730	(30,225,450)	(840,705)	3,745,925
Total capital assets, not being depreciated or amortized	<u>86,290,921</u>	<u>9,069,630</u>	<u>(30,218,056)</u>	<u>(840,705)</u>	<u>64,301,790</u>
Capital assets, being depreciated or amortized:					
Buildings	87,640,782	515,243	11,340,587	(80,333)	99,416,279
Improvements other than buildings	32,384,134	276,013	469,673	(154,190)	32,975,630
Infrastructure	214,809,137	5,342,600	18,407,796	(6,786,942)	231,772,591
Machinery and equipment	26,152,986	3,015,468	16,107	(528,364)	28,656,197
Intangibles	813,653	72,021	-	-	885,674
Total capital assets being depreciated or amortized	<u>361,800,692</u>	<u>9,221,345</u>	<u>30,234,163</u>	<u>(7,549,829)</u>	<u>393,706,371</u>
Less accumulated depreciation or amortization for:					
Buildings	(31,089,395)	(2,005,249)	-	80,333	(33,014,311)
Improvements other than buildings	(16,959,794)	(1,316,687)	-	107,459	(18,169,022)
Infrastructure	(64,579,852)	(3,083,148)	-	6,786,942	(60,876,058)
Machinery and equipment	(17,740,098)	(1,708,471)	(16,107)	524,447	(18,940,229)
Intangibles	(442,422)	(89,536)	-	-	(531,958)
Total accumulated depreciation and amortization	<u>(130,811,561)</u>	<u>(8,203,091)</u>	<u>(16,107)</u>	<u>7,499,181</u>	<u>(131,531,578)</u>
Total capital assets being depreciated or amortized, net	<u>230,989,131</u>	<u>1,018,254</u>	<u>30,218,056</u>	<u>(50,648)</u>	<u>262,174,793</u>
Governmental activities capital assets, net	<u>\$ 317,280,052</u>	<u>\$ 10,087,884</u>	<u>\$ -</u>	<u>\$ (891,353)</u>	<u>\$ 326,476,583</u>

* The deletion of construction in progress costs of \$840,705 in governmental activities represents project costs that did not result in a capital asset and that were expensed in the current year.

A summary of changes in business-type capital assets appears as follows:

BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE				ENDING BALANCE
	01/01/13	ADDITIONS	TRANSFERS	DELETIONS	
Capital assets, not being depreciated:					
Land	\$ 33,703,712	\$ 203,376	\$ -	\$ -	\$ 33,907,088
Construction in progress *	53,946,825	15,581,933	(43,746,442)	(1,482,921)	24,299,395
Total capital assets, not being depreciated	87,650,537	15,785,309	(43,746,442)	(1,482,921)	58,206,483
Capital assets, being depreciated					
Buildings	182,874,145	-	6,057,417	-	188,931,562
Improvements other than buildings	463,717,051	209,819	37,639,916	(69,993)	501,496,793
Infrastructure	1,917,502	-	-	-	1,917,502
Machinery and equipment	34,498,734	6,517,212	33,002	(2,597,198)	38,451,750
Intangibles	16,108,353	-	-	-	16,108,353
Total capital assets being depreciated	699,115,785	6,727,031	43,730,335	(2,667,191)	746,905,960
Less accumulated depreciation for:					
Buildings	(59,951,778)	(3,863,787)	-	-	(63,815,565)
Improvements other than buildings	(142,280,292)	(10,048,183)	-	-	(152,328,475)
Infrastructure	(95,875)	(95,875)	-	-	(191,750)
Machinery and equipment	(23,533,405)	(2,397,961)	16,107	2,585,209	(23,330,050)
Intangibles	(5,440,621)	(262,233)	-	-	(5,702,854)
Total accumulated depreciation	(231,301,971)	(16,668,039)	16,107	2,585,209	(245,368,694)
Total assets being depreciated, net	467,813,814	(9,941,008)	43,746,442	(81,982)	501,537,266
Business-type activities capital assets, net	\$ 555,464,351	\$ 5,844,301	\$ -	\$ (1,564,903)	\$ 559,743,749

* The deletion of construction in progress costs of \$1,482,921 in business-type activities represents project costs that did not result in a capital asset and that were expensed in the current year.

Depreciation

Annual depreciation is recorded as an expense of the related activity. Provision for depreciation is computed using the straight-line method over estimated service life as follows. Certain facts or circumstances of specific assets may require amortization over shorter or longer periods.

	<u>Estimated Service Life</u>
Buildings	25-50 Years
Improvements Other Than Buildings	5-50 Years
Infrastructure	10-50 Years
Machinery and Equipment	2-20 Years
Intangibles	2-20 Years

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

GOVERNMENTAL ACTIVITIES	
General government services	\$ 458,424
Police	731,595
Fire	744,954
Engineering & construction services	260,869
Transportation	2,695,706
Community services	119,623
Library	818,214
Culture and recreation	2,184,445
Internal service allocated to business-type activities	189,261
Total depreciation - governmental activities	\$ 8,203,091
BUSINESS-TYPE ACTIVITIES	
Water	\$ 6,206,176
Sewer	6,349,408
Solid waste	274,808
Parking	42,916
Transit	3,459,525
Golf	524,467
Internal service allocated to business-type activities	(189,261)
Total depreciation - business-type activities	\$ 16,668,039
Total depreciation - all activities	\$ 24,871,130

NOTE 7 - PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements 27, *Accounting for Pensions by State and Local Government Employers* and 50, *Pension Disclosures, an Amendment of GASB Statements 25 and 27*.

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

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

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

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

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

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

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

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

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

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

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

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

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

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

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

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

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

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

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

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

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

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

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service

credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

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

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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

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

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

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

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

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Nonvested	44,273
Total	263,347

Funding Policy

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

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

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

Members Not Participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

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

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

*** Plan 3 defined benefit portion only.

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

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

Members Participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer-State Agency*	11.71%	11.71%	11.71%**
Employer-Local Gov't Units*	9.21%	9.21%	9.21%**
Employee-State Agency	9.76%	9.80%	7.50%***
Employee-Local Gov't Units	12.26%	12.30%	7.50%***

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

** Plan 3 defined benefit portion only.

***Minimum rate.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	\$196,930	\$3,428,241	\$658,656
2012	\$182,080	\$3,000,300	\$578,570
2011	\$167,552	\$2,578,360	\$480,993

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	\$0	\$9,242	\$0
2012	\$0	\$8,119	\$0
2011	\$0	\$7,007	\$0

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

Plan Description

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

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

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

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

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

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

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

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Retirees and Beneficiaries Receiving Benefits	10,189
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	689
Active Plan Members Vested	14,273
Active Plan Members Nonvested	2,633
Total	27,784

Funding Policy

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

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS' Fiscal Year 2013, the state contributed \$54.2 million to LEOFF Plan 2.

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

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

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

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

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

	LEOFF Plan 1	LEOFF Plan 2
2013	\$613	\$1,824,853
2012	\$975	\$1,806,270
2011	\$1,416	\$1,771,396

Public Safety Employees' Retirement System (PSERS) Plan 2

Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

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.

Covered employers include:

- 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; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

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

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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 3 percent per year reduction for each year between the age at retirement and age 60 applies.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the 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, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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

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

There are 75 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	27
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	60
Active Plan Members Vested	2,083
Active Plan Members Nonvested	2,167
Total	4,337

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

	PSERS Plan 2
Employer*	10.54%
Employee	6.36%

* The employer rate includes an employer administrative expense fee of 0.18%.

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

	PSERS Plan 2
2013	\$57,321
2012	\$53,155
2011	\$51,894

FIRE PENSION FUND / POLICE PENSION FUND

Plan Description

The City is also the administrator of the Fire and Police pension systems shown as trust funds in the City's financial reports. Separate financial statements are not issued. Both systems are closed single-employer defined benefit pension plans established in conformance with RCWs 41.16, 41.18 and 41.20. These plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to firefighters and police officers employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the plans consists of paying all benefits, including payment to beneficiaries, for members who retired prior to March 1, 1970 and excess benefits over LEOFF for covered members who retired or will retire after March 1, 1970.

Membership of the Plans consisted of the following as of December 31, 2013:

- Retirees and beneficiaries of deceased retirees retiring prior to March 1, 1970 currently receiving full pension benefits from the Fire and Police Pension Fund number 3 and 3, respectively.
- Retirees and beneficiaries of deceased retirees retiring on or after March 1, 1970 currently receiving benefits in excess of what LEOFF provides from the Fire and Police Pension Funds number 60 and 41, respectively.

Fire Pension members are eligible for retirement after serving 25 years and reaching the age of 50. Members retiring with 25 years of service are paid 50 percent of the basic salary attached to the rank held at the date of retirement. Members retiring with more than 25 years of service will receive an additional 2% of their base for each full year of additional service up to a maximum of five additional years.

Police Pension members are eligible for retirement after serving for 25 years. Members retiring with 25 years of service are paid 50 percent of the basic salary attached to the position held for the year preceding the date of retirement, up to the position of captain. Members retiring with more than 25 years of service will receive an additional 2% of their base for each full year of additional service up to a maximum of five additional years.

There were no changes in benefit provisions in the current year.

The Fire Pension Fund is administered by a fire pension board comprised of the mayor or a designated representative who shall be an elected official of the City, who shall be the chairperson of the board, the City council finance committee chairperson, the City clerk, and two regularly employed or retired fire fighters elected by secret ballot of the employed and retired fire fighters.

The Police Pension Fund is administered by a police pension board comprised of the mayor or his designated representative who shall be an elected official of the City, the City clerk, the City treasurer, president of the City council, and three active or retired members of the police department elected by active and retired members of the police department.

Summary of Significant Accounting Policies

The Fire Pension Fund and the Police Pension Fund financial statements are prepared using the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments are reported at fair value, as provided by the custodian. Details on the investments of the Fire Pension Fund and Police Pension Fund are included in Note 4.

Funding Policy

There have been no employee contributions to the fire pension plan since March 1, 1970. The primary sources of funding for this plan are property taxes levied by the City and interest earnings. In addition, State Law earmarks 25 percent of the tax on fire insurance premiums collected by the State for distribution to cities for fire pensions. In 2013, the City received \$155,946 in fire insurance premium tax.

There have been no employee contributions to the police pension plan since March 1, 1970. The primary sources of funding for this plan are property taxes levied by the City and interest earnings.

Administrative costs for both plans are financed through interest earnings.

The City's annual pension cost and net pension obligation for the current year were as follows:

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	FIRE PENSION FUND	POLICE PENSION FUND
Annual Required Contribution (ARC)	\$ (178,998)	\$ 177,059
Actuarial Adjustment to ARC	139,328	32,832
Interest on Net Pension Obligation (Asset)	<u>(125,395)</u>	<u>(29,549)</u>
Annual Pension Cost (APC)	(165,065)	180,342
Contributions Made	<u>155,946</u>	<u>-</u>
Increase / (Decrease) in Pension Obligation	(321,011)	180,342
Net Pension Obligation (Asset) at beginning of year	(2,507,910)	(590,977)
Net Pension Obligation (Asset) at end of year	<u>\$ (2,828,921)</u>	<u>\$ (410,635)</u>

The negative net pension obligation is a result of the City overpaying its annual required pension cost; the resulting net pension asset has been recorded on the City's government-wide Statement of Net position.

The following schedules present three-year trend information for the Fire and Police Pension Funds. The trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due.

THREE-YEAR TREND INFORMATION FOR FIRE AND POLICE PENSION FUNDS

<u>Year Ending</u>	FIRE PENSION FUND		
	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net Pension Obligation</u>
December 31, 2013	\$ (165,065)	*	\$ (2,828,921)
December 31, 2012	(125,930)	*	(2,507,910)
December 31, 2011	(125,850)	*	(2,234,502)

<u>Year Ending</u>	POLICE PENSION FUND		
	<u>Cost (APC)</u>	<u>Percent of APC Contributed by City</u>	<u>Net Pension Obligation</u>
December 31, 2013	\$ 180,342	0.0%	\$ (410,635)
December 31, 2012	133,447	0.0%	(590,977)
December 31, 2011	125,278	0.0%	(724,425)

* No percentage contributed is presented for 2011, 2012 and 2013, because the Annual Required Contribution (ARC) was negative.

Funded Status and Funding Progress

The City uses the Entry Age Cost method to determine the annual pension cost and net pension obligation (asset).

The funded status of each plan as of the most recent actuarial valuation date is as follows:

As of December 31, 2012 the Fire pension plan was 150% funded. The actuarial accrued liability for benefits was \$6.9 million, the actuarial value of assets was \$10.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of (\$3.5 million). The covered payroll (annual payroll of active employees covered by the plan) was \$622,642, and the ratio of the UAAL to the covered payroll was (561.16)%.

As of December 31, 2012 the Police pension plan was 49% funded. The actuarial accrued liability for benefits was \$6.1 million, the actuarial value of assets was \$3.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$362,732, and the ratio of the UAAL to the covered payroll was 857.38%.

Actuarial Methods and Assumptions

An actuarial study is performed biennially for the Fire and Police Pension funds. The most recent actuarial study of the Fire and Police Pension Fund systems was computed by Northwest Plan Services to determine the funded status as of December 31, 2012. The actuarial cost method used in the valuation was changed from the Aggregate Cost Method to Entry Age Cost method. This change was made to comply with most recent GASB guidance. Because the few remaining active employees covered under the Firemen's Fund are retired eligible, this cost method change has absolutely no effect on the costs, amounts or projections.

The actuarial assumptions included (a) 5.0% annual investment return, (b) 3.0% annual salary increase, (c) 3.0% annual increase in consumer price index, (d) 5.0% annual increase in city contribution amount over amortization period, and (e) life expectancy based on RP-2000 mortality tables projected to 2015 with Scale AA. In addition to the assumptions listed above, the Fire Pension includes 4% annual increase in fire insurance premiums and a one-time 3% retroactive increase in the pension amount.

Separate financial statements are not issued for the fire and police pension funds. The statement of fiduciary net position and the statement of changes in fiduciary net position for the pension funds can be found at the end of Note 8.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the Fire and Police Pension Plans described in Note 7 above, the City is also the administrator of the Fire and Police defined benefit post-employment healthcare plans.

Plan Descriptions

Both plans are closed single-employer defined benefit healthcare plans shown as trust funds in the City's financial reports. Separate financial statements are not issued. In accordance with RCW 41.26, the City provides lifetime medical care for firefighters and law enforcement officers employed prior to October 1, 1977. The City is self-insured and pays actual claims incurred by plan participants. The City carries individual and aggregate stop loss insurance to mitigate the risk associated with being self-insured. The plans are administered by the same boards that administer the Fire and Police Pension Plans as described in Note 7.

There are 2 active firefighter plan participants and 119 firefighter retirees currently receiving benefits. There are 1 active law enforcement plan participants and 85 law enforcement retirees currently receiving benefits.

Summary of Significant Accounting Policies

The Fire Healthcare Fund and the Police Healthcare Fund financial statements are prepared using the accrual basis of accounting. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments are reported at fair value, as provided by the custodian. Details on the investments of the Fire and Police Healthcare Funds are included in Note 4.

Funding Policy

Neither Fire nor Police retirees contribute towards the cost of his/her medical care. The primary sources of funding for both plans are property taxes levied by the City and interest earnings. In addition, the City receives a small Medicare D subsidy. In 2013, the City received \$99,776 in Medicare D reimbursements, which were split between the two funds. Administrative costs are financed through interest earnings.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over the next 18 years. The following table shows the components of the City's annual OPEB costs for the year, the amounts actually contributed to the plans, and the change in the City's net OPEB asset.

	FIRE HEALTHCARE FUND	POLICE HEALTHCARE FUND
Annual Required Contribution (ARC)	\$ 1,185,523	\$ 1,075,155
Actuarial Adjustment to ARC	19,871	(48,359)
Interest on Net OPEB Obligation (Asset)	(22,079)	53,733
Annual OPEB Cost (expense)	1,183,315	1,080,529
Contributions Made	49,888	49,888
Increase / (Decrease) in OPEB Obligation	1,133,427	1,030,641
Net OPEB Obligation (Asset) at beginning of year	397,423	(967,185)
Net OPEB Obligation (Asset) at end of year	<u>\$ 1,530,850</u>	<u>\$ 63,456</u>

The negative net OPEB obligations shown above are the result of the City contributing in excess of its annual required contribution. The net OPEB asset has been recorded in the City's government-wide Statement of Net Position. Also below numbers reflects the re-characterization of the \$6.3 million from Fire and \$3.1 million for police trust funds from other post-employment benefits to pension, for adjustments were made earlier in 2011 and 2012.

THREE-YEAR TREND INFORMATION FOR FIRE AND POLICE HEALTHCARE FUNDS

FIRE HEALTHCARE FUND			
<u>Year Ending</u>	<u>Cost (AOC)</u>	<u>Percent of AOC Contributed by City</u>	<u>Net OPEB Obligation</u>
December 31, 2013	\$ 1,183,315	4.2%	\$ 1,530,850
December 31, 2012	1,348,447	3.7%	397,423
December 31, 2011	1,285,206	4.4%	(901,484)
POLICE HEALTHCARE FUND			
<u>Year Ending</u>	<u>Cost (AOC)</u>	<u>Percent of AOC Contributed by City</u>	<u>Net OPEB Obligation</u>
December 31, 2013	\$ 1,080,529	4.6%	\$ 63,455
December 31, 2012	1,099,211	4.5%	(967,185)
December 31, 2011	1,041,812	5.0%	(2,016,856)

Funded Status and Funding Progress

The funded status of each plan as of the most recent actuarial valuation date is as follows:

As of December 31, 2013 the Fire healthcare plan was 48% funded. The actuarial accrued liability for benefits was \$44.5 million, the actuarial value of assets was \$21.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$23.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$622,642, and the ratio of the UAAL to the covered payroll was 3715.94%.

As of December 31, 2013 the Police Healthcare plan was 42% funded. The actuarial accrued liability for benefits was \$32.6 million, the actuarial value of assets was \$13.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$18.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$362,732, and the ratio of the UAAL to the covered payroll was 5206.87%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents three years of funding progress, which presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

An actuarial study is performed biennially for the Fire and Police OPEB funds. The most recent actuarial study of the Fire and Police OPEB Fund systems was computed by Northwest Plan Services to determine the funded status as of January 1, 2013. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used in the valuation was changed from the Aggregate Cost Method to Entry Age Cost method. This change was made to comply with most recent GASB guidance. Because the few remaining active employees covered under the plan are retirement eligible, this cost method change has absolutely no effect on the costs, amounts, or projections. Under Entry Age Cost method, actuarial normal cost is equal to zero and actuarial liability is equal to the present value of all future benefit expected to be paid, assuming a closed amortization period of 18 or 23 years and that the City's contribution will increase 5 percent each year. This amortization method approximates the level percentage of payroll amortization method.

The actuarial assumptions included (a) 5.0% annual investment return, (b) 12.0% increase in medical inflation rate for 2009, grading down to 5.5% over 13 years, changed from 12.0% in 2009 grading down to 7.5% over 9 years, (c) 5.0% annual increase in long-term care inflation rate, which is a new assumption for the current actuarial study, and (d) life expectancy based on RP-2000 mortality tables projected to 2015 with Scale AA.

Separate financial statements are not issued for the fire and police healthcare funds. The statement of fiduciary net position, and the statement of changes in fiduciary net position for the healthcare and pension funds appear on the following page.

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2013

	637a	637b	638a	638b	TOTAL
	POLICE	POLICE	FIRE	FIRE	TRUST
	PENSION	HEALTHCARE	PENSION	HEALTHCARE	FUNDS
	FUND	FUND	FUND	FUND	
ASSETS					
Cash and cash equivalents	\$ 526,659	\$ (526,491)	\$ 679,703	\$ (639,633)	\$ 40,238
Investments					
Agency Bonds	2,065,418	12,335,358	9,607,203	18,616,966	42,624,945
Accounts receivable - net	1,645	-	75	-	1,720
Interest receivable	-	-	-	7,805	7,805
TOTAL ASSETS	2,593,722	11,808,867	10,286,981	17,985,138	42,674,708
LIABILITIES					
Accounts payable	\$ -	6,321	\$ -	3,544	9,865
Interfund Loans Payable	-	66,000	-	-	66,000
TOTAL LIABILITIES	-	72,321	-	3,544	75,865
NET POSITION					
Held in trust for pension benefits and other purposes	\$ 2,593,722	\$ 11,736,546	\$ 10,286,981	\$ 17,981,594	\$ 42,598,843

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

	637a	637b	638a	638b	TOTAL
	POLICE	POLICE	FIRE	FIRE	TRUST
	PENSION	HEALTHCARE	PENSION	HEALTHCARE	FUNDS
	FUND	FUND	FUND	FUND	
ADDITIONS:					
Contributions					
Employer	\$ -	\$ 49,888	\$ -	\$ 49,888	\$ 99,776
State	-	-	155,946	-	155,946
Total contributions	-	49,888	155,946	49,888	255,722
Investment income					
Interest	82,346	1,350	137,129	548,796	769,621
Net appreciation (depreciation) in fair value	(14,383)	(1,090,655)	(35,727)	(2,720,738)	(3,861,503)
Net investment income	67,963	(1,089,305)	101,402	(2,171,942)	(3,091,882)
TOTAL ADDITIONS	67,963	(1,039,417)	257,348	(2,122,054)	(2,836,160)
DEDUCTIONS:					
Benefits	437,940	917,029	393,464	1,231,403	2,979,836
Administrative expense	125.00	22,258	505	22,258	45,146
TOTAL DEDUCTIONS	438,065	939,287	393,969	1,253,661	3,024,982
CHANGE IN NET POSITION					
Pension benefits	(370,102)		(136,621)		(506,723)
Postemployment healthcare benefits		(1,978,704)		(3,375,715)	(5,354,419)
NET POSITION RESERVED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	2,963,824		10,423,601		13,387,425
NET POSITION RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		13,715,250		21,357,310	35,072,560
NET POSITION - ENDING	\$ 2,593,722	\$ 11,736,546	\$ 10,286,980	\$ 17,981,595	\$ 42,598,843

NOTE 9 - RISK MANAGEMENT

The City of Everett is exposed to various risks of loss from torts; theft of, damage to, or destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters.

The City combines the reporting of risk management activities into one internal service fund – The Self-Insurance Fund – to account for and finance uninsured risks. All departments of the City make payments through interfund assessments to the self-insurance fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

Effective 12/31/2012, the self-insured retention for general liability, auto liability (excluding transit), law enforcement liability, errors and omissions liability and employment practices liability increased from \$1,000,000 to \$1,250,000 per occurrence and remains at that level. Workers' compensation is self-insured, and effective July 1, 2013, subject to a maximum retention of \$1,250,000 for all classifications per occurrence. Unemployment compensation costs are self-insured by paying the actual benefit cost.

The liability arising out of the operations of the George Culmback Dam are also self-insured. The Culmback Dam is a joint project with Snohomish County PUD No. 1. As such, payment of claims and expenses would be jointly shared between the two entities. To date, there has never been a claim made arising out of the dam operations. The reserve balance in said fund is sufficient to address the current self-insured retention of \$2,000,000.

The City purchases commercial insurance for claims in excess of the self-insured retentions and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Everett Transit is a member of the Washington State Transit Insurance Pool (WSTIP). Liability coverage is provided through the Pool with limits of \$20,000,000 and a \$0 deductible for auto and general liability, and limits of \$12,000,000 with a \$5,000 deductible for public officials liability.

Claims liabilities are based on the estimated ultimate cost of settling the claim, including case reserves and incurred but not reported (IBNR) claims. Case reserves for general, auto (excluding Transit), employment and law enforcement liabilities are estimated and projected by the Risk Management Division and the City's third-party administrator on a case-by-case basis using historical experience. Case reserves for Transit liability claims are estimated by the Transit pool, WSTIP. Case reserves for workers' compensation claims are estimated by the City's third-party administrator using statistical reserving formulas and historical experience. Claims liabilities include estimates for expenses related to adjusting/investigating and defending the claim or lawsuit.

At December 31, 2013, the estimated liability totaled \$12,000,002, consisting of \$8,177,179 for tort liability, \$3,700,423 for workers' compensation, and \$122,400 for unemployment compensation. These estimates are based on the provisions of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are not discounted.

Changes in the funds' claims liability amounts in fiscal years 2012 and 2013 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE	PAYMENTS	BALANCE AT END OF YEAR
Tort Liability:					
2013	5,840,600	4,529,712	(290,929)	(1,902,204)	8,177,179
2012	5,555,138	1,900,171	(428,711)	(1,185,998)	5,840,600
Workers' Compensation:					
2013	7,773,702	1,691,515	(3,709,320)	(2,055,474)	3,700,423
2012	4,683,197	1,496,569	3,994,410	(2,400,474)	7,773,702
Unemployment Compensation:					
2013	150,772	160,062	(126)	(188,308)	122,400
2012	161,109	197,163	24,457	(231,957)	150,772

In 1995, the City created a self-insured health benefits program for its employees as a means to contain rising health benefit costs. The Health Benefits Reserve Fund 508 was established to account for the disbursement of actual medical expenses, associated administrative costs, and reserves for this program.

In order to mitigate its risk exposure, the City holds individual and aggregate stop loss insurance, and maintains both claims fluctuation and liability reserves. The claims fluctuation reserve was \$500,000, and the liability reserve was \$1,775,896 at December 31, 2013. The liability reserve is equal to eight weeks of estimated claims based on an analysis of the most recent twelve months of incurred claims with applied monthly completion factors, as required by Washington Administrative Code (WAC) 200-110-040(a). As of December 31, 2013, the Health Benefit Reserve Fund was underfunded by \$1,332,726, pursuant to WAC 200-110-040(c)(ii). The City is in the process of developing a plan to fully fund the Health Benefit Reserve.

Changes in the fund's claims liability in fiscal years 2012 and 2013 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE	PAYMENTS	BALANCE AT END OF YEAR
IBNR Liability:					
2013	1,633,242	10,075,996	142,654	(10,075,996)	1,775,896
2012	1,870,053	9,808,037	(236,811)	(9,808,037)	1,633,242

NOTE 10 - LONG-TERM DEBT**General Obligation Bonds**

The City issues general obligation bonds to finance the purchase, acquisition, and/or the construction of capital assets. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20 to 25-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding at December 31, 2013 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF		INTEREST RATE(S)	AMOUNT		DEBT OUTSTANDING
	DATE OF ISSUE	FINAL MATURITY		ORIGINALLY ISSUED	REDEMPTIONS TO DATE	
Governmental Activities						
01 Variable Rate Demand Bonds - capital	12-13-01	12-13-21	Variable	13,000,000	3,200,000	9,800,000
12 LTGO and Refunding Bonds - capital	10-04-12	12-01-26	2.00-4.00%	13,935,000	900,000	13,035,000
Total Governmental Activities				26,935,000	4,100,000	22,835,000
Business Activities						
10 LTGO Bonds - capital	03-26-10	12-01-19	1.00-4.25%	10,500,000	4,500,000	6,000,000
Total Business Activities				10,500,000	4,500,000	6,000,000
TOTAL GENERAL OBLIGATION BONDS				\$ 37,435,000	\$ 8,600,000	\$ 28,835,000

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

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2014	2,240,000	567,050	2,807,050	1,000,000	208,750	1,208,750
2015	1,585,000	459,850	2,044,850	1,000,000	182,500	1,182,500
2016	2,125,000	524,300	2,649,300	1,000,000	152,500	1,152,500
2017	2,115,000	508,550	2,623,550	1,000,000	120,000	1,120,000
2018	2,210,000	493,100	2,703,100	1,000,000	82,500	1,082,500
2019 - 2023	11,125,000	1,358,750	12,483,750	1,000,000	42,500	1,042,500
2024 - 2026	1,435,000	59,305	1,494,305	-	-	-
TOTAL	\$22,835,000	\$ 3,970,905	\$ 26,805,905	\$ 6,000,000	\$ 788,750	\$ 6,788,750

Interest on the 2001 Variable Rate Demand Bonds is paid monthly at a rate to be determined weekly using the Securities Industry and Financial Markets Association Municipal Swap Index. The rate in effect at 12/31/13 was 0.05%. In addition, the City pays a quarterly management fee assessed at 50 basis points on the outstanding principal balance and an annual remarketing fee assessed at 10 basis points on the outstanding principal balance. These bonds contain a put feature that allows bondholders to demand payment at par with seven days notice. As a condition to the issuance of the Bonds, the City obtained a direct pay letter of credit issued by Bank of New York. The Letter of Credit is an irrevocable obligation of the Bank with an available amount equal to the sum of the outstanding principal plus 35 days of interest. This Letter of Credit will remain in force until November 16, 2014, at which time the City will seek a renewal. The bonds are also subject to redemption, in whole or in part, at the option of the City on any interest payment date at a redemption price equal to the principal amount thereof. The entire issue matures December 1, 2021.

Revenue Debt

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay the debt service.

The revenue bonds listed below will be repaid solely from water/sewer customer net revenues and are payable through 2035. The total principal and interest remaining to be paid on the bonds is \$228,074,591. Principal and interest expense for the current year and total customer net revenues were \$10,313,431 and \$22,357,798 respectively.

Proceeds from the bonds were used for capital purposes related to improving the water/sewer system including; water distribution system improvements, pipeline replacements, water tanks rehabilitation, wastewater pollution control facility expansion, sewer system capacity improvements, and sewer system replacements.

The City issued \$62,145,000 in Water and Sewer Revenue Refunding Bonds with interest rate ranging from 2.25% to 5.00%. The proceeds were used to advance refunding \$35,190,000 of outstanding Water and Sewer Revenue Refunding Bonds, 2003 and advance refunding \$31,900,000 of certain maturities of Water and Sewer Revenue Refunding Bonds, 2005, which had interest rates ranging from 4.25% to 5.00%. The net proceeds, including a \$9,049,474 in premium and \$278,885 in underwriting fees and other issue costs, were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payment on the refunded bonds. As a result, the refunded bonds are considered defeased, and the liability for those bonds has been removed from the statement of net assets.

As a result of the advanced refunding, the City reduced its total debt service requirements by \$13,612,396, which resulted in an estimated economic gain (difference between the present value of the debt service payments on the old and new debt) of \$10,496,878.

Revenue bonds outstanding at December 31, 2013 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF		INTEREST RATE(S)	AMOUNT		DEBT OUTSTANDING
	DATE OF ISSUE	FINAL MATURITY		ORIGINALLY ISSUED	REDEMPTIONS TO DATE	
05 Water/Sewer Revenue Bonds - capital	10-14-05	12-01-30	3.75-5.0%	35,000,000	33,150,000	1,850,000
09 Water/Sewer Revenue Bonds - capital	12-01-09	12-01-33	2.0-5.0%	40,000,000	5,815,000	34,185,000
11 Water/Sewer Revenue Bonds - capital	03-09-11	12-01-35	2.5-5.0%	51,000,000	-	51,000,000
13 Water/Sewer Revenue Bonds - capital	3/1/2013	12/1/1930	3.0-5.0%	62,145,000	1,300,000	60,845,000
TOTAL REVENUE BONDS				\$ 188,145,000	\$ 40,265,000	\$ 147,880,000

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

YEAR ENDING DECEMBER 31,	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2014	4,915,000	8,160,314	13,075,314
2015	5,125,000	7,949,189	13,074,189
2016	5,370,000	6,164,727	11,534,727
2017	5,600,000	5,938,627	11,538,627
2018	5,825,000	5,710,352	11,535,352
2019 - 2023	33,710,000	23,979,309	57,689,309
2024 - 2028	42,790,000	15,483,503	58,273,503
2029 - 2033	37,445,000	6,271,820	43,716,820
2034 - 2035	7,100,000	536,750	7,636,750
TOTAL	\$ 147,880,000	\$ 80,194,591	\$ 228,074,591

Debt Defeasance

As noted above, the City has defeased revenue bonds by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase US government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until

the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government wide financial statements. As of December 31, 2013, the amount of defeased debt outstanding was \$65,460,000.

Other Long Term Debt

The City has received government loans and other notes to provide for construction of capital projects. The Snohomish County/Everett Memorial Stadium loan will be paid from the Hotel/Motel Tax Fund 138. The Governmental Activities Public Works Trust Fund loans will be paid from the Real Estate Excise Tax Fund 154. The Business Activities Public Works Trust Fund loans, State Revolving Fund loans, and property purchase loans will be paid from water/sewer revenues.

Other long-term debt outstanding, as of December 31, 2013, is presented below:

NAME OF ISSUE/PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT		DEBT OUTSTANDING
				ORIGINALLY ISSUED	REDEMPTIONS TO DATE	
Governmental Activities						
Snohomish County/Everett Memorial Stadium	06-30-95	06-30-14	0.00%	\$ 1,046,220	\$ 993,909	\$ 52,311
Public Works Trust Fund Loan - 75th Street	09-23-96	07-01-16	2.00%	930,880	757,701	173,179
Public Works Trust Fund Loan - Riverfront	04-28-99	07-01-18	2.00%	1,000,000	729,102	270,898
Public Works Trust Fund Loan - 112th Street	12-22-02	07-01-22	0.50%	1,000,000	504,112	495,888
Total Governmental Activities				3,977,100	2,984,824	992,276
Business Activities						
PWTFL Water Transmission Line	06-06-94	07-01-14	3.00%	3,500,000	3,314,766	185,234
PWTFL Water Transmission Line	08-02-95	07-01-15	1.00%	651,183	595,549	55,634
PWTFL Sewer Basement Flooding Reduction	07-01-01	07-01-21	1.00%	1,881,000	1,089,000	792,000
PWTFL Water Transmission Line	07-01-01	07-01-21	1.00%	4,252,792	2,464,892	1,787,900
PWTFL Cross-Town Effluent Pipeline	05-13-03	07-01-23	0.50%	5,490,000	2,592,500	2,897,500
PWTFL Water Transmission Lines #2-3	11-17-03	11-17-23	0.50%	841,671	392,534	449,137
PWTFL Treatment Plant Upgrade	04-25-05	07-01-25	0.50%	9,500,000	3,166,667	6,333,333
SRF Clearwell No. 2	03-03-06	10-01-25	1.50%	4,040,000	1,369,115	2,670,885
SRF Clearwell No. 2	12-21-07	10-01-26	1.50%	4,040,000	1,275,789	2,764,211
SRF Clearwell No. 2	03-03-08	10-01-27	1.50%	3,030,000	797,369	2,232,631
SRF Clearwell No. 2	08-22-08	10-01-29	1.50%	4,040,000	840,206	3,199,794
SRF Recovered Water Outfall	08-05-09	10-01-29	1.50%	1,376,473	217,275	1,159,198
SRF Bond Street CSO	10-13-10	10-31-31	2.90%	861,373	42,975	818,398
PWTFL Water Pollution Facility Expansion	06-25-06	07-01-26	0.50%	7,000,000	2,210,526	4,789,474
Mukilteo Water District	01-01-11	09-30-24	7.82%	140,883	41,536	99,346
PWTFL PC13-961-008	01-10-13	06-01-32	2.00%	1,911,595	-	1,911,595
Leases Payable	05-15-03	07-01-17	2.00-5.00%	54,098	-	54,098
Total Business Activities				52,611,067	20,410,699	32,200,367
TOTAL OTHER LONG-TERM DEBT				\$ 56,588,167	\$ 23,395,524	\$ 33,192,643

Annual debt service requirements to maturity for other long-term debt are as follows:

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2014	219,316	6,920	226,236	2,860,460	357,846	3,218,306
2015	167,005	5,526	172,531	2,633,424	306,404	2,939,827
2016	167,006	4,131	171,137	2,606,990	278,011	2,885,000
2017	109,279	2,737	112,015	2,599,322	249,869	2,849,191
2018	109,278	1,919	111,197	2,590,540	222,844	2,813,384
2019 - 2023	220,393	2,755	223,148	12,270,773	719,441	12,990,214
2024 - 2028	-	-	-	6,034,673	196,936	6,231,609
2029 - 2032	-	-	-	604,186	13,611	617,798
TOTAL	\$ 992,276	\$ 23,988	\$ 1,016,264	\$ 32,200,367	\$ 2,344,962	\$ 34,545,329

Bond Covenants, Limitations and Restrictions

At December 31, 2013, restricted assets of enterprise funds include \$13,204,386 for bond redemption. The City has also purchased a surety policy for the 2002 Water and Sewer Revenue Bonds. These represent redemption funds and reserve requirements as contained in the various bond ordinances.

There are a number of other limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Debt Limit

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

Segment 1 - General Governmental Purposes

The City can incur debt up to one and one-half percent (1.5%) of its assessed valuation solely with a vote of the legislative body (often referred to as "councilmanic" debt). To use the remaining one percent (1.0%), a 60 percent vote in favor of the issue by at least 40 percent of the voters voting in the last general election is required.

Segment 2 - City-Owned Water and Sewer Purposes

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

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

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

At December 31, 2013 the debt limits for the City were as follows:

	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	<u>Without Vote</u> (Councilmanic)	<u>With Vote</u>	<u>With Vote</u>	<u>With Vote</u>
	1.50%	1.00%	2.50%	2.50%
Legal Limits, Net	\$ 159,402,128	\$ 106,268,085	\$ 265,670,214	\$ 265,670,214
Net Outstanding Indebtedness	40,140,901	-	-	-
Margin Available	\$ 119,261,227	\$ 106,268,085	\$ 265,670,214	\$ 265,670,214

Only general obligation debt is subject to the legal debt limit capacity restrictions. Revenue bonds and Local Improvement District (LID) bonds are not limited because no taxing power or general fund pledge is provided as security.

NOTE 11 - LEASES AND OTHER CONTRACTUAL COMMITMENTS**Lease Receivables**

Everett Transit owns transportation hub Everett Station, and leases office and retail space. As of December 31, 2013, the asset cost of Everett Station was \$47,049,382, with accumulated depreciation of \$11,966,949, resulting in a cost net of depreciation of \$35,082,433. Noncancelable leases provide for minimum annual payments as follows:

Year Ending December 31	Minimum Future Rentals
2014	\$ 395,904
2015	38,367
2016	38,367
Total	<u>\$ 472,638</u>

Operating Leases and Other Contractual Commitments

The City leases equipment and office and storage space under noncancelable operating leases. Total operating lease expenditures for 2013 were \$503,427 in governmental activities and \$553,571 in business-type activities. The City also contracts for certain professional services such as the management of golf courses and parking facilities and the monitoring and maintenance of equipment such as elevators, heating, ventilation and air conditioning, and fire alarm systems in City buildings. Commitments under lease and professional service contractual agreements provide for minimum annual payments as follows:

Year Ending December 31	Leases	Professional Services
2014	\$ 431,946	\$ 1,210,186
2015	372,822	654,018
2016	13,223	286,768
2017	-	177,567
Total	<u>\$ 817,991</u>	<u>\$ 2,328,539</u>

Capital Leases

The City's Library and Water and Sewer Utility Fund have entered into capital leases to finance the acquisition of mail machines. The leases were recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases as of December 31, 2013 appear as follows:

	Governmental Fund	Enterprise Funds
Machinery and equipment	\$ 7,977	\$ 60,557
Less accumulated depreciation	(6,381)	-
Machinery and equipment, net of depreciation	<u>\$ 1,596</u>	<u>\$ 60,557</u>

The future minimum lease obligations and the net present value of minimum lease payments as of December 31, 2013 appear as follows:

Year Ending December 31	Governmental Fund	Enterprise Funds
2014	1,100	13,614
2015	-	18,153
2016	-	18,153
2017	-	13,614
Total minimum lease payments	1,100	63,534
Less amounts attributable to interest	(42)	(9,436)
Net present value of minimum lease payments	<u>\$ 1,058</u>	<u>\$ 54,098</u>

Construction Commitments

As of December 31, 2013, the City had other outstanding contractual commitments, which include construction and engineering contracts for capital projects currently in progress. The City's major significant outstanding contract obligations are summarized as follows:

PROJECT	Expended To Date	Remaining Commitment
Various City facilities Roofing/Siding projects	\$ 91,872	\$ 192,158
2013 HOT MIX ASPHALT OVERLAY	1,988,487	370,663
Broadway Bridge Replacement - Phase 1	1,612,163	357,811
36TH ST/BNSF RAIL LINE NON-MOTORIZED	218,708	256,709
Everett parks improvement projects	41,580	116,322
Everett Transit various improvement projects	375,325	525,624
41 ST STREET EXTENSION & ROUNDABOUT	6,273,301	93,122
SEWER LIFT STATION #24	4,077,297	743,872
WPCF Phase C Improvements	2,723,526	3,792,708
Bond St. CSO Control Facilities Project	2,617,982	47,618
Everett Sewer "M" Project	1,171,129	262,776
Riverfront Development	6,775,219	299,106
Lift Station #24 Replacement	1,499,030	99,836
Pipeline from Everett to Tulalip Reservation	8,406,549	328,044
Sewer Replacement & Capacity Improvement "L"	1,548,576	874,490
Total	<u>\$ 39,420,744</u>	<u>\$ 8,360,859</u>

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES**Changes in Long-term Liabilities**

During the year ended December 31, 2013, the following changes occurred in long-term liabilities:

	Beginning			Ending	
	Balance			Balance	Due Within
	01-01-13	Additions	Reductions	12-31-13	One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 23,490,000	\$ -	\$ (655,000)	\$ 22,835,000	\$ 2,240,000
Plus deferred amounts:					
For issuance premiums	985,337	-	(70,381)	914,956	70,381
Total bonds payable:	24,475,337	-	(725,381)	23,749,956	2,310,381
Governmental loans	1,211,590	-	(219,316)	992,274	219,316
Pollution remediation liability	5,033,950	50,000	(75,000)	5,008,950	275,000
Capital Leases	2,973	-	(1,916)	1,057	1,057
OPEB Obligations	-	2,263,844	(669,538) *	1,594,306	-
Claims and judgements	15,398,316	12,599,564	(14,221,982)	13,775,898	5,143,068
Compensated absences	10,450,461	7,924,238	(7,910,307)	10,464,392	4,200,027
Governmental activity					
long-term liabilities:	\$ 56,572,627	\$ 22,837,646	\$ (23,823,440)	\$ 55,586,833	\$ 12,148,849
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 7,000,000	\$ -	\$ (1,000,000)	\$ 6,000,000	\$ 1,000,000
Revenue bonds	156,055,000	62,145,000	(70,320,000)	147,880,000	4,915,000
Plus deferred amounts:					
For issuance premiums	6,857,565	21,312,244	(15,943,689)	12,226,120	578,149
Total bonds payable:	169,912,565	83,457,244	(87,263,689)	166,106,120	6,493,149
Governmental loans	34,021,793	1,911,595	(3,787,114)	32,146,274	2,846,293
Pollution remediation liability	300,000	-	-	300,000	-
Capital leases	12,782	54,098	(12,782)	54,098	13,800
Compensated absences	1,984,044	2,602,989	(2,548,528)	2,038,505	1,258,711
Business-type activity					
long-term liabilities:	\$ 206,231,184	\$ 88,025,926	\$ (93,612,113)	\$ 200,644,997	\$ 10,611,953

* At the beginning of the year, the City had negative net OPEB obligation of \$569,762 as the City contributed in excess of its annual required contribution in prior years. The reduction amount includes the negative beginning net OPEB obligation.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to internal service funds are included as part of the above totals for governmental activities. At year-end \$151,825 of internal service funds compensated absences are included in the above amounts. Also, for governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

NOTE 13 – CONTINGENCIES AND LITIGATION

In the normal course of its various operations, the City is involved in lawsuits and is the recipient of claims for damages alleging the City is responsible for damage incurred by third parties. Claims and/or litigation arise in such areas as police civil liability, automobile liability, street and sidewalk design and/or maintenance, zoning, building and other land-use regulations, equipment operation, as well as other areas. These claims or lawsuits are a relatively natural consequence of conducting the City's business. The City of Everett self-insures to cover the majority of its liability risk.

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved, but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and self insurance reserves are adequate to pay all known or pending claims.

As of December 31, 2013, the City is also contingently liable for \$27,415,000 of 2007 Variable Rate Project Revenue Bonds issued by the Public Facilities District. Please see the Reporting Entity section of Note 1 for more details.

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 such disallowances, if any, would be immaterial.

NOTE 14 - INTERFUND BALANCES AND TRANSFERS

Loans between funds are classified as either interfund loans receivable and payable or advances to and from other funds, depending on the time period for which the loan was made. The City uses interfund loans primarily to meet short-term cash flow requirements while waiting for grant reimbursements.

Advances to and from other funds are typically loans that are not expected to be repaid within one year from the date of the financial statements. There is currently one outstanding advance between the General Fund and Golf. It was established to internally finance Golf general obligation bonds that were called in 2007 and 2008 and to finance operating deficits that occurred in 2008 and early 2009. All long-term advances have planned repayment schedules.

Interfund loan balances at December 31, 2013 appear as follows:

	INTERFUND LOANS RECEIVABLE	INTERFUND LOANS PAYABLE	ADVANCES TO OTHER FUNDS	ADVANCES FROM OTHER FUNDS
General Fund	\$ 99,550	\$ -	\$ 7,319,168	\$ -
Nonmajor Governmental Funds	855,000	888,550	-	-
Nonmajor Enterprise Funds	-	-	-	7,319,168
Fiduciary Fund	-	66,000	-	-
TOTAL	\$ 954,550	\$ 954,550	\$ 7,319,168	\$ 7,319,168

Due to other funds and due from other funds result from goods issued, work performed or services rendered to or for the benefit of another fund of the same government.

Due to other fund and due from other fund balances at December 31, 2013 appear as follows:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$ 62,990	\$ 77,373
Capital Improvement Reserve	-	58,776
Water & Sewer Utility	-	3,885
Transit	1,575	-
Nonmajor Governmental Funds	77,373	329
Internal service funds	-	1,575
TOTAL	\$ 141,938	\$ 141,938

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 the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfer activity for the year ending December 31, 2013 appears as follows:

	TRANSFERS IN					TOTAL
	General Fund	Capital Improvement Reserve Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	
TRANSFERS OUT						
General Fund	\$ -	\$ -	\$ 2,147,482	\$ 3,800	\$ 20,816	\$ 2,172,098
Capital Improvement Reserve Fd	990,776	-	1,703,822	-	-	2,694,598
Water & Sewer Utility	3,692,400	-	-	-	-	3,692,400
Transit	193,272	-	400,000	-	-	593,272
Nonmajor Governmental Funds	388,499	385,477	3,120,736	-	-	3,894,712
TOTAL	\$ 5,264,947	\$ 385,477	\$ 7,372,040	\$ 3,800	\$ 20,816	\$ 13,047,080

A transfer is considered significant if it is for a transaction that does not occur on a routine basis or is inconsistent with the customary activities of the fund making the transfer. In 2013, the following significant transfers were completed to provide funding for under expenditure for the CIP4.

- \$1,000,000 from Fund 002 - General Fund, to Fund 119 - Public Works - Street Improvement, a Special Revenue fund.
- \$217,938 from Fund 162 – Capital Projects Reserve, to Fund 303 - Public Works Improvement, a Capital Project fund.
- \$164,461 from Fund 162 - Capital Projects Reserve, to Fund 308 - Riverfront Development, a Capital Project fund.
- \$520,000 from Fund 162 - Capital Projects Reserve, to Fund 342 - City Facilities Construction, a Capital Project fund.
- \$400,000 from Fund 425 Public Works - Transit, to Fund 303 - Public Works Improvement, a Capital Project fund.

NOTE 15 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2013 appear as follows:

	Taxes	Customer Accounts	Interest	Due from Other Governments	Notes Receivable	TOTAL
Governmental Activities:						
General Fund	\$ 10,373,147	\$ 2,416,380	\$ 77,706	\$ 535,002	\$ 59,497	\$ 13,461,732
Capital Improvement Reserve Fund	174,539	35,161	13,412	-	-	223,112
Nonmajor Governmental Funds	174,539	233,695	41,999	577,235	13,603,859	14,631,327
Internal Service Funds	-	30,507	10,632	-	-	41,139
Total Governmental Activities	\$ 10,722,225	\$ 2,715,743	\$ 143,749	\$ 1,112,237	\$ 13,663,356	\$ 28,357,310
Business-Type Activities:						
Water & Sewer Utility	\$ -	\$ 5,902,041	\$ 103,792	\$ 2,745,745	\$ -	\$ 8,751,578
Transit	3,093,015	10,292	7,193	625,386	-	3,735,886
Nonmajor Enterprise Funds	-	263,054	2,832	98,343	-	364,229
Total Business-Type Activities	\$ 3,093,015	\$ 6,175,387	\$ 113,817	\$ 3,469,474	\$ -	\$ 12,851,693

Governmental Activities

General Fund - Customer Accounts include \$2,264,873 Muni Court receivable and \$66,000 pension fund receivable reported in the Government Wide Statement of Net Position

General Fund - Notes Receivable excludes \$1,080,503 discount on notes reported in the Government Wide Statement of Net Position

Payables at December 31, 2013 appear as follows:

	Wages & Benefits	Accounts	Interest	Taxes	Due to Other Governments	Custodial Accounts	Other Liabilities	TOTAL
Governmental Activities:								
General Fund	\$5,039,030	\$1,752,027	\$ 38,113	\$ -	\$ 83,681	\$ 964,356	\$ 146,709	\$ 8,023,916
Nonmajor Governmental Funds	\$711,536	615,239	-	-	27	-	1,870	1,328,672
Internal Service Funds	111,902	923,126	-	-	-	-	79,904	1,114,932
Total	\$ 5,862,468	\$ 3,290,392	\$ 38,113	\$ -	\$ 83,708	\$ 964,356	\$ 228,483	\$ 10,467,520
Business-Type Activities:								
Water & Sewer Utility	\$ 984,873	\$ 2,062,229	\$ 660,638	\$ 87,367	\$ -	\$ -	\$ 2,520	\$ 3,797,627
Transit	525,072	399,739	-	2,793	603,074	-	-	1,530,678
Nonmajor Enterprise Funds	32,073	412,554	17,395	7,461	-	-	-	469,483
Total	\$ 1,542,017	\$ 2,874,522	\$ 678,033	\$ 97,621	\$ 603,074	\$ -	\$ 2,520	\$ 5,797,787

The wages and benefits total excludes the following short term vacation and sick leave accruals which are included with non-current liabilities at the entity wide level:

Governmental Activities

Internal Service Fund \$ 92,300

Business-Type Activities

Water and Sewer \$ 856,753

Transit 378,659

Nonmajor Enterprise 23,298

NOTE 16 – JOINT VENTURES

Joint Ventures - The City, in conjunction with other governmental entities, participates in three joint ventures. Using the same criteria applied to the other organizations to determine the reporting entity, these joint ventures have not been included in the City's annual financial statements.

The **Snohomish River Regional Water Authority** (SRRWA) was created for the planning, development, ownership, management and financing of water supply sources and transmission, and other water supply facilities, either by itself or in cooperation with other municipal providers of utilities. The primary purpose is to facilitate efficient water resource development and utilization through interlocal cooperation. The SRRWA board is comprised of one representative of each of three members, who is an elected public official designated in writing, authorized to represent the member in meetings of the membership and Board of Directors. The City has a 41.67 percent interest in the joint venture at December 31, 2013 and recorded an investment in the joint venture in the utility fund of \$669,332. As of December 31, 2013, the SRRWA had accumulated sufficient resources and was not experiencing any fiscal stress. Separate financial statements for the joint venture may be obtained from the City of Everett, Utilities Finance Manager, 3200 Cedar Street, Everett, WA 98201.

The **Snohomish County Emergency Radio System** (SERS), a nonprofit corporation pursuant to chapter 24.06 RCW and IRC 501(c)(3), was established via an interlocal agreement in 1999. Member entities include Snohomish County, Fire District 1, and the Cities of Brier, Edmonds, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Woodway, and Everett. The purpose of SERS is to develop, operate and maintain a countywide public safety communications system. 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. A cost allocation model is used to determine each Member's share of financial obligations and voting weight from time to time. The cost allocation model is reviewed and recalculated annually to reflect population, geographic service area and calls for service from January 1 through December 31 of each year. As of December 31, 2013, the City has a 15.63 percent interest in the SERS joint venture and a recorded equity interest of \$1,764,755. Based on summary financial information provided to the City by Snohomish County, it does not appear that SERS is experiencing any fiscal stress. Separate financial statements for the joint venture may be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

One Regional Card for All (ORCA) was established by interlocal agreement for the operating phase of the Regional Fare Integration Project also known as the Smart Card Project. This ten-year agreement among City of Everett (Everett Transit), Snohomish County Transit Authority (Community Transit), Sound Transit, King County Metro, Pierce Transit, Kitsap Transit and Washington State Ferries commenced April 1, 2009. Pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, the participating agencies jointly exercise their powers to better coordinate their respective services and fare payment systems in order to improve the availability, reliability and convenience of public transportation services within their service areas and throughout the region served by the agencies. Everett Transit's undivided interest in the assets, liabilities and operations of the ORCA smart card are consolidated within these financial statements on a proportionate basis. Everett Transit's interest in the central cash accounts as of December 31, 2013, is \$109,554 which represents deferred fare revenue. Everett Transit's percentage share of the operating expense for 2013 was 1.61%. Separate financial statements for the joint venture may be obtained from Sound Transit, ORCA Regional Fare Coordination System, 401 S Jackson St, Seattle, WA 98104-2826.

NOTE 17 – POLLUTION REMEDIATION OBLIGATIONS

The City recorded the following pollution remediation obligations as other liabilities in its financial statements as of December 31, 2013, in accordance with GASB Statement No. 49:

SITE	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
145 Alverson Boulevard	\$ 3,133,900	
4000 Block South Second Avenue	1,400,000	
3003 Colby Avenue	200,000	
2731 36th Street Southeast	225,000	
2808 10th Street	50,050	
144 West Marine View Drive		\$ 300,000
TOTALS	\$ 5,008,950	\$ 300,000

The site located at 145 Alverson, Everett, Washington was identified as contaminated by releases from the neighboring former ASARCO plant. As of December 31, 2013, the City estimated the liability with regard to pollution remediation at this site to be \$3,133,900.

The City identified a release of contaminants at the 4000 block of South Second Avenue, Everett, Washington, and is pursuing a Voluntary Cleanup Program (VCP) agreement with the Washington State Department of Ecology (DOE). As of December 31, 2013, the City estimated the liability with regard to pollution remediation at this site to be \$1,400,000.

The City identified a release of contaminants at 3003 Colby Avenue, Everett, Washington, and is pursuing a VCP agreement with the DOE. As of December 31, 2013, the City estimated the liability with regard to pollution remediation at this site to be \$200,000.

The City identified a release of contaminants at 2731 36th Street Southeast, Everett, Washington, and entered into a VCP agreement with the DOE to remediate the site in previous periods. The City remediated the site during 2010 and continued to test the site. As of December 31, 2013, the City concluded that additional remediation was needed, and estimated the liability with regard to pollution remediation at this site to be \$225,000.

The site located at 2808 10th Street, Everett, Washington was identified as contaminated by releases from the neighboring former ASARCO plant. As of December 31, 2013, the City estimated the liability with regard to pollution remediation at this site to be \$50,050.

The site located at 144 West Marine View Drive, Everett, Washington had previously been identified as contaminated by releases from the neighboring former ASARCO plant. The City voluntarily remediated the site in 1998 in conjunction with a VCP agreement with the DOE. The City had expected to receive a notice of no further action from the DOE upon completion of the DOE's Final Cleanup Action Plan for ASARCO. The City's original VCP agreement expired, a new VCP agreement was reinstated in 2008, and the DOE requested the City to send the DOE an analysis of current soil samples at the site. The City engaged an independent engineering firm to analyze soil samples at the site and submit its findings to the DOE, this work was performed during 2009, and the City submitted several alternative remediation proposals to the DOE for consideration. As of December 31, 2013, the City estimated liability with regard to pollution remediation at this site to be \$300,000.

The estimated liability for each of these sites was prepared using the Expected Cash Flow Technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This is an estimate only, and potential for change exists resulting from price fluctuations, technology changes or changes in applicable laws or regulations. The estimates and underlying assumptions will be re-evaluated on an annual basis.

NOTE 18 - OTHER DISCLOSURES**A. CHANGES IN ACCOUNTING PRINCIPLES**

During the year ended December 31, 2013 the City of Everett implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflow of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The result of implementation was direct adjustment to net position in the amount of \$178,003 in governmental activities and \$1,744,127 in business-type activities to eliminate the unamortized debt issuance costs.

B. SUBSEQUENT EVENTS

As detailed in Note 1, the City formed a community development entity (CDE), named the "City of Everett CDE LLC," and this entity was allocated \$25 million in New Market Tax Credits (NMTC) by the US Treasury Department in 2009. In May 2014, NMTC equity investment (QEI) financing was completed for the \$25 million, which will be used to fund several qualified low-income community investments (QLICs).

The Everett Public Facilities District (PFD) was notified on March 27, 2014 that Standard and Poor's Rating Services, as part of its regularly scheduled semi-annual review, had lowered their rating on the Limited Sales Tax and Interlocal Revenue bonds from "A-" to "BBB."

In April, the PFD was notified by the Bank of New York, that due to market conditions apart from the Standard and Poor's rating downgrade, that it would not be renewing the Letter of Credit it has with PFD upon its expiration in December 2014. The PFD is working with the City of Everett to secure a replacement lender.

In June 2014, the City council adopted an ordinance establishing a Transportation Benefit District (TBD) known as the Everett Transportation Benefit District. The state legislation that allows the creation of TBD allows the governing board of TBD to adopt a vehicle license fee up to \$20. The funds generated through the district will be used to provide funding for transportation improvements that preserve, maintain and construct the transportation infrastructure of the City of Everett.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUALSCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	72,488,592	\$ 72,759,317	\$ 73,696,450	\$ 937,133
Licenses and permits	1,283,443	1,283,443	1,322,961	39,518
Intergovernmental revenues	2,571,908	3,916,329	3,203,591	(712,738)
Charges for services	7,350,276	7,350,276	7,576,642	226,366
Fines and forfeits	2,038,950	2,038,950	1,749,595	(289,355)
Other revenues	738,949	779,285	(251,519)	(1,030,804)
TOTAL REVENUES	86,472,118	88,127,600	87,297,720	(829,880)
EXPENDITURES				
Current:				
General government services	18,049,769	25,884,149	21,973,500	3,910,649
Security of persons and property	59,254,632	59,247,683	56,727,167	2,520,516
Physical environment	228,639	228,639	228,636	3
Transportation	4,032,655	3,757,138	3,712,324	44,814
Economic environment	5,813,783	6,037,747	5,210,100	827,647
Mental and physical health	912,087	923,087	864,116	58,971
Culture and recreation	704,486	704,486	661,987	42,499
Capital outlay	50,701	723,883	603,457	120,426
TOTAL EXPENDITURES	89,046,752	97,506,812	89,981,287	7,525,525
Excess (deficiency) of revenues over (under) expenditures	(2,574,634)	(9,379,212)	(2,683,567)	6,695,645
OTHER FINANCING SOURCES (USES)				
Transfers in	4,463,336	4,498,820	4,259,171	(239,649)
Transfers out	(1,092,092)	(1,092,092)	(2,913,689)	(1,821,597)
Total other financing sources (uses)	3,371,244	3,406,728	1,345,482	(2,061,246)
Net change in fund balances	796,610	(5,972,484)	(1,338,085)	4,634,399
Fund balances - beginning	21,603,390	28,372,484	28,668,018	295,534
FUND BALANCES - ENDING	\$ 22,400,000	\$ 22,400,000	\$ 27,329,933	\$ 4,929,933

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT RESERVE FUND
FOR YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 900,000	\$ 900,000	\$ 1,227,466	\$ 327,466
Charges for services	55,000	55,000	-	(55,000)
Other revenues	421,119	421,119	(297,173)	(718,292)
TOTAL REVENUES	1,376,119	1,376,119	930,293	(445,826)
EXPENDITURES				
Current:				
Culture and recreation	500,000	500,000	500,000	-
TOTAL EXPENDITURES	500,000	500,000	500,000	-
Excess (deficiency) of revenues over (under) expenditures	876,119	876,119	430,293	(445,826)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	385,477	385,477
Transfers out	(2,269,050)	(4,296,124)	(2,694,598)	1,601,526
Total other financing sources (uses)	(2,269,050)	(4,296,124)	(2,309,121)	1,987,003
Net change in fund balances	(1,392,931)	(3,420,005)	(1,878,828)	1,541,177
Fund balances - beginning	15,631,204	17,658,278	18,382,528	724,250
FUND BALANCES - ENDING	\$ 14,238,273	\$ 14,238,273	\$ 16,503,700	\$ 2,265,427

**Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual
Note to RSI**

Note A – Explanation of Difference between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures

Revenues

Actual Amount	\$ 87,297,720
Differences - Budget to GAAP	
The funds no longer meeting the definition of special revenue funds per GASB Statement No. 54	
Parks & Recreation Fund	9,310,011
Library Fund	4,810,906
Municipal Arts Fund	805,280
Conference Center Fund	112,492
General Gov't Special Proj Fund	(5,770)
Motor Vehicle Equip Repl Fund	(243,434)
Downtown Improvement Fund	(26)
Cum Reserve Real Prop Acq Fund	(34,501)
Property Management Fund	943,587
Senior Center Reserve Fund	48,213
Contingency Reserve Fund	<u>(228,170)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 102,816,308</u>

Expenditures

Actual Amount	\$ 89,981,287
Differences - Budget to GAAP	
The funds no longer meeting the definition of special revenue funds per GASB Statement No. 54	
Parks & Recreation Fund	9,321,614
Library Fund	4,858,613
Municipal Arts Fund	1,003,041
Conference Center Fund	64,893
General Gov't Special Proj Fund	9,849
Motor Vehicle Equip Repl Fund	1,309,329
Downtown Improvement Fund	1,292
Cum Reserve Real Prop Acq Fund	72,384
Property Management Fund	2,256,020
Senior Center Reserve Fund	<u>61,856</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 108,940,178</u>

PENSION FUNDS**Schedules of Employer Contributions**

Year	FIRE PENSION FUND		POLICE PENSION FUND	
	Annual Required	Percentage Contributed	Annual Required	Percentage Contributed
	Contribution		Contribution	
2013	\$ (178,998)	*	\$ 177,059	0%
2012	(131,810)	*	131,541	0%
2011	(125,850)	*	125,278	0%
2010	105,226	143%	111,447	0%
2009	100,460	202%	106,140	61%
2008	(48,068)	*	35,902	0%

* No percentage contributed is presented in years where the Annual Required Contribution (ARC) was negative. Actual contributions made for the Fire Pension Fund included \$155,946 in 2013, \$147,478 in 2012, \$154,877 in 2011, and \$149,368 in 2008.

Schedules of Funding Progress

As discussed in Note 7, the actuarial cost method used in the valuation of the pension plans is the Entry Age Cost Method.

FIRE PENSION FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2012	\$ 10,424,000	\$ 6,930,000	\$ (3,494,000)	150.40%	\$ 622,642	-561.16%
12/31/2010	10,522,000	7,945,000	(2,577,000)	132.44%	891,440	-289.08%
12/31/2008	11,491,000	11,452,000	(39,000)	100.34%	1,019,299	-3.83%

POLICE PENSION FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2012	\$ 2,964,000	\$ 6,074,000	\$ 3,110,000	48.80%	\$ 362,732	857.38%
12/31/2010	3,717,000	6,137,000	2,420,000	60.57%	767,633	315.25%
12/31/2008	4,758,000	7,011,000	2,253,000	67.86%	880,684	255.82%

OTHER POST EMPLOYMENT BENEFIT FUNDS**Schedule of Contributions from the Employer and Other Contributing Entities**

Year	FIRE HEALTHCARE FUND		POLICE HEALTHCARE FUND	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2013	\$ 1,185,523	4%	\$ 1,075,155	5%
2012	1,346,074	4%	1,093,904	5%
2011	1,285,206	4%	1,041,812	5%
2010	1,070,125	4%	1,012,705	4%
2009	1,021,664	37%	964,481	42%
2008	1,463,568	2%	1,238,697	3%

Schedules of Funding Progress

The actuarial cost method used in the valuation of the OPEB plans is also the Entry Age Cost Method.

FIRE HEALTHCARE FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2012	\$ 21,357,000	\$ 44,494,000	\$ 23,137,000	48.00%	\$ 622,642	3715.94%
12/31/2010	21,855,000	48,265,000	26,410,000	45.28%	891,440	2962.62%
12/31/2008	23,159,000	48,250,000	25,091,000	48.00%	1,019,299	2461.59%

POLICE HEALTHCARE FUND						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/2012	\$ 13,715,000	\$ 32,602,000	\$ 18,887,000	42.10%	\$ 362,732	5206.87%
12/31/2010	14,592,000	34,951,000	20,359,000	41.75%	767,633	2652.18%
12/31/2008	15,633,000	36,365,000	20,732,000	42.99%	880,684	2354.08%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GOVERNMENTAL FUNDS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 3,318,725	\$ 43,332	\$ 190,131	\$ 3,552,188
Investments	18,236,426	-	1,721,582	19,958,008
Receivables, net				
Taxes	174,539	-	-	174,539
Customer accounts	232,710	985	-	233,695
Interest	41,999	-	-	41,999
Due from other governmental units	103,274	-	473,961	577,235
Special assessments - non-current	-	123,454	-	123,454
Notes/contracts receivable	13,603,859	-	-	13,603,859
TOTAL ASSETS	\$ 36,643,905	\$ 167,771	\$ 2,385,674	\$ 39,197,350
LIABILITIES				
Wages payable	\$ 700,388	\$ -	\$ 11,148	\$ 711,536
Accounts payable	431,515	12,118	171,606	615,239
Interfund payable	33,550	-	855,000	888,550
Due to other governmental units	27	-	-	27
Other liabilities	1,653	-	217	1,870
Unearned Revenue	77,028	-	-	77,028
TOTAL LIABILITIES	1,244,490	12,118	1,037,971	2,294,579
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-special assessments	-	123,454	-	123,454
TOTAL DEFERRED INFLOWS OF RESOURCES	0	123,454	0	123,454
FUND BALANCES				
Nonspendable	434,160	-	-	434,160
Restricted	29,467,274	-	-	29,467,274
Assigned	5,597,316	32,199	1,347,703	6,977,218
Unassigned	(99,335)	-	-	(99,335)
TOTAL FUND BALANCES	35,399,415	32,199	1,347,703	36,779,317
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 36,643,905	\$ 167,771	\$ 2,385,674	\$ 39,197,350

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 10,337,066	\$ -	\$ -	\$ 10,337,066
Intergovernmental revenues	4,800,848	-	5,599,808	10,400,656
Charges for services	1,858,653	-	-	1,858,653
Fines and forfeits	8,659	-	-	8,659
Other revenues	(383,433)	15,420	374,968	6,955
Total revenues	16,621,793	15,420	5,974,776	22,611,989
EXPENDITURES				
Current:				
General government services	465,116	-	-	465,116
Security of persons and property	8,095,580	-	-	8,095,580
Transportation	2,274,306	-	-	2,274,306
Economic environment	1,602,887	-	-	1,602,887
Culture and recreation	800,940	-	-	800,940
Capital outlay	2,072,896	-	10,509,349	12,582,245
Debt service:				
Principal	219,315	655,000	-	874,315
Interest	18,128	488,334	30,616	537,078
Total expenditures	15,549,168	1,143,334	10,539,965	27,232,467
Excess (deficiency) of revenues over (under) expenditures	1,072,625	(1,127,914)	(4,565,189)	(4,620,478)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,330,070	1,177,775	4,864,195	7,372,040
Transfers out	(3,394,724)	(84,441)	(415,547)	(3,894,712)
Total other financing sources (uses)	(2,064,654)	1,093,334	4,448,648	3,477,328
Net change in fund balances	(992,029)	(34,580)	(116,541)	(1,143,150)
Fund balances - beginning	36,391,444	66,779	1,464,244	37,922,467
FUND BALANCES - ENDING	\$ 35,399,415	\$ 32,199	\$ 1,347,703	\$ 36,779,317

SPECIAL REVENUE FUNDS

- 119 The ***Street Improvement Fund*** accounts for street overlay improvement projects.
- 120 The ***Streets Fund*** accounts for maintenance and operation of all transportation routes, preparation of streets planned for overlay and maintenance of the Central Business District area.
- 138 The ***Motel Tax Fund*** accumulates the hotel/motel tax for tourism promotion and publicity of the City, promotion of an arts center and capital improvements at the stadium.
- 148 The ***Cumulative Reserve for Parks Fund*** accounts for money accumulated for capital improvements and acquisition of land for parks.
- 151 The ***Fund for Animals*** is a reserve fund that accumulates contributions for animal welfare issues and medical expenses.
- 152 The ***Cumulative Reserve for Library Fund*** accounts for specific capital items and projects that relate to the library program and for literary and cultural services for the intellectual improvement of the individual.
- 153 The ***Emergency Medical Services Fund*** accounts for the paramedic program funded by a special property tax levy passed by the citizens of Everett and ambulance transport fees.
- 154 The ***Real Estate Excise Tax Fund*** is a reserve fund that accumulates this tax until the City allocates the proceeds to capital projects in accordance with state law.
- 156 The ***Criminal Justice Fund*** accounts for the enhancement of new programs of the police department, prosecutor's office and municipal court.
- 157 The ***Traffic Mitigation Fund*** is a reserve fund for traffic improvements resulting from development in Everett.
- 197 The ***Community Housing Improvement Program (CHIP) Loan Fund*** accounts for low interest loans to low-income homeowners in several Everett Neighborhoods. Loans are provided through a loan pool of HUD Block Grant funds.
- 198 The ***Community Development Block Grants Fund*** 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 blight. The financing is from Community Block Grant HUD funds.

Funds previously reported as Special Revenue Funds combined with the General Fund

Because the city legally adopts budgets for these funds individually, budget to actual comparisons for these funds are presented along with the other governmental funds Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget To Actual

- 101 The ***Parks and Recreation Fund*** accounts for the operations of the City's park system and swimming pool.
- 110 The ***Library Fund*** accounts for the operation of the two City libraries.
- 112 The ***Municipal Arts Fund*** accounts for the maintenance and operations of the City's performing arts facility, city municipal arts programs, and the 1% for Art program.
- 114 The ***Conference Center Fund*** accounts for the maintenance and operations at the City's Special Events Center.
- 115 The ***General Government Special Projects Fund*** accounts for specific non-recurring projects.
- 126 The ***Motor Vehicle and Equipment Replacement Reserve Fund*** accumulates funding to provide for the replacement of general government motor vehicles and equipment.
- 144 The ***Downtown Improvement Fund*** receives and utilizes parking fines to implement downtown improvements.
- 145 The ***Cumulative Reserve for Real Property Acquisition Fund*** accounts for real property acquisitions.
- 146 The ***Property Management Fund*** accounts for several city-owned commercial buildings, and the general government building maintenance and repair reserve.
- 149 The ***Senior Center Reserve Fund*** accounts for funding of senior center activities and special events.
- 160 The ***Contingency Reserve Fund*** is a reserve fund for emergencies and contingency expenses funded from the general fund in the form of a general property tax allocation. Expenditure of moneys will be based on a consensus between Administration and the City Council.

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013
(Page 1 of 4)**

	119 STREET IMPROVEMENT FUND	120 STREETS FUND	138 HOTEL/MOTEL TAX FUND	148 CUM. RESERVE PARKS FUND
ASSETS				
Cash and cash equivalents	\$ 303,822	\$ 482,504	\$ 77,096	\$ 380,779
Investments	1,496,570	2,411,208	379,763	1,882,989
Receivables, net				
Taxes	-	-	-	-
Customer accounts	-	584	-	3,575
Interest	-	-	-	2,268
Due from other funds	-	-	-	172
Interfund receivable	-	-	-	-
Due from other governmental units	1,018	-	-	-
Notes/contracts receivable	-	-	-	-
TOTAL ASSETS	\$ 1,801,410	\$ 2,894,296	\$ 456,859	\$ 2,269,783
LIABILITIES				
Wages payable	\$ 2,448	\$ 69,293	\$ -	\$ 926
Accounts payable	164,792	29,643	38,183	4,309
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Due to other governmental units	-	-	-	-
Other liabilities	-	-	-	1,246
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	167,240	98,936	38,183	6,481
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	418,676	1,705,472
Assigned	1,634,170	2,795,360	-	557,830
Unassigned	-	-	-	-
TOTAL FUND BALANCES	1,634,170	2,795,360	418,676	2,263,302
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,801,410	\$ 2,894,296	\$ 456,859	\$ 2,269,783

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013
(Page 2 of 4)**

	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND	153 EMERGENCY MEDICAL SERVICES FUND
ASSETS			
Cash and cash equivalents	\$ 71,061	\$ 22,892	\$ 132,197
Investments	350,034	112,760	651,180
Receivables, net			
Taxes	-	-	-
Customer accounts	-	1,020	227,531
Interest	-	-	-
Due from other funds	-	-	-
Interfund receivable	-	-	-
Due from other governmental units	-	-	-
Notes/contracts receivable	-	-	-
TOTAL ASSETS	\$ 421,095	\$ 136,672	\$ 1,010,908
LIABILITIES			
Wages payable	-	-	\$ 610,421
Accounts payable	4,696	2,133	33,931
Due to other funds	-	-	225
Interfund payable	-	-	-
Due to other governmental units	-	-	-
Other liabilities	16	-	23
Unearned Revenue	-	-	-
TOTAL LIABILITIES	4,712	2,133	644,600
FUND BALANCES			
Nonspendable	-	-	-
Restricted	330,508	-	-
Assigned	85,875	134,539	366,308
Unassigned	-	-	-
TOTAL FUND BALANCES	416,383	134,539	366,308
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 421,095	\$ 136,672	\$ 1,010,908

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013
(Page 3 of 4)**

	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND	157 TRAFFIC MITIGATION FUND
ASSETS			
Cash and cash equivalents	\$ 279,852	\$ 1,395,202	\$ 29,395
Investments	1,378,502	6,872,510	1,991,975
Receivables, net			
Taxes	174,539	-	-
Customer accounts	-	-	-
Interest	23,323	4,184	12,224
Due from other funds	-	77,201	-
Interfund receivable	-	-	855,000
Due from other governmental units	-	25,250	-
Notes/contracts receivable	-	-	-
TOTAL ASSETS	\$ 1,856,216	\$ 8,374,347	\$ 2,888,594
LIABILITIES			
Wages payable	\$ -	\$ -	-
Accounts payable	-	19,025	-
Due to other funds	-	104	-
Interfund payable	-	-	-
Due to other governmental units	-	-	-
Other liabilities	-	368	-
Unearned Revenue	-	77,028	-
TOTAL LIABILITIES	0	96,525	0
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,856,216	8,254,588	2,888,594
Assigned	-	23,234	-
Unassigned	-	-	-
TOTAL FUND BALANCES	1,856,216	8,277,822	2,888,594
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,856,216	\$ 8,374,347	\$ 2,888,594

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013
(Page 4 of 4)**

	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS			
Cash and cash equivalents	\$ 142,897	\$ 1,028	\$ 3,318,725
Investments	703,870	5,065	18,236,426
Receivables, net			
Taxes	-	-	174,539
Customer accounts	-	-	232,710
Interest	-	-	41,999
Due from other funds	-	-	77,373
Interfund receivable	-	-	855,000
Due from other governmental units	39,159	37,847	103,274
Notes/contracts receivable	13,169,699	434,160	13,603,859
TOTAL ASSETS	\$ 14,055,625	\$ 478,100	\$ 36,643,905
LIABILITIES			
Wages payable	\$ 11,437	\$ 5,863	\$ 700,388
Accounts payable	30,941	103,862	431,515
Due to other funds	-	-	329
Interfund payable	-	33,550	33,550
Due to other governmental units	27	-	27
Other liabilities	-	-	1,653
Unearned Revenue	-	-	77,028
TOTAL LIABILITIES	42,405	143,275	1,244,490
FUND BALANCES			
Nonspendable	-	434,160	434,160
Restricted	14,013,220	-	29,467,274
Assigned	-	-	5,597,316
Unassigned	-	(99,335)	(99,335)
TOTAL FUND BALANCES	14,013,220	334,825	35,399,415
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,055,625	\$ 478,100	\$ 36,643,905

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 1 of 4)**

	119 STREET IMPROVEMENT FUND	120 STREETS FUND	138 HOTEL/MOTEL TAX FUND	148 CUM. RESERVE PARKS FUND
REVENUES				
Taxes	\$ 992,907	\$ 904,588	\$ 358,775	\$ -
Intergovernmental revenues	680,353	1,455,093	-	-
Charges for services	-	45,142	-	-
Fines and forfeits	-	-	-	-
Other revenues	(11,984)	(88,602)	(16,560)	(51,083)
Total revenues	1,661,276	2,316,221	342,215	(51,083)
EXPENDITURES				
Current:				
General government services	-	-	-	-
Security of persons and property	-	-	-	-
Transportation	54,177	2,220,129	-	-
Economic environment	-	-	-	19,111
Culture and recreation	-	-	298,576	89,770
Capital outlay	1,247,920	-	-	330,039
Debt service:				
Principal	-	-	52,311	-
Interest	-	-	-	-
Total expenditures	1,302,097	2,220,129	350,887	438,920
Excess (deficiency) of revenues over (under) expenditures	359,179	96,092	(8,672)	(490,003)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,300,984	-	-	-
Transfers out	(2,078,656)	-	(15,000)	(3,699)
Total other financing sources (uses)	(777,672)	-	(15,000)	(3,699)
Net change in fund balances	(418,493)	96,092	(23,672)	(493,702)
Fund balances - beginning	2,052,663	2,699,268	442,348	2,757,004
FUND BALANCES - ENDING	\$ 1,634,170	\$ 2,795,360	\$ 418,676	\$ 2,263,302

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 2 of 4)**

	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND	153 EMERGENCY MEDICAL SERVICES FUND
REVENUES			
Taxes	\$ -	\$ -	\$ 5,361,409
Intergovernmental revenues	-	-	-
Charges for services	726	5,850	1,251,355
Fines and forfeits	-	-	-
Other revenues	57,956	43,861	(21,038)
Total revenues	58,682	49,711	6,591,726
EXPENDITURES			
Current:			
General government services	-	-	-
Security of persons and property	-	-	6,253,622
Transportation	-	-	-
Economic environment	79,782	-	-
Culture and recreation	-	412,594	-
Capital outlay	-	13,989	-
Debt service:			
Principal	-	-	-
Interest	-	-	9,813
Total expenditures	79,782	426,583	6,263,435
Excess (deficiency) of revenues over (under) expenditures	(21,100)	(376,872)	328,291
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(21,100)	(376,872)	328,291
Fund balances - beginning	437,483	511,411	38,017
FUND BALANCES - ENDING	\$ 416,383	\$ 134,539	\$ 366,308

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 3 of 4)**

	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND	157 TRAFFIC MITIGATION FUND
REVENUES			
Taxes	\$ 1,227,466	\$ 1,491,921	\$ -
Intergovernmental revenues	-	1,248,273	-
Charges for services	-	344,952	210,628
Fines and forfeits	-	8,659	-
Other revenues	(47,738)	(238,349)	(86,320)
Total revenues	1,179,728	2,855,456	124,308
EXPENDITURES			
Current:			
General government services	-	465,116	-
Security of persons and property	-	1,841,958	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	480,948	-
Debt service:			
Principal	167,004	-	-
Interest	8,315	-	-
Total expenditures	175,319	2,788,022	-
Excess (deficiency) of revenues over (under) expenditures	1,004,409	67,434	124,308
OTHER FINANCING SOURCES (USES)			
Transfers in	29,086	-	-
Transfers out	(575,781)	(323,499)	(398,089)
Total other financing sources (uses)	(546,695)	(323,499)	(398,089)
Net change in fund balances	457,714	(256,065)	(273,781)
Fund balances - beginning	1,398,502	8,533,887	3,162,375
FUND BALANCES - ENDING	\$ 1,856,216	\$ 8,277,822	\$ 2,888,594

**COMBINING STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 4 of 4)**

	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES			
Taxes	\$ -	\$ -	\$ 10,337,066
Intergovernmental revenues	648,438	768,691	4,800,848
Charges for services	-	-	1,858,653
Fines and forfeits	-	-	8,659
Other revenues	76,197	227	(383,433)
Total revenues	724,635	768,918	16,621,793
EXPENDITURES			
Current:			
General government services	-	-	465,116
Security of persons and property	-	-	8,095,580
Transportation	-	-	2,274,306
Economic environment	743,033	760,961	1,602,887
Culture and recreation	-	-	800,940
Capital outlay	-	-	2,072,896
Debt service:			
Principal	-	-	219,315
Interest	-	-	18,128
Total expenditures	743,033	760,961	15,549,168
Excess (deficiency) of revenues over (under) expenditures	(18,398)	7,957	1,072,625
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,330,070
Transfers out	-	-	(3,394,724)
Total other financing sources (uses)	-	-	(2,064,654)
Net change in fund balances	(18,398)	7,957	(992,029)
Fund balances - beginning	14,031,618	326,868	36,391,444
FUND BALANCES - ENDING	\$ 14,013,220	\$ 334,825	\$ 35,399,415

DEBT SERVICE FUNDS

- 210** The ***Bond Redemption Fund*** accumulates money from special property tax levies and investment interest to pay principal redemption and interest payments on various bond issues. Included are the following programs:
- 2001 Variable Rate Demand Limited Tax General Obligation Bonds*** -- \$13,000,000 variable rate demand limited general obligation bonds issued in 2001 for capital purposes.
- 2003 General Obligation Limited Refunding Bond*** -- \$19,200,000 limited tax general obligation bond issued to fund the construction of the Conference Center located at the Everett Events Center (\$15,000,000). \$3,687,560 of the proceeds was used to refund the 1993 Everett Performing Arts Certificates of Participation, and \$512,440 of the proceeds was used to refund the 1993 LTGO Fire Station #7/Animal Shelter bonds.
- 2012 General Obligation Limited Refunding Bond*** -- \$13,935,000 limited tax general obligation bond issued to refund 2003 LTGO bonds scheduled to mature on or after December 1, 2013.
- 243** The ***Local Improvement District (LID) Guaranty Fund*** was established in 1919 to guarantee the payments of LID bonds and other short-term obligations.
- 299** The ***Consolidated Local Improvement District (LID) Bond Redemption Fund*** collects special assessments levied against benefited properties for payment of principal and interest for special assessment bond issues.

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2013**

	210 BOND REDEMPTION FUND	243 L.I.D. GUARANTY FUND	299 CONSOLIDATED L.I.D. BOND REDEMPTION FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS				
Cash and cash equivalents	\$ 12,118	\$ 6,433	\$ 24,781	\$ 43,332
Customer accounts	-	-	985	985
Total Current Assets	<u>12,118</u>	<u>6,433</u>	<u>25,766</u>	<u>44,317</u>
RESTRICTED ASSETS				
Special assessments - non-current	-	-	123,454	123,454
TOTAL ASSETS	<u>\$ 12,118</u>	<u>\$ 6,433</u>	<u>\$ 149,220</u>	<u>\$ 167,771</u>
LIABILITIES				
Accounts payable	\$ 12,118	-	-	\$ 12,118
TOTAL LIABILITIES	<u>12,118</u>	<u>-</u>	<u>0</u>	<u>12,118</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-special assessments	-	-	123,454	123,454
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>123,454</u>	<u>123,454</u>
FUND BALANCES				
Assigned	-	6,433	25,766	32,199
TOTAL FUND BALANCES	<u>0</u>	<u>6,433</u>	<u>25,766</u>	<u>32,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,118</u>	<u>\$ 6,433</u>	<u>\$ 149,220</u>	<u>\$ 167,771</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	210 BOND REDEMPTION FUND	243 L.I.D. GUARANTY FUND	299 CONSOLIDATED L.I.D. BOND REDEMPTION FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
EVENUES				
Other revenues	\$ -	\$ (308)	\$ 15,728	\$ 15,420
total revenues	-	(308)	15,728	15,420
EXPENDITURES				
ebt service:				
Principal	655,000	-	-	655,000
Interest	488,334	-	-	488,334
total expenditures	1,143,334	-	-	1,143,334
Excess (deficiency) of revenues over (under) expenditures	(1,143,334)	(308)	15,728	(1,127,914)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,143,334	24,930	9,511	1,177,775
Transfers out	-	(50,000)	(34,441)	(84,441)
Total other financing sources (uses)	1,143,334	(25,070)	(24,930)	1,093,334
Net change in fund balances	-	(25,378)	(9,202)	(34,580)
Fund balances - beginning	-	31,811	34,968	66,779
FUND BALANCES - ENDING	\$ -	\$ 6,433	\$ 25,766	\$ 32,199

CAPITAL PROJECTS FUNDS

- 303 The ***Public Works Improvement Project Fund*** accounts for Public Works enhancement and improvement projects.
- 308 The ***Riverfront District Development Fund*** accounts for general government projects related to the Riverfront District development.
- 342 The ***City Facilities Construction Fund*** accounts for construction of new city facilities.
- 354 The ***Parks CIP 3 Construction Fund*** accounts for the design and construction of various park improvements funded by the City of Everett Capital Improvement Program III.

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2013
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCT. FUND
ASSETS			
Cash and cash equivalents	\$ 18,348	\$ 102,064	\$ 55,059
Investments	875,410	502,749	271,212
Receivables, net			
Due from other governmental units	388,369	-	85,592
TOTAL ASSETS	\$ 1,282,127	\$ 604,813	\$ 411,863
LIABILITIES			
Wages payable	\$ 7,284	\$ 3,864	-
Accounts payable	47,839	96,392	19,285
Interfund payable	855,000	-	-
Other current liabilities	-	-	-
TOTAL LIABILITIES	910,123	100,256	19,285
FUND BALANCES			
Assigned	372,004	504,557	392,578
TOTAL FUND BALANCES	372,004	504,557	392,578
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,282,127	\$ 604,813	\$ 411,863

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2013
(Page 2 of 2)**

	354 PARKS CIP 3 CONSTRUCT. FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS		
Cash and cash equivalents	\$ 14,660	\$ 190,131
Investments	72,211	1,721,582
Receivables, net		
Due from other governmental units	-	473,961
TOTAL ASSETS	\$ 86,871	\$ 2,385,674
LIABILITIES		
Wages payable	\$ -	\$ 11,148
Accounts payable	8,090	171,606
Interfund payable	-	855,000
Other current liabilities	217	217
TOTAL LIABILITIES	8,307	1,037,971
FUND BALANCES		
Assigned	78,564	1,347,703
TOTAL FUND BALANCES	78,564	1,347,703
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 86,871	\$ 2,385,674

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCTION FUND
REVENUES			
Intergovernmental revenues	\$ 4,297,226	\$ -	\$ 1,302,582
Other revenues	(16,275)	327,161	(23,519)
Total revenues	4,280,951	327,161	1,279,063
EXPENDITURES			
Current:			
Capital outlay	6,833,256	822,070	2,469,237
Debt service:			
Interest	30,616	-	-
Total expenditures	6,863,872	822,070	2,469,237
Excess (deficiency) of revenues over (under) expenditures	(2,582,921)	(494,909)	(1,190,174)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,618,702	447,576	1,570,000
Transfers out	(218,922)	(164,461)	(3,078)
Total other financing sources (uses)	2,399,780	283,115	1,566,922
Net change in fund balances	(183,141)	(211,794)	376,748
Fund balances - beginning	555,145	716,351	15,830
FUND BALANCES - ENDING	\$ 372,004	\$ 504,557	\$ 392,578

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Page 2 of 2)**

	354 PARKS CIP 3 CONSTRUCT. FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES		
Intergovernmental revenues	\$ -	\$ 5,599,808
Other revenues	87,601	374,968
Total revenues	87,601	5,974,776
EXPENDITURES		
Current:		
Capital outlay	384,786	10,509,349
Debt service:		
Interest	-	30,616
Total expenditures	384,786	10,539,965
Excess (deficiency) of revenues over (under) expenditures	(297,185)	(4,565,189)
OTHER FINANCING SOURCES (USES)		
Transfers in	227,917	4,864,195
Transfers out	(29,086)	(415,547)
Total other financing sources (uses)	198,831	4,448,648
Net change in fund balances	(98,354)	(116,541)
Fund balances - beginning	176,918	1,464,244
FUND BALANCES - ENDING	\$ 78,564	\$ 1,347,703

BUDGET AND ACTUAL

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 101 – PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 7,835,467	\$ 7,594,742	\$ 7,594,742	\$ -
Intergovernmental revenues	-	272,236	270,327	(1,909)
Charges for services	1,293,760	1,293,760	1,387,472	93,712
Other revenues	323,101	323,101	57,470	(265,631)
Total Revenues	9,452,328	9,483,839	9,310,011	(173,828)
EXPENDITURES				
Current:				
Culture and recreation	9,102,328	8,920,263	8,679,064	241,199
Capital outlay	350,000	616,236	642,550	(26,314)
Total Expenditures	9,452,328	9,536,499	9,321,614	214,885
Excess (deficiency) of revenues over (under) expenditures	-	(52,660)	(11,603)	41,057
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	(52,660)	(11,603)	41,057
Fund balances - beginning	-	52,660	5,024,728	4,972,068
FUND BALANCES - ENDING	\$ -	\$ -	\$ 5,013,125	\$ 5,013,125

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 110 – LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 4,841,167	\$ 4,811,167	\$ 4,811,167	\$ -
Intergovernmental revenues	-	-	3,750	3,750
Charges for services	18,000	18,000	20,930	2,930
Fines and forfeits	79,500	79,500	78,919	(581)
Other revenues	35,000	35,000	(103,860)	(138,860)
Total Revenues	4,973,667	4,943,667	4,810,906	(132,761)
EXPENDITURES				
Current:				
Culture and recreation	4,353,867	4,323,867	4,226,432	97,435
Capital outlay	619,800	619,800	632,181	(12,381)
Total Expenditures	4,973,667	4,943,667	4,858,613	85,054
Excess (deficiency) of revenues over (under) expenditures	-	-	(47,707)	(47,707)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	(47,707)	(47,707)
Fund balances - beginning	-	-	2,404,486	2,404,486
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,356,779	\$ 2,356,779

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 112 – COMMUNITY THEATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 717,349	\$ 717,349	\$ 717,348	\$ (1)
Other revenues	115,000	115,000	87,932	(27,068)
Total Revenues	832,349	832,349	805,280	(27,069)
EXPENDITURES				
Current:				
Culture and recreation	956,049	1,136,948	957,615	179,333
Capital outlay	-	148,876	45,426	103,450
Total Expenditures	956,049	1,285,824	1,003,041	282,783
Excess (deficiency) of revenues over (under) expenditures	(123,700)	(453,475)	(197,761)	255,714
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	15,000	15,000
Total other financing sources (uses)	-	-	15,000	15,000
Net changes in fund balances	(123,700)	(453,475)	(182,761)	270,714
Fund balances - beginning	123,700	453,475	609,223	155,748
FUND BALANCES - ENDING	\$ -	\$ -	\$ 426,462	\$ 426,462

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 114 – CONFERENCE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 123,556	\$ 123,556	\$ 112,492	\$ (11,064)
Total Revenues	123,556	123,556	112,492	(11,064)
EXPENDITURES				
Current:				
Culture and recreation	67,002	67,002	64,893	2,109
Total Expenditures	67,002	67,002	64,893	2,109
Excess (deficiency) of revenues over (under) expenditures	56,554	56,554	47,599	(8,955)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,243,446	1,243,446	990,776	(252,670)
Transfers out	(1,300,000)	(1,300,000)	(1,070,440)	229,560
Total other financing sources (uses)	(56,554)	(56,554)	(79,664)	(23,110)
Net changes in fund balances	-	-	(32,065)	(32,065)
Fund balances - beginning	-	-	92,735	92,735
FUND BALANCES - ENDING	\$ -	\$ -	\$ 60,670	\$ 60,670

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 115 – GENERAL GOVERNMENT SPECIAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ -	\$ -	\$ (5,770)	\$ (5,770)
Total Revenues	-	-	(5,770)	(5,770)
EXPENDITURES				
Current:				
Economic environment	-	79,054	9,849	69,205
Capital outlay	-	141,925	-	141,925
Total Expenditures	-	220,979	9,849	211,130
Excess (deficiency) of revenues over (under) expenditures	-	(220,979)	(15,619)	205,360
OTHER FINANCING SOURCES (USES)				
Transfers in	-	109,869	-	(109,869)
Total other financing sources (uses)	-	109,869	-	(109,869)
Net changes in fund balances	-	(111,110)	(15,619)	95,491
Fund balances - beginning	-	111,110	172,237	61,127
FUND BALANCES - ENDING	\$ -	\$ -	\$ 156,618	\$ 156,618

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 119 – STREET IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 992,907	\$ 992,907	\$ 992,907	\$ -
Intergovernmental revenues	679,291	679,291	680,353	1,062
Other revenues	51,000	51,000	(11,984)	(62,984)
Total Revenues	1,723,198	1,723,198	1,661,276	(61,922)
EXPENDITURES				
Current:				
Transportation	-	-	54,177	(54,177)
Capital outlay	2,396,108	3,994,880	1,247,920	2,746,960
Total Expenditures	2,396,108	3,994,880	1,302,097	2,692,783
Excess (deficiency) of revenues over (under) expenditures	(672,910)	(2,271,682)	359,179	2,630,861
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	1,300,984	1,000,984
Transfers out	-	-	(2,078,656)	(2,078,656)
Total other financing sources (uses)	300,000	300,000	(777,672)	(1,077,672)
Net changes in fund balances	(372,910)	(1,971,682)	(418,493)	1,553,189
Fund balances - beginning	372,910	1,971,682	2,052,663	80,981
FUND BALANCES - ENDING	\$ -	\$ -	\$ 1,634,170	\$ 1,634,170

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 120 – STREETS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 904,588	\$ 904,588	\$ 904,588	\$ -
Intergovernmental revenues	1,452,821	1,452,821	1,455,093	2,272
Charges for services	-	-	45,142	45,142
Other revenues	58,000	58,000	(88,602)	(146,602)
Total Revenues	2,415,409	2,415,409	2,316,221	(99,188)
EXPENDITURES				
Current:				
Transportation	2,415,409	2,415,409	2,220,129	195,280
Total Expenditures	2,415,409	2,415,409	2,220,129	195,280
Excess (deficiency) of revenues over (under) expenditures	-	-	96,092	96,092
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	96,092	96,092
Fund balances - beginning	-	-	2,699,268	2,699,268
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,795,360	\$ 2,795,360

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 126 – MOTOR VEHICLE EQUIPMENT REPLACEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 117,277	\$ 117,277	\$ (243,434)	\$ (360,711)
Total Revenues	117,277	117,277	(243,434)	(360,711)
EXPENDITURES				
Current:				
General government services	250,000	250,000	-	250,000
Security of persons and property	-	-	6,347	(6,347)
Capital outlay	2,892,000	2,980,000	1,302,982	1,677,018
Total Expenditures	3,142,000	3,230,000	1,309,329	1,920,671
Excess (deficiency) of revenues over (under) expenditures	(3,024,723)	(3,112,723)	(1,552,763)	1,559,960
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	40,000	40,000	18,678	(21,322)
Transfers in	568,500	568,500	1,313,055	744,555
Transfers out	(150,000)	(150,000)	(174,616)	(24,616)
Total other financing sources (uses)	458,500	458,500	1,157,117	698,617
Net changes in fund balances	(2,566,223)	(2,654,223)	(395,646)	2,258,577
Fund balances - beginning	6,700,081	6,788,081	7,234,826	446,745
FUND BALANCES - ENDING	\$ 4,133,858	\$ 4,133,858	\$ 6,839,180	\$ 2,705,322

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 138 – MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 300,000	\$ 300,000	\$ 358,775	\$ 58,775
Other revenues	6,500	6,500	(16,560)	(23,060)
Total Revenues	306,500	306,500	342,215	35,715
EXPENDITURES				
Current:				
Culture and recreation	385,000	385,000	298,576	86,424
Debt service:				
Principal retirement	52,311	52,311	52,311	-
Total Expenditures	437,311	437,311	350,887	86,424
Excess (deficiency) of revenues over (under) expenditures	(130,811)	(130,811)	(8,672)	122,139
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(15,000)	(15,000)
Total other financing sources (uses)	-	-	(15,000)	(15,000)
Net changes in fund balances	(130,811)	(130,811)	(23,672)	107,139
Fund balances - beginning	352,002	352,002	442,348	90,346
FUND BALANCES - ENDING	\$ 221,191	\$ 221,191	\$ 418,676	\$ 197,485

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 144 – DOWNTOWN IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Fines and forfeits	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Other revenues	50	50	(26)	(76)
Total Revenues	50,050	50,050	(26)	(50,076)
EXPENDITURES				
Current:				
Debt service:			-	
Other debt service costs	11,500	11,500	1,292	10,208
Total Expenditures	11,500	11,500	1,292	10,208
Excess (deficiency) of revenues over (under) expenditures	38,550	38,550	(1,318)	(39,868)
OTHER FINANCING SOURCES (USES)				
Transfers out	(38,876)	(38,876)	-	38,876
Total other financing sources (uses)	(38,876)	(38,876)	-	38,876
Net changes in fund balances	(326)	(326)	(1,318)	(992)
Fund balances - beginning	326	326	4,014	3,688
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,696	\$ 2,696

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 145 – CUMULATIVE RESERVE REAL PROPERTY ACQUISITION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 61,200	\$ 61,200	\$ (34,501)	\$ (95,701)
Total Revenues	61,200	61,200	(34,501)	(95,701)
EXPENDITURES				
Current:				
General government services	13,400	13,400	72,384	(58,984)
Capital outlay	2,804,728	2,804,728	-	2,804,728
Total Expenditures	2,818,128	2,818,128	72,384	2,745,744
Excess (deficiency) of revenues over (under) expenditures	(2,756,928)	(2,756,928)	(106,885)	2,650,043
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(2,756,928)	(2,756,928)	(106,885)	2,650,043
Fund balances - beginning	2,756,928	2,756,928	2,064,621	(692,307)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 1,957,736	\$ 1,957,736

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 146 – PROPERTY MANAGEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	373,824	\$ 373,824
Other revenues	753,266	753,266	569,763	(183,503)
Total Revenues	753,266	753,266	943,587	190,321
EXPENDITURES				
Current:				
General government services	782,847	782,847	1,486,404	(703,557)
Capital outlay	2,899,100	2,899,100	769,616	2,129,484
Total Expenditures	3,681,947	3,681,947	2,256,020	1,425,927
Excess (deficiency) of revenues over (under) expenditures	(2,928,681)	(2,928,681)	(1,312,433)	1,616,248
OTHER FINANCING SOURCES (USES)				
Transfers in	523,592	523,592	523,592	-
Total other financing sources (uses)	523,592	523,592	523,592	-
Net changes in fund balances	(2,405,089)	(2,405,089)	(788,841)	1,616,248
Fund balances - beginning	4,597,194	4,597,194	\$4,430,167	(167,027)
FUND BALANCES - ENDING	\$ 2,192,105	\$ 2,192,105	\$ 3,641,326	\$ 1,449,221

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 148 – CUMULATIVE RESERVE PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Licenses and Permits	\$ -	\$ -	\$ -	-
Other revenues	58,683	58,683	(51,083)	(109,766)
Total Revenues	58,683	58,683	(51,083)	(109,766)
EXPENDITURES				
Current:				
Economic environment	-	-	19,111	(19,111)
Culture and recreation	110,000	110,000	89,770	20,230
Capital outlay	550,000	550,000	330,039	219,961
Total Expenditures	660,000	660,000	438,920	221,080
Excess (deficiency) of revenues over (under) expenditures	(601,317)	(601,317)	(490,003)	111,314
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(3,699)	(3,699)
Total other financing sources (uses)	-	-	(3,699)	(3,699)
Net changes in fund balances	(601,317)	(601,317)	(493,702)	107,615
Fund balances - beginning	2,672,731	2,672,731	2,757,004	84,273
FUND BALANCES - ENDING	\$ 2,071,414	\$ 2,071,414	\$ 2,263,302	\$ 191,888

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 149 – SENIOR CENTER RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 74,300	\$ 74,300	\$ 43,406	\$ (30,894)
Other revenues	29,750	29,750	4,807	(24,943)
Total Revenues	104,050	104,050	48,213	(55,837)
EXPENDITURES				
Current:				
Mental and Physical Health	97,800	102,800	61,856	40,944
Total Expenditures	97,800	102,800	61,856	40,944
Excess (deficiency) of revenues over (under) expenditures	6,250	1,250	(13,643)	(14,893)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	6,250	1,250	(13,643)	(14,893)
Fund balances - beginning	450,380	450,380	445,556	(4,824)
FUND BALANCES - ENDING	\$ 456,630	\$ 451,630	\$ 431,913	\$ (19,717)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 151 – ANIMALS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ -	\$ -	726	\$ 726
Other revenues	73,500	73,500	57,956	(15,544)
Total Revenues	73,500	73,500	58,682	(14,818)
EXPENDITURES				
Current:				
Economic environment	80,000	80,000	79,782	218
Total Expenditures	80,000	80,000	79,782	218
Excess (deficiency) of revenues over (under) expenditures	(6,500)	(6,500)	(21,100)	(14,600)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(6,500)	(6,500)	(21,100)	(14,600)
Fund balances - beginning	367,127	367,127	437,483	70,356
FUND BALANCES - ENDING	\$ 360,627	\$ 360,627	\$ 416,383	\$ 55,756

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 152 – CUMULATIVE RESERVE LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 2,900	\$ 2,900	\$ 5,850	\$ 2,950
Other revenues	43,110	43,110	43,861	751
Total Revenues	46,010	46,010	49,711	3,701
EXPENDITURES				
Current:				
Culture and recreation	34,750	420,750	412,594	8,156
Capital outlay	20,000	20,000	13,989	6,011
Total Expenditures	54,750	440,750	426,583	14,167
Excess (deficiency) of revenues over (under) expenditures	(8,740)	(394,740)	(376,872)	17,868
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(8,740)	(394,740)	(376,872)	17,868
Fund balances - beginning	493,148	493,148	511,411	18,263
FUND BALANCES - ENDING	\$ 484,408	\$ 98,408	\$ 134,539	\$ 36,131

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 153 – EMERGENCY MEDICAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 5,086,948	\$ 5,086,948	\$ 5,361,409	\$ 274,461
Intergovernmental revenues	1,200	3,839	-	(3,839)
Charges for services	1,408,127	1,408,127	1,251,355	(156,772)
Other revenues	13,990	13,990	(21,038)	(35,028)
Total Revenues	6,510,265	6,512,904	6,591,726	78,822
EXPENDITURES				
Current:				
Security of persons and property	7,452,282	7,472,921	6,253,622	1,219,299
Capital outlay	150,000	150,000	-	150,000
Debt service:				
Other debt service costs	19,500	19,500	9,813	9,687
Total Expenditures	7,621,782	7,642,421	6,263,435	1,378,986
Excess (deficiency) of revenues over (under) expenditures	(1,111,517)	(1,129,517)	328,291	1,457,808
OTHER FINANCING SOURCES (USES)				
Other Sources	879,896	879,896	-	(879,896)
Total other financing sources (uses)	879,896	879,896	-	(879,896)
Net changes in fund balances	(231,621)	(249,621)	328,291	577,912
Fund balances - beginning	231,621	249,621	38,017	(211,604)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 366,308	\$ 366,308

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 154 – REAL ESTATE EXCISE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 900,000	\$ 900,000	\$ 1,227,466	\$ 327,466
Other revenues	20,000	20,000	(47,738)	(67,738)
Total Revenues	920,000	920,000	1,179,728	259,728
EXPENDITURES				
Debt service:				
Principal retirement	175,319	175,319	167,004	8,315
Interest	-	-	8,315	(8,315)
Total Expenditures	175,319	175,319	175,319	-
Excess (deficiency) of revenues over (under) expenditures	744,681	744,681	1,004,409	259,728
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	29,086	29,086
Transfers out	(1,202,209)	(1,622,642)	(575,781)	1,046,861
Total other financing sources (uses)	(1,202,209)	(1,622,642)	(546,695)	1,075,947
Net changes in fund balances	(457,528)	(877,961)	457,714	1,335,675
Fund balances - beginning	624,091	980,524	1,398,502	417,978
FUND BALANCES - ENDING	\$ 166,563	\$ 102,563	\$ 1,856,216	\$ 1,753,653

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 156 – CRIMINAL JUSTICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,325,250	\$ 1,325,250	\$ 1,491,921	\$ 166,671
Intergovernmental revenues	718,902	1,336,762	1,248,273	(88,489)
Charges for services	405,000	405,000	344,952	(60,048)
Fines and forfeits	9,000	9,000	8,659	(341)
Other revenues	245,144	245,144	(238,349)	(483,493)
Total Revenues	2,703,296	3,321,156	2,855,456	(465,700)
EXPENDITURES				
Current:				
General government services	528,909	528,909	465,116	63,793
Security of persons and property	3,718,501	3,907,057	1,841,958	2,065,099
Capital outlay	90,000	519,304	480,948	38,356
Total Expenditures	4,337,410	4,955,270	2,788,022	2,167,248
Excess (deficiency) of revenues over (under) expenditures	(1,634,114)	(1,634,114)	67,434	1,701,548
OTHER FINANCING SOURCES (USES)				
Transfers in	40,736	40,736	-	(40,736)
Transfers out	(436,136)	(471,620)	(323,499)	148,121
Total other financing sources (uses)	(395,400)	(430,884)	(323,499)	107,385
Net changes in fund balances	(2,029,514)	(2,064,998)	(256,065)	1,808,933
Fund balances - beginning	8,299,188	8,299,188	8,533,887	234,699
FUND BALANCES - ENDING	\$ 6,269,674	\$ 6,234,190	\$ 8,277,822	\$ 2,043,632

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 157 – TRAFFIC MITIGATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 200,000	\$ 200,000	\$ 210,628	\$ 10,628
Other revenues	38,000	38,000	(86,320)	(124,320)
Total Revenues	238,000	238,000	124,308	(113,692)
EXPENDITURES				
Capital outlay	1,659,108	1,659,108	-	1,659,108
Total Expenditures	1,659,108	1,659,108	-	1,659,108
Excess (deficiency) of revenues over (under) expenditures	(1,421,108)	(1,421,108)	124,308	1,545,416
OTHER FINANCING SOURCES (USES)				
Transfers out	(300,000)	(300,000)	(398,089)	(98,089)
Total other financing sources (uses)	(300,000)	(300,000)	(398,089)	(98,089)
Net changes in fund balances	(1,721,108)	(1,721,108)	(273,781)	1,447,327
Fund balances - beginning	1,721,108	1,721,108	3,162,375	1,441,267
FUND BALANCES - ENDING	\$ -	\$ -	2,888,594	\$ 2,888,594

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 160 – CONTINGENCY RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ -	\$ -	\$ (228,170)	\$ (228,170)
Total Revenues	-	-	(228,170)	(228,170)
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(228,170)	(228,170)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	(228,170)	(228,170)
Fund balances - beginning	4,118,945	4,118,945	4,201,282	82,337
FUND BALANCES - ENDING	\$ 4,118,945	\$ 4,118,945	\$ 3,973,112	\$ (145,833)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 197 – CHIP LOAN PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 1,286,300	\$ 1,286,300	\$ 648,438	\$ (637,862)
Other revenues	172,300	172,300	76,197	(96,103)
Total Revenues	1,458,600	1,458,600	724,635	(733,965)
EXPENDITURES				
Current:				
Economic environment	1,007,929	1,007,929	743,033	264,896
Total Expenditures	1,007,929	1,007,929	743,033	264,896
Excess (deficiency) of revenues over (under) expenditures	450,671	450,671	(18,398)	(469,069)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	450,671	450,671	(18,398)	(469,069)
Fund balances - beginning	15,800,000	15,800,000	14,031,618	(1,768,382)
FUND BALANCES - ENDING	\$ 16,250,671	\$ 16,250,671	\$ 14,013,220	\$ (2,237,451)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 198 – COMMUNITY DEVELOPMENT BLOCK GRANTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 550,000	\$ 550,000	\$ 768,691	\$ 218,691
Other revenues	-	-	227	227
Total Revenues	550,000	550,000	768,918	218,918
EXPENDITURES				
Current:				
Economic environment	1,206,962	1,206,962	760,961	446,001
Total Expenditures	1,206,962	1,206,962	760,961	446,001
Excess (deficiency) of revenues over (under) expenditures	(656,962)	(656,962)	7,957	664,919
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(656,962)	(656,962)	7,957	664,919
Fund balances - beginning	656,962	656,962	326,868	(330,094)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 334,825	\$ 334,825

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 210 – BOND REDEMPTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Debt Service:				
Principal retirement	1,400,000	1,400,000	655,000	745,000
Interest	775,000	775,000	488,334	286,666
Total Expenditures	2,175,000	2,175,000	1,143,334	1,031,666
Excess (deficiency) of revenues over (under) expenditures	(2,175,000)	(2,175,000)	(1,143,334)	1,031,666
OTHER FINANCING SOURCES (USES)				
Transfers in	2,175,000	2,175,000	1,143,334	(1,031,666)
Total other financing sources (uses)	2,175,000	2,175,000	1,143,334	(1,031,666)
Net change in fund balances	-	-	-	-
Fund Balances - beginning	1,000	1,000	-	(1,000)
FUND BALANCES - ENDING	\$ 1,000	\$ 1,000	\$ -	(1,000)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 243 – L.I.D. GUARANTY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other Revenues	\$ 3,000	\$ 3,000	\$ (308)	\$ (3,308)
Total Revenues	3,000	3,000	(308)	(3,308)
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,000	3,000	(308)	(3,308)
OTHER FINANCING SOURCES (USES)				
Transfers in	14,000	14,000	24,930	10,930
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	(36,000)	(36,000)	(25,070)	10,930
Net change in fund balances	(33,000)	(33,000)	(25,378)	7,622
Fund Balances - beginning	33,000	33,000	31,811	(1,189)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 6,433	\$ 6,433

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 299 – CONSOLIDATED L.I.D. BOND REDEMPTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 5,500	\$ 5,500	\$ 15,728	\$ 10,228
TOTAL REVENUES	5,500	5,500	15,728	10,228
EXPENDITURES				
Current:				
TOTAL EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,500	5,500	15,728	10,228
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	4,000	9,511	5,511
Transfers out	(14,000)	(14,000)	(34,441)	(20,441)
Total other financing sources (uses)	(10,000)	(10,000)	(24,930)	(14,930)
Net change in fund balances	(4,500)	(4,500)	(9,202)	(4,702)
Fund Balances - beginning	4,500	4,500	34,968	30,468
FUND BALANCES - ENDING	\$ -	\$ -	\$ 25,766	\$ 25,766

PROPRIETARY FUNDS

ENTERPRISE FUNDS

- 402 The ***Solid Waste Utility Fund*** accounts for activities related to garbage and solid waste management, including recycling and excluding direct engagement in routine collection.
- 430 The ***Parking Garage Fund*** accounts for off-street parking facilities to support the central business district and the relief of traffic congestion.
- 440 The ***Golf Fund*** accounts for the operation and maintenance, and capital improvements of two city-owned golf courses.

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2013**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 154,830	\$ 409,380	\$ 89,266	\$ 653,476
Investments	164,876	2,016,532	439,706	2,621,114
Bond covenant accounts:				
Restricted cash and cash equivalents	100,729	-	-	100,729
Receivables, net				
Customer accounts	253,385	-	9,669	263,054
Interest	664	2,168	-	2,832
Due from other governments	92,522	-	5,821	98,343
Prepayments	-	-	15,297	15,297
Inventory	-	-	126,849	126,849
Total Current Assets	<u>767,006</u>	<u>2,428,080</u>	<u>686,608</u>	<u>3,881,694</u>
NONCURRENT ASSETS				
Land	-	756,141	203,481	959,622
Construction in progress	6,352,933	-	-	6,352,933
Capital assets, net of depreciation (Note 6)	4,247,418	223,109	3,891,937	8,362,464
Total Noncurrent Assets	<u>10,600,351</u>	<u>979,250</u>	<u>4,095,418</u>	<u>15,675,019</u>
TOTAL ASSETS	<u>11,367,357</u>	<u>3,407,330</u>	<u>4,782,026</u>	<u>19,556,713</u>
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
	11,367,357	3,407,330	4,782,026	19,556,713
LIABILITIES				
CURRENT LIABILITIES				
Wages and benefits payable	3,267	-	52,104	55,371
Accounts payable	325,378	5,211	81,965	412,554
Interest payable	17,395	-	-	17,395
Taxes payable	-	-	7,461	7,461
Interfund loans payable	959,200	-	-	959,200
Unearned revenue	-	-	196,238	196,238
Current portion of long-term debt	1,002,012	-	-	1,002,012
Total Current Liabilities	<u>2,307,252</u>	<u>5,211</u>	<u>337,768</u>	<u>2,650,231</u>
NONCURRENT LIABILITIES				
General obligation bonds payable	5,010,900	-	-	5,010,900
Advances from other funds	-	-	7,319,168	7,319,168
Other long-term liabilities	-	-	318,966	318,966
Total Noncurrent Liabilities	<u>5,010,900</u>	<u>-</u>	<u>7,638,134</u>	<u>12,649,034</u>
TOTAL LIABILITIES	<u>7,318,152</u>	<u>5,211</u>	<u>7,975,902</u>	<u>15,299,265</u>
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES				
	7,318,152	5,211	7,975,902	15,299,265
NET POSITION				
Net investment in capital assets	4,587,439	979,250	4,095,418	9,662,107
Restricted for debt service	100,729	-	-	100,729
Unrestricted	(638,963)	2,422,869	(7,289,294)	(5,505,388)
TOTAL NET POSITION	<u>\$ 4,049,205</u>	<u>\$ 3,402,119</u>	<u>\$ (3,193,876)</u>	<u>\$ 4,257,448</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:				
Admission taxes	\$ -	\$ -	98,650	\$ 98,650
Charges for services	2,461,855	264,095	3,793,021	6,518,971
Total Operating Revenues	2,461,855	264,095	3,891,671	6,617,621
OPERATING EXPENSES:				
Personnel services	57,465	-	1,047,299	1,104,764
Supplies	13,487	9,071	693,111	715,669
Professional services	263,851	198,133	1,386,558	1,848,542
Depreciation and amortization	274,807	42,916	524,467	842,190
Other operating expenses	151,010	36,913	559,051	746,974
Total Operating Expenses	760,620	287,033	4,210,486	5,258,139
Operating Income (Loss)	1,701,235	(22,938)	(318,815)	1,359,482
NON-OPERATING REVENUES (EXPENSES):				
Intergovernmental revenues	824,059	-	127,125	951,184
Interest and investment revenue	2,721	(86,861)	(17,049)	(101,189)
Interest expense	(226,216)	-	(159,616)	(385,832)
Total Non-Operating Revenues (Expenses)	600,564	(86,861)	(49,540)	464,163
Income (Loss) Before Contributions and Transfers	2,301,799	(109,799)	(368,355)	1,823,645
Transfers in	-	-	3,800	3,800
CHANGE IN NET POSITION	2,301,799	(109,799)	(364,555)	1,827,445
NET POSITION - BEGINNING	1,797,413	3,511,918	(2,829,321)	2,480,010
Change in accounting principle	(50,007)	-	-	(50,007)
NET POSITION - ENDING	\$ 4,049,205	\$ 3,402,119	\$ (3,193,876)	\$ 4,257,448

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 2,450,663	\$ 264,095	\$ 3,903,073	\$ 6,617,831
Payments to suppliers	(111,076)	(231,886)	(2,528,546)	(2,871,508)
Payments to employees	(55,190)	-	(1,022,737)	(1,077,927)
Payments for interfund services used	(10,651)	(19,416)	(142,673)	(172,740)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,273,746	12,793	209,117	2,495,656
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipts from non-capital grants	824,059	-	121,304	945,363
Principal paid on interfund loans	-	-	(170,000)	(170,000)
Interest paid on interfund loans	-	-	(159,616)	(159,616)
Transfers from other funds	-	-	3,800	3,800
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	824,059	-	(204,512)	619,547
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	(1,000,000)	-	-	(1,000,000)
Interest paid on capital debt	(230,001)	-	-	(230,001)
Proceeds from interfund loans	(260,000)	-	-	(260,000)
Capital contributions	13,224	-	-	13,224
Acquisition and construction of capital assets	(1,459,449)	-	(32,830)	(1,492,279)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(2,936,226)	-	(32,830)	(2,969,056)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(25,688)	(153,515)	(9,544)	(188,747)
Investment income	15,021	57,659	13,621	86,301
NET CASH PROVIDED BY INVESTING ACTIVITIES	(10,667)	(95,856)	4,077	(102,446)
Net Increase (Decrease) in Cash and Cash Equivalents	150,912	(83,063)	(24,148)	43,701
Cash and Cash Equivalents, January 1	104,647	492,443	113,414	710,504
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 255,559	\$ 409,380	\$ 89,266	\$ 754,205
Current Cash and Cash Equivalents	154,830	409,380	89,266	653,476
Restricted Cash and Cash Equivalents	100,729	-	-	100,729
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 255,559	\$ 409,380	\$ 89,266	\$ 754,205
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,701,235	\$ (22,938)	\$ (318,815)	\$ 1,359,482
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	274,808	42,916	524,467	842,191
Change in Assets and Liabilities:				
(Increase) decrease in inventories	-	-	(1,433)	(1,433)
(Increase) decrease in receivables	(11,192)	-	1,670	(9,522)
(Increase) decrease in prepaid expenses	-	-	38,753	38,753
Increase (decrease) in accounts and other payables	308,895	(7,185)	(69,819)	231,891
Increase (decrease) in compensated absences	-	-	24,562	24,562
Increase (decrease) in other current liabilities	-	-	9,732	9,732
TOTAL ADJUSTMENTS	572,511	35,731	527,932	1,136,174
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,273,746	\$ 12,793	\$ 209,117	\$ 2,495,656
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Non-Cash Financing, Capital and Investing Activities:				
Increase (decrease) in fair value of investments	(12,300)	(137,909)	(30,670)	\$ (180,879)
TOTAL NON-CASH ACTIVITIES	\$ (12,300)	\$ (137,909)	\$ (30,670)	\$ (180,879)



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INTERNAL SERVICE FUNDS

- 501** The ***Equipment Rental Fund*** accounts for the costs of operating a maintenance facility for automotive equipment and other machinery used by City departments. Such costs are billed to the other departments at actual cost.
- 503** The ***Self-Insurance Fund*** receives monies from various City funds to pay all costs of self-insurance for workers' compensation, unemployment compensation, liabilities arising out of torts and the operation of the George Culmbach Dam.
- 505** The ***Computer Reserve Fund*** receives monies from City departments to pay for computer equipment and related maintenance.
- 507** The ***Telecommunications Fund*** accounts for the cost of operating a centralized telecommunication service for all City departments.
- 508** The ***Health Benefits Reserve Fund*** accounts for the activity and reserve associated with the provision of health benefits to employees of the City.

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 131,521	\$ 1,890,571	\$ 77,971
Investments	647,848	9,312,610	278,125
Receivables, net			
Customer accounts	3,678	-	-
Interest	-	8,051	-
Prepayments	-	270,476	94,158
Inventory	541,240	-	-
Total Current Assets	<u>1,324,287</u>	<u>11,481,708</u>	<u>450,254</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation (Note 6)	147,232	-	787,164
Total Noncurrent Assets	<u>147,232</u>	<u>-</u>	<u>787,164</u>
TOTAL ASSETS	<u>1,471,519</u>	<u>11,481,708</u>	<u>1,237,418</u>
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
	<u>1,471,519</u>	<u>11,481,708</u>	<u>1,237,418</u>
LIABILITIES			
CURRENT LIABILITIES			
Wages and benefits payable	172,754	-	-
Accounts payable	215,832	333,572	323,940
Claims and judgments payable	-	5,143,068	-
Due to other funds	1,575	-	-
Other current liabilities	-	-	-
Total Current Liabilities	<u>390,161</u>	<u>5,476,640</u>	<u>323,940</u>
NONCURRENT LIABILITIES			
Claims and judgments payable	-	6,856,934	-
Other long-term liabilities	49,713	-	-
Total Noncurrent Liabilities	<u>49,713</u>	<u>6,856,934</u>	<u>-</u>
TOTAL LIABILITIES	<u>439,874</u>	<u>12,333,574</u>	<u>323,940</u>
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES			
	<u>439,874</u>	<u>12,333,574</u>	<u>323,940</u>
NET POSITION			
Net investment in capital assets	147,232	-	787,164
Unrestricted	884,413	(851,866)	126,314
TOTAL NET POSITION	<u>\$ 1,031,645</u>	<u>\$ (851,866)</u>	<u>\$ 913,478</u>

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 85,125	\$ 370,209	\$ 2,555,397
Investments	419,312	1,823,582	12,481,477
Receivables, net			
Customer accounts	-	26,829	30,507
Interest	2,581	-	10,632
Prepayments	-	-	364,634
Inventory	-	-	541,240
Total Current Assets	<u>507,018</u>	<u>2,220,620</u>	<u>15,983,887</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation (Note 6)	411,825	-	1,346,221
Total Noncurrent Assets	<u>411,825</u>	<u>-</u>	<u>1,346,221</u>
TOTAL ASSETS	<u>918,843</u>	<u>2,220,620</u>	<u>17,330,108</u>
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
	<u>918,843</u>	<u>2,220,620</u>	<u>17,330,108</u>
LIABILITIES			
CURRENT LIABILITIES			
Wages and benefits payable	31,448	-	204,202
Accounts payable	17,045	32,737	923,126
Claims and judgments payable	-	1,775,896	6,918,964
Due to other funds	-	-	1,575
Other current liabilities	-	79,904	79,904
Total Current Liabilities	<u>48,493</u>	<u>1,888,537</u>	<u>8,127,771</u>
NONCURRENT LIABILITIES			
Claims and judgments payable	-	-	6,856,934
Other long-term liabilities	9,812	-	59,525
Total Noncurrent Liabilities	<u>9,812</u>	<u>-</u>	<u>6,916,459</u>
TOTAL LIABILITIES	<u>58,305</u>	<u>1,888,537</u>	<u>15,044,230</u>
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES			
	<u>58,305</u>	<u>1,888,537</u>	<u>15,044,230</u>
NET POSITION			
Net investment in capital assets	411,825	-	1,346,221
Unrestricted	448,713	332,083	939,657
TOTAL NET POSITION	<u>\$ 860,538</u>	<u>\$ 332,083</u>	<u>\$ 2,285,878</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
OPERATING REVENUES:			
Charges for services	\$ 7,359,817	\$ 7,619,077	\$ 1,428,615
Total Operating Revenues	7,359,817	7,619,077	1,428,615
OPERATING EXPENSES:			
Personnel services	2,214,989	307,938	-
Supplies	4,205,809	-	360,326
Professional services	246,887	1,724,933	3,960
Depreciation and amortization	18,010	-	205,479
Other operating expenses	534,603	3,689,094	1,299,958
Total Operating Expenses	7,220,298	5,721,965	1,869,723
Operating Income (Loss)	139,519	1,897,112	(441,108)
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	(31,292)	(413,922)	(15,039)
Other non-operating revenues	-	-	-
Gain (loss) on sale/retirement of assets	7,957	-	-
Total Non-Operating Revenues (Expenses)	(23,335)	(413,922)	(15,039)
Income (Loss) Before Contributions and Transfers	116,184	1,483,190	(456,147)
Transfers in	20,816	-	-
CHANGE IN NET POSITION	137,000	1,483,190	(456,147)
NET POSITION - BEGINNING	894,645	(2,335,056)	1,369,625
NET POSITION - ENDING	\$ 1,031,645	\$ (851,866)	\$ 913,478

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:			
Charges for services	\$ 1,147,258	\$ 11,086,519	\$ 28,641,286
Total Operating Revenues	1,147,258	11,086,519	28,641,286
OPERATING EXPENSES:			
Personnel services	320,721	-	2,843,648
Supplies	47,842	-	4,613,977
Professional services	31,081	11,173,186	13,180,047
Depreciation and amortization	98,835	-	322,324
Other operating expenses	724,739	9,105	6,257,499
Total Operating Expenses	1,223,218	11,182,291	27,217,495
Operating Income (Loss)	(75,960)	(95,772)	1,423,791
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	(19,192)	(69,266)	(548,711)
Other non-operating revenues	-	41,669	41,669
Gain (loss) on sale/retirement of assets	-	-	7,957
Total Non-Operating Revenues (Expenses)	(19,192)	(27,597)	(499,085)
Income (Loss) Before Contributions and Transfers	(95,152)	(123,369)	924,706
Transfers in	-	-	20,816
CHANGE IN NET POSITION	(95,152)	(123,369)	945,522
NET POSITION - BEGINNING	955,690	455,452	1,340,356
NET POSITION - ENDING	\$ 860,538	\$ 332,083	\$ 2,285,878

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 522,079	\$ 4,663,986	\$ -
Receipts from interfund services provided	6,896,012	2,955,091	1,428,615
Payments to suppliers	(4,642,543)	(1,529,247)	(1,702,852)
Payments to employees	(2,211,427)	(307,938)	-
Payments for interfund services used	(311,769)	-	-
Claims paid	-	(5,454,166)	-
Other receipts (payments)	-	-	350,760
NET CASH PROVIDED BY OPERATING ACTIVITIES	252,352	327,726	76,523
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	20,816	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	20,816	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	7,957	-	-
Acquisition and construction of capital assets	(20,815)	-	(230,202)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(12,858)	-	(230,202)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	-	-	120,472
Purchase of investments	(244,525)	(903,038)	-
Investment income	8,127	240,685	7,527
NET CASH PROVIDED BY INVESTING ACTIVITIES	(236,398)	(662,353)	127,999
Net Increase (Decrease) in Cash and Cash Equivalents	23,912	(334,627)	(25,680)
Cash and Cash Equivalents, January 1	107,609	2,225,198	103,651
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 131,521	\$ 1,890,571	\$ 77,971
Current Cash and Cash Equivalents	131,521	1,890,571	77,971
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 131,521	\$ 1,890,571	\$ 77,971
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 139,519	\$ 1,897,112	\$ (441,108)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	18,010	-	205,479
Other non-operating receipts	-	-	-
Change in Assets and Liabilities:			
(Increase) decrease in inventories	(28,933)	-	1,404
(Increase) decrease in receivables	58,274	-	-
(Increase) decrease in prepaid expenses	-	42,468	350,760
Increase (decrease) in accounts and other payables	67,116	(1,611,854)	(40,012)
Increase (decrease) in compensated absences	(1,634)	-	-
TOTAL ADJUSTMENTS	112,833	(1,569,386)	517,631
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 252,352	\$ 327,726	\$ 76,523
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	\$ (39,419)	\$ (632,021)	\$ (22,566)
TOTAL NON-CASH ACTIVITIES	\$ (39,419)	\$ (632,021)	\$ (22,566)

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ -	\$ 575,387	\$ 5,761,452
Receipts from interfund services provided	1,147,140	10,511,132	22,937,990
Payments to suppliers	(829,525)	(11,039,095)	(19,743,262)
Payments to employees	(311,349)	-	(2,830,714)
Payments for interfund services used	(40,518)	-	(352,287)
Claims paid	-	-	(5,454,166)
Other receipts (payments)	118	407,066	757,944
NET CASH PROVIDED BY OPERATING ACTIVITIES	(34,134)	454,490	1,076,957
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	-	20,816
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-	20,816
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	7,957
Acquisition and construction of capital assets	(72,600)	-	(323,617)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(72,600)	-	(315,660)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	55,685	-	176,157
Purchase of investments	-	(495,893)	(1,643,456)
Investment income	11,677	56,365	324,381
NET CASH PROVIDED BY INVESTING ACTIVITIES	67,362	(439,528)	(1,142,918)
Net Increase (Decrease) in Cash and Cash Equivalents	(39,372)	14,962	(360,805)
Cash and Cash Equivalents, January 1	124,497	355,247	2,916,202
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 85,125	\$ 370,209	\$ 2,555,397
Current Cash and Cash Equivalents	85,125	370,209	2,555,397
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 85,125	\$ 370,209	\$ 2,555,397
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (75,960)	\$ (95,772)	\$ 1,423,791
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	98,835	-	322,324
Other non-operating receipts	-	41,669	41,669
Change in Assets and Liabilities:			
(Increase) decrease in inventories	-	-	(27,529)
(Increase) decrease in receivables	-	365,397	423,671
(Increase) decrease in prepaid expenses	-	-	393,228
Increase (decrease) in accounts and other payables	(64,900)	143,196	(1,506,454)
Increase (decrease) in compensated absences	7,891	-	6,257
TOTAL ADJUSTMENTS	41,826	550,262	(346,834)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (34,134)	\$ 454,490	\$ 1,076,957
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	\$ (30,869)	\$ (115,774)	\$ (840,649)
TOTAL NON-CASH ACTIVITIES	\$ (30,869)	\$ (115,774)	\$ (840,649)

FIDUCIARY FUNDS

FIDUCIARY FUNDS

PENSION TRUST FUNDS

- 637a** The ***Police Pension Fund*** receives funding from the General Fund (property taxes) and investment interest to pay for retirement benefits not covered by the State's Law Enforcement Officers' and Fire Fighters' Retirement System to active and retired police officers hired on or before March 1, 1970.
- 637b** The ***Police Healthcare Fund*** receives funding from the General Fund (property taxes) and investment interest to pay for medical expenses not covered by medical insurance programs for active and retired police officers hired before October 1, 1977.
- 638a** The ***Fire Pension Fund*** receives funding from the General Fund (property taxes), a portion of the State levied fire insurance premium tax and investment interest to pay for retirement benefits not covered by the State's Law Enforcement Officers' and Fire Fighters' Retirement System to active and retired fire fighters hired on or before March 1, 1970.
- 638b** The ***Fire Healthcare Fund*** receives funding from the General Fund (property taxes) and investment interest to pay for medical expenses not covered by medical insurance programs for active and retired police officers hired before October 1, 1977.

AGENCY FUND

- 665** The ***Other Agency Fund*** accounts for the following entities and processes:

Downtown Business Improvement Area (BIA), District #1 – billing, receipt and disbursement of funds according to the spending authorization provided by Ordinance 2842-05.

Snohomish County Police Staff and Auxiliary Service Center (SNOPAC) – receipt and disbursement of funds as Ex-Officio Treasurer.

Tulalip Water Delivery System – receipt and disbursement of funds as approved by the Water Delivery System Joint Board organized pursuant to an agreement with the Tulalip Tribes of Washington.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS
DECEMBER 31, 2013**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ASSETS					
Cash and cash equivalents	\$ 526,659	\$ (526,491)	\$ 679,703	\$ (639,633)	\$ 40,238
Agency Bonds	2,065,418	12,335,358	9,607,203	18,616,966	42,624,945
Accounts receivable - net	1,645	-	75	-	1,720
Interest receivable	-	-	-	7,805	7,805
TOTAL ASSETS	2,593,722	11,808,867	10,286,981	17,985,138	42,674,708
LIABILITIES					
Accounts payable	-	6,321	-	3,544	9,865
Interfund Loans Payable	-	66,000	-	-	66,000
TOTAL LIABILITIES	-	72,321	-	3,544	75,865
NET POSITION					
Held in trust for pension benefits and other purposes	\$ 2,593,722	\$ 11,736,546	\$ 10,286,981	\$ 17,981,594	\$ 42,598,843

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2013**

	JOINT PIPELINE	GREEN BUS COALITION	BIA	TOTAL AGENCY FUNDS
ASSETS				
Cash and cash equivalents	\$ 3,136	\$ 10,884	\$ 161,739	\$ 175,759
Accounts receivable - net	-	-	29,783	29,783
TOTAL ASSETS	3,136	\$ 10,884	\$ 191,522	205,542
LIABILITIES				
Accounts payable	3,136	10,884	\$ -	14,020
Other current liabilities	-	-	191,522	191,522
TOTAL LIABILITIES	3,136	\$ 10,884	\$ 191,522	205,542

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ADDITIONS:					
Contributions					
Employer	\$ -	\$ 49,888	\$ -	\$ 49,888	\$ 99,776
State	-	-	155,946	-	155,946
Total contributions	-	49,888	155,946	49,888	255,722
Investment income					
Interest	82,346	1,350	137,129	548,796	769,621
Net appreciation (depreciation) in fair value	(14,383)	(1,090,655)	(35,727)	(2,720,738)	(3,861,503)
Net investment income	67,963	(1,089,305)	101,402	(2,171,942)	(3,091,882)
TOTAL ADDITIONS	67,963	(1,039,417)	257,348	(2,122,054)	(2,836,160)
DEDUCTIONS:					
Benefits	437,940	917,029	393,464	1,231,403	2,979,836
Administrative expense	125.00	22,258	505	22,258	45,146
TOTAL DEDUCTIONS	438,065	939,287	393,969	1,253,661	3,024,982
CHANGE IN NET POSITION					
Pension benefits	(370,102)		(136,621)		(506,723)
Postemployment healthcare benefits		(1,978,704)		(3,375,715)	(5,354,419)
NET POSITION RESERVED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	2,963,824		10,423,601		13,387,425
NET POSITION RESERVED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		13,715,250		21,357,310	35,072,560
NET POSITION - ENDING	\$ 2,593,722	\$ 11,736,546	\$ 10,286,980	\$ 17,981,595	\$ 42,598,843

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE JANUARY 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2013
<u>SNOPAC</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 14,308,325	\$ 14,308,325	\$ -
TOTAL ASSETS	\$ -	\$ 14,308,325	\$ 14,308,325	\$ -
LIABILITIES				
Other current liabilities	-	14,308,325	14,308,325	-
TOTAL LIABILITIES	\$ -	\$ 14,308,325	\$ 14,308,325	\$ -
<u>JOINT PIPELINE</u>				
ASSETS				
Cash and cash equivalents	\$ 3,249	\$ 573,205	\$ 573,318	\$ 3,136
Due from Other Governmental Units	49,168	-	49,168	-
TOTAL ASSETS	\$ 52,417	\$ 573,205	\$ 622,486	\$ 3,136
LIABILITIES				
Accounts payable	\$ 52,417	\$ 522,475	\$ 573,318	\$ 1,574
Other current liabilities	-	1,562	-	1,562
TOTAL LIABILITIES	\$ 52,417	\$ 524,037	\$ 573,318	\$ 3,136
<u>GREEN BUS COALITION</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 10,884	\$ -	\$ 10,884
TOTAL ASSETS	\$ -	\$ 10,884	\$ -	\$ 10,884
LIABILITIES				
Accounts payable	\$ -	\$ 10,884	\$ -	\$ 10,884
Other current liabilities	-	10,884	10,884	-
TOTAL LIABILITIES	\$ -	\$ 21,768	\$ 10,884	\$ 10,884
<u>BIA</u>				
ASSETS				
Cash and cash equivalents	\$ 174,486	\$ 183,840	\$ 196,587	\$ 161,739
Accounts receivable - net	15,365	123,280	108,862	29,783
TOTAL ASSETS	\$ 189,851	\$ 307,120	\$ 305,449	\$ 191,522
LIABILITIES				
Accounts payable	\$ -	\$ 196,584	\$ 196,584	\$ -
Other current liabilities	189,851	198,276	196,605	191,522
TOTAL LIABILITIES	\$ 189,851	\$ 394,860	\$ 393,189	\$ 191,522
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 177,735	\$ 15,076,254	\$ 15,078,230	\$ 175,759
Accounts receivable - net	15,365	123,280	108,862	29,783
Due from Other Governmental Units	49,168	-	49,168	-
TOTAL ASSETS	\$ 242,268	\$ 15,199,534	\$ 15,236,260	\$ 205,542
LIABILITIES				
Accounts payable	\$ 52,417	\$ 729,943	\$ 769,902	\$ 12,458
Other current liabilities	189,851	14,519,047	14,515,814	193,084
TOTAL LIABILITIES	\$ 242,268	\$ 15,248,990	\$ 15,285,716	\$ 205,542

STATISTICAL SECTION OVERVIEW

This part of the City of Everett'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. This information is unaudited.

CONTENTS

STAT No.

Financial Trends

Stats 1 - 5

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

Revenue Capacity

Stats 6 - 7

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

Debt Capacity

Stats 8 - 12

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

Stats 13 - 15

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

Stats 16 - 17

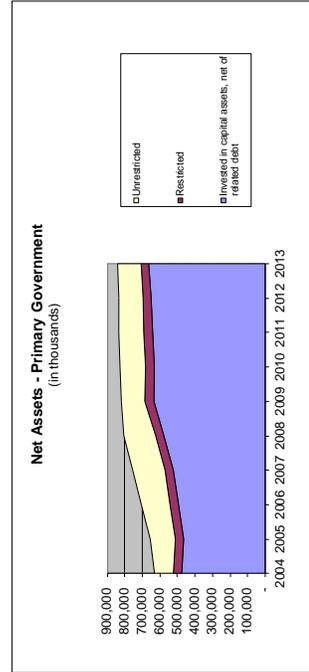
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in the schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

STAT 01

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in capital assets, net of related debt	\$ 191,654,146	\$ 228,673,168	\$ 245,383,110	\$ 258,985,622	\$ 275,153,868	\$ 276,175,060	\$ 277,363,768	\$ 280,262,109	\$ 291,590,152	\$ 301,733,296
Restricted	42,771,622	44,056,332	42,928,160	42,707,673	41,472,115	38,886,183	37,310,156	35,691,667	30,927,056	29,467,274
Unrestricted	84,852,118	78,838,473	88,036,357	98,933,848	92,207,372	95,940,505	93,484,426	93,461,072	79,829,469	73,014,696
Total governmental activities net position	\$ 319,277,866	\$ 351,567,973	\$ 376,347,627	\$ 400,627,143	\$ 408,633,355	\$ 411,001,748	\$ 408,158,340	\$ 409,414,848	\$ 402,346,677	\$ 404,215,286
Business-type activities										
Invested in capital assets, net of related debt	\$ 273,143,609	\$ 265,441,844	\$ 278,234,596	\$ 318,744,209	\$ 359,012,990	\$ 355,349,336	\$ 361,029,457	\$ 361,088,019	\$ 358,377,880	\$ 362,485,744
Restricted	4,192,232	4,504,533	4,244,055	3,563,986	10,664,591	11,482,570	11,167,299	15,184,274	14,894,611	13,261,092
Unrestricted	58,427,537	84,348,086	96,116,653	82,681,069	41,146,246	49,442,120	42,626,741	48,627,569	58,359,805	61,194,391
Total business-type activities net position	\$ 335,763,378	\$ 354,294,443	\$ 378,595,304	\$ 404,989,264	\$ 410,823,827	\$ 416,274,026	\$ 414,823,497	\$ 424,869,862	\$ 431,632,296	\$ 436,941,227
Primary Government										
Invested in capital assets, net of related debt	\$ 464,797,755	\$ 494,115,012	\$ 523,617,706	\$ 577,729,831	\$ 634,166,858	\$ 631,524,396	\$ 638,393,215	\$ 641,320,128	\$ 649,968,032	\$ 664,219,040
Restricted	48,963,854	48,560,865	47,172,215	46,271,659	52,136,706	50,368,753	48,477,455	50,875,941	45,821,667	42,728,366
Unrestricted	143,279,655	163,186,539	184,153,010	181,614,917	133,353,618	145,382,625	136,111,167	142,088,641	138,189,274	134,209,087
Total primary government net position	\$ 655,041,264	\$ 705,862,416	\$ 754,942,931	\$ 805,616,407	\$ 819,657,182	\$ 827,275,774	\$ 822,981,837	\$ 834,284,710	\$ 833,978,973	\$ 841,156,493



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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental activities:										
General government services	\$ 14,569,892	\$ 15,203,288	\$ 16,192,403	\$ 17,950,379	\$ 20,587,715	\$ 19,829,413	\$ 16,202,175	\$ 19,727,643	\$ 25,422,415	\$ 19,462,237
Police	28,935,678	30,882,491	31,636,006	31,839,441	33,871,982	36,488,879	37,112,805	35,928,460	37,679,652	36,953,341
Fire	23,688,138	25,402,766	26,251,618	26,606,763	28,426,321	29,593,441	28,925,002	28,302,587	29,278,542	29,429,312
Engineering & construction services	3,876,492	4,198,930	4,519,461	5,075,607	3,652,585	3,966,652	4,466,466	3,511,333	3,591,335	3,786,687
Transportation	5,584,756	8,782,289	7,230,995	6,529,391	8,972,012	8,557,592	10,890,501	8,565,208	8,552,627	6,787,720
Community services	5,017,547	5,136,497	5,102,700	5,324,631	7,583,871	7,583,871	8,189,488	7,296,739	7,574,308	7,659,733
Library	4,006,888	4,149,550	4,270,231	4,608,397	4,775,110	5,006,773	4,870,070	5,121,095	5,065,784	5,781,183
Culture and recreation	10,709,877	11,290,142	11,474,382	12,338,714	12,552,745	13,280,089	13,244,263	12,595,237	12,644,830	13,426,236
Interest on long-term debt	1,753,789	1,696,360	1,543,492	1,463,898	1,059,120	842,830	818,660	864,371	812,493	402,235
Total governmental activities expenses	98,143,057	106,742,313	108,221,288	111,737,221	121,483,301	125,149,540	124,719,430	121,912,673	130,621,986	123,688,684
Business-type activities:										
Water	16,257,037	19,701,810	25,856,113	23,108,675	21,758,842	23,333,429	25,325,047	26,475,627	29,673,454	30,447,916
Sewer	17,368,416	16,883,458	20,720,914	20,182,241	23,713,506	24,534,675	27,904,797	26,640,525	28,379,198	30,774,660
Solid Waste	704,600	844,386	648,671	715,465	1,052,565	3,264,327	3,688,722	1,067,260	793,631	986,840
Parking	388,561	290,899	346,166	275,780	305,455	272,951	295,887	251,889	282,917	287,032
Transit	13,406,981	15,047,417	15,460,929	17,365,257	20,200,488	24,092,720	25,781,338	22,713,494	23,273,163	22,942,885
Golf	3,764,124	3,881,307	4,053,061	4,049,797	4,287,155	4,577,928	4,139,684	4,012,376	4,146,486	4,370,102
Total business-type activities expenses	51,889,719	56,649,277	67,085,854	65,697,215	71,318,011	80,076,030	87,135,475	81,161,171	86,548,849	89,809,435
Total primary government expenses	\$150,032,776	\$163,391,590	\$175,307,142	\$177,434,436	\$192,801,312	\$205,225,570	\$211,854,905	\$203,073,844	\$217,170,835	\$213,498,119

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government services	\$ 3,242,598	\$ 2,401,938	\$ 2,936,104	\$ 2,065,441	\$ 1,819,766	\$ 2,784,057	\$ 1,260,967	\$ 1,214,492	\$ 1,127,922	\$ 1,287,012
Police	2,084,229	2,204,376	2,139,460	2,987,408	3,145,022	3,430,409	3,440,505	3,398,146	2,569,561	2,439,542
Fire	57,253	810,115	1,772,953	1,763,028	1,556,855	1,795,325	1,992,766	1,556,633	1,584,923	1,457,689
Engineering & construction services	1,036,249	1,311,866	1,221,872	1,278,370	569,772	522,080	512,461	505,982	451,906	459,583
Transportation	704,585	2,414,007	1,686,520	982,364	780,000	1,206,445	795,234	201,283	209,838	497,878
Community services	1,592,688	3,002,883	2,695,132	2,943,652	3,574,416	2,858,248	2,056,498	2,284,630	2,463,369	2,355,384
Library	93,948	95,927	101,624	109,525	108,290	122,702	107,017	113,221	102,272	99,250
Culture and recreation	1,372,921	1,353,269	748,774	1,502,326	1,641,256	1,738,065	1,768,419	1,856,388	1,801,221	2,008,219
Operating grants and contributions	2,445,425	3,627,851	2,757,760	2,752,220	2,566,494	4,647,504	3,973,610	3,014,442	2,131,625	3,352,109
Capital grants and contributions	6,041,216	26,753,404	11,491,623	5,604,654	11,673,775	6,865,521	3,693,227	3,296,672	3,348,510	7,332,484
Total governmental activities program revenues	18,671,112	43,975,636	27,551,822	21,988,988	27,435,646	25,970,356	19,600,704	17,441,889	15,791,147	21,289,150
Business-type activities:										
Charges for services:										
Water	23,333,846	23,768,937	26,683,309	27,690,993	27,082,959	30,463,819	28,742,817	30,113,113	31,539,348	32,820,242
Sewer	21,760,586	24,569,332	27,529,319	28,246,136	28,007,588	28,522,334	29,307,878	31,568,714	32,879,290	34,502,663
Solid Waste	714,962	796,277	816,676	1,099,646	1,443,506	1,802,186	2,196,527	2,301,760	2,250,755	2,461,856
Parking	331,155	290,572	310,719	349,912	378,727	374,764	317,457	292,891	264,049	264,095
Transit	2,723,614	2,529,018	2,153,335	2,352,649	2,453,836	2,126,900	2,266,491	2,465,498	2,554,498	2,876,207
Golf	3,024,675	3,175,287	3,311,833	3,389,321	3,565,686	3,746,275	3,763,272	3,614,179	3,785,114	3,793,021
Operating grants and contributions	1,441,596	495,191	3,690,068	616,999	21,182	3,779,924	1,436,645	1,486,898	1,855,835	1,521,658
Capital grants and contributions	4,286,282	4,752,643	7,228,016	6,168,713	2,947,684	5,025,507	2,470,223	5,573,861	4,426,220	9,320,558
Total business-type activities program revenues	57,616,716	60,377,257	71,723,275	69,912,369	65,901,165	75,841,709	70,501,310	77,416,914	79,555,302	87,560,300
Total primary government program revenues	\$ 76,287,828	\$ 104,352,893	\$ 99,275,097	\$ 91,901,357	\$ 93,336,811	\$ 101,812,065	\$ 90,102,014	\$ 94,858,803	\$ 95,346,449	\$ 108,849,450
Net (expense)/revenue										
Governmental activities	\$ (79,471,945)	\$ (62,766,677)	\$ (80,669,466)	\$ (89,748,233)	\$ (94,047,655)	\$ (99,179,184)	\$ (105,118,726)	\$ (104,470,784)	\$ (114,830,839)	\$ (102,399,534)
Business-type activities	5,726,987	3,727,980	4,637,421	4,215,154	(5,416,846)	(4,234,321)	(16,634,165)	(3,744,257)	(6,993,547)	(2,249,135)
Total primary government net expense	\$ (73,744,948)	\$ (59,038,697)	\$ (76,032,045)	\$ (85,533,079)	\$ (99,464,501)	\$ (103,413,505)	\$ (121,752,891)	\$ (108,215,041)	\$ (121,824,386)	\$ (104,648,669)

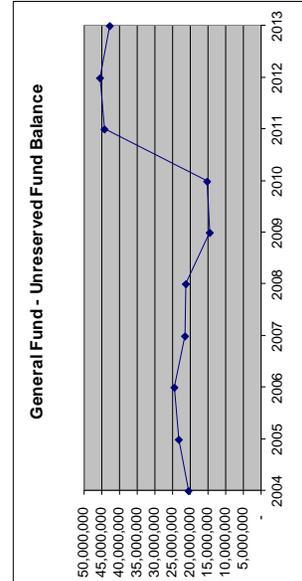
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES & OTHER CHANGES										
IN NET POSITION										
Governmental activities:										
Taxes										
Property	\$ 31,844,597	\$ 32,455,576	\$ 32,845,373	\$ 34,449,729	\$ 35,226,476	\$ 35,659,364	\$ 35,473,230	\$ 38,322,027	\$ 38,765,835	\$ 38,606,082
Sales	21,196,166	23,853,300	28,821,916	29,942,458	28,098,324	23,175,042	24,818,451	23,696,637	24,605,177	25,596,982
Business	22,556,024	23,962,279	25,135,371	28,372,875	27,039,132	26,331,273	26,083,027	27,105,472	29,331,090	30,706,072
Other	10,223,623	11,087,943	11,599,557	12,054,689	9,874,918	7,646,792	2,909,484	3,566,778	4,019,849	4,070,079
Miscellaneous	-	-	-	-	-	-	4,861,570	4,542,695	4,660,972	4,086,888
Interest and investment earnings	2,278,421	3,259,336	5,241,290	6,983,803	5,943,180	2,399,669	4,112,868	4,664,927	2,405,516	(2,901,849)
Special items	-	-	-	-	(7,439,172)	-	-	-	-	-
Transfers	2,356,783	2,926,700	2,649,118	2,902,836	3,511,009	6,135,417	4,016,688	3,828,756	3,974,229	4,281,872
Total governmental activities	90,455,614	97,545,134	106,292,625	114,706,390	102,253,867	101,347,577	102,275,318	105,727,292	107,762,688	104,446,126
Business-type activities:										
Taxes										
Sales	6,680,296	15,008,421	17,841,822	18,769,273	17,351,814	14,489,333	15,650,951	14,923,050	15,738,801	16,380,028
Business	85,870	85,293	86,340	91,199	90,421	95,784	98,269	92,086	99,994	98,650
Miscellaneous	-	-	-	-	66,477	173,633	242,899	250,089	239,412	235,158
Interest and investment earnings	1,069,220	1,490,944	4,384,396	6,221,170	4,398,474	1,277,687	3,208,205	3,786,445	1,652,003	(3,129,771)
Special items	-	-	-	-	(7,111,395)	-	-	-	-	-
Transfers	(2,356,783)	(2,926,700)	(2,649,118)	(2,902,836)	(3,511,009)	(6,135,417)	(4,016,688)	(3,828,756)	(3,974,229)	(4,281,872)
Total business-type activities	5,478,603	13,657,958	19,663,440	22,178,806	11,284,782	9,901,020	15,183,636	15,222,914	13,755,981	9,302,193
Total primary government general revenues & other changes in net position	\$ 95,934,217	\$ 111,203,092	\$ 125,956,065	\$ 136,885,196	\$ 113,538,649	\$ 111,248,597	\$ 117,458,954	\$ 120,950,206	\$ 121,518,649	\$ 113,748,319
CHANGE IN NET POSITION										
Governmental activities	\$ 10,983,669	\$ 34,778,457	\$ 25,623,159	\$ 24,958,157	\$ 8,206,212	\$ 2,168,393	\$ (2,843,408)	\$ 1,256,508	\$ (7,088,171)	\$ 2,046,592
Business-type activities	11,205,600	17,385,938	24,300,861	26,393,960	5,867,936	5,666,699	(1,450,529)	11,478,657	6,762,434	7,053,058
Total primary government	\$ 22,189,269	\$ 52,164,395	\$ 49,924,020	\$ 51,352,117	\$ 14,074,148	\$ 7,835,092	\$ (4,283,937)	\$ 12,735,165	\$ (305,737)	\$ 9,099,650

STAT 03

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,797,553	\$ 9,617,592	\$ 9,376,820
Committed	-	-	2,466,833	6,124,168	8,780,168	9,049,168	8,924,168	467,553	254,608	158,569
Reserved Total	-	-	2,466,833	6,124,168	8,780,168	9,049,168	8,924,168	467,553	254,608	158,569
Unreserved Total	20,555,663	23,276,536	24,421,840	21,446,823	21,146,458	14,339,097	15,229,144	44,134,696	45,329,693	42,654,161
Total general fund	\$ 20,555,663	\$ 23,276,536	\$ 26,888,673	\$ 27,570,991	\$ 29,926,626	\$ 23,388,265	\$ 24,153,312	\$ 53,399,802	\$ 55,201,893	\$ 52,189,550
All other governmental funds										
Capital Improvement Reserve fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,224,561	\$ 472,452	\$ -
Assigned	-	-	-	-	-	-	-	22,893,618	17,910,076	16,503,700
Total	31,548,328	24,459,175	26,440,411	26,687,764	23,356,244	22,480,222	23,943,481	25,118,179	18,382,528	16,503,700
Special Revenue funds										
Nonspendable	-	-	-	-	-	-	-	13282625	13,584,940	434,160
Restricted	-	-	-	-	-	-	-	21,822,078	16,869,664	29,467,274
Assigned	-	-	-	-	-	-	-	5,400,843	6,171,702	5,597,316
Unassigned	-	-	-	-	-	-	-	(290,716)	(234,862)	(99,335)
Total	48,914,555	51,860,548	56,205,011	60,997,324	62,428,577	71,666,770	66,547,709	40,214,830	36,391,444	35,399,415
Debt Service funds										
Assigned	-	-	-	-	-	-	-	104,223	66,779	32,199
Unassigned	-	-	-	-	-	-	-	(5,000)	-	-
Total	2,113,185	1,244,315	1,111,465	784,293	514,368	182,572	141,447	99,223	66,779	32,199
Capital Projects funds										
Restricted	-	-	-	-	-	-	-	586,964	-	-
Assigned	-	-	-	-	-	-	-	1,827,797	1,464,244	1,347,703
Unassigned	-	-	-	-	-	-	-	(73,379)	-	-
Total	4,886,807	4,489,293	3,940,442	4,558,332	36,682	3,001,874	4,862,935	2,341,382	1,464,244	1,347,703
Total all other governmental funds	\$ 87,462,875	\$ 82,053,331	\$ 87,697,329	\$ 93,027,713	\$ 86,335,971	\$ 97,331,438	\$ 95,495,572	\$ 67,773,614	\$ 56,304,995	\$ 53,283,017



Starting year ending December 31, 2011, City of Everett implemented GSAB 54 - which required new classification for fund balances

STAT 04

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes (see STAT 05)	\$ 74,186,937	\$ 77,537,823	\$ 85,244,591	\$ 92,174,648	\$ 94,728,334	\$ 86,129,512	\$ 88,226,650	\$ 91,758,492	\$ 95,729,271	\$ 98,384,239
Licenses and permits	1,363,214	2,263,589	2,121,016	2,404,535	2,117,954	2,030,987	1,275,090	1,372,902	1,419,348	1,322,961
Intergovernmental revenues	11,899,873	15,943,844	12,522,348	13,194,127	19,124,730	16,533,833	12,943,555	11,583,732	11,178,806	14,252,148
Charges for services	7,014,837	10,943,164	10,169,960	10,973,480	11,111,058	11,617,508	11,366,835	10,300,666	10,713,543	10,887,103
Fines and forfeits	1,258,933	1,082,262	1,215,375	1,596,034	2,010,649	2,113,788	2,289,241	2,406,812	2,089,259	1,837,173
Other revenues	7,224,485	7,274,923	7,889,015	9,254,256	7,908,417	4,890,542	6,055,566	6,359,449	4,049,518	(325,034)
Total revenues	102,948,279	115,045,605	119,162,295	129,597,080	137,001,142	123,316,170	122,156,937	123,782,063	125,179,745	126,358,590
EXPENDITURES										
General government services	\$ 16,178,836	\$ 17,108,942	\$ 17,696,422	\$ 20,812,764	\$ 23,071,766	\$ 21,371,527	\$ 19,560,359	\$ 22,224,183	\$ 25,222,175	\$ 23,997,404
Security of persons and property	47,384,766	48,607,621	51,569,472	55,671,979	59,663,391	63,228,588	63,281,581	61,936,081	63,200,943	64,829,094
Physical environment	2,836,653	3,124,140	3,667,253	3,617,227	3,964,226	4,219,145	4,552,143	3,347,520	3,410,948	228,636
Transportation	4,118,612	3,730,260	3,787,828	3,781,170	4,601,268	4,157,219	3,848,650	3,855,360	3,985,867	5,986,630
Economic environment	4,915,385	5,171,774	5,206,800	5,471,561	6,132,689	5,966,209	6,774,540	5,886,619	6,130,190	6,822,836
Mental and physical health	113,362	22,239	21,233	18,138	23,324	36,022	20,341	25,117	26,659	925,972
Culture and recreation	12,349,808	12,233,496	12,830,215	13,944,937	14,163,816	15,000,541	14,994,400	14,595,117	14,581,748	15,890,931
Capital outlay	11,271,438	21,646,777	14,518,453	18,188,980	34,648,395	18,115,409	11,543,600	13,139,960	19,276,636	16,578,457
Debt service:										
Principal	3,188,691	7,248,691	3,972,689	3,957,634	2,546,517	5,361,799	1,819,316	419,316	2,064,316	874,315
Interest	1,774,059	1,765,365	1,949,970	1,833,568	1,427,968	1,076,646	819,205	806,751	1,079,100	526,252
Other debt service costs	50,024	67,274	64,360	50,810	48,255	50,179	45,267	91,968	39,648	12,118
Total expenditures	104,181,634	120,726,579	115,284,695	127,348,568	150,291,625	138,583,284	127,259,402	126,327,992	139,018,230	136,672,645
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,233,355)	(5,680,974)	3,877,600	2,248,512	(13,290,483)	(15,267,114)	(5,102,465)	(2,545,939)	(13,838,485)	(10,314,055)
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	-	-	250,000	-	-	-	-	-	-	-
Refunding debt issued	-	-	-	-	-	-	-	-	14,980,718	-
Payments to debt escrow agent	-	-	-	-	-	-	-	-	(14,800,000)	-
Disposition of capital assets	91,604	190,039	2,838,549	831,352	561,174	1,596,399	81,031	161,718	7,853	18,678
Transfers in	17,477,554	20,672,022	20,038,282	26,135,599	26,879,530	21,575,867	24,106,469	12,212,052	35,041,669	13,022,464
Transfers out	(14,851,842)	(17,868,758)	(17,748,295)	(23,202,762)	(23,349,132)	(17,140,074)	(20,155,854)	(8,303,299)	(31,068,283)	(8,761,408)
Total other financing sources (uses)	2,717,316	2,992,303	5,378,536	3,764,189	4,091,572	6,032,192	4,031,646	4,070,471	4,171,957	4,279,734
Special items	-	-	-	-	4,862,704	13,692,128	-	-	-	-
NET CHANGE IN FUND BALANCES	1,483,961	(2,688,671)	9,256,136	6,012,701	(4,336,207)	4,457,206	(1,070,819)	1,524,532	(9,666,528)	(6,034,321)
Debt service as percentage of noncapital expenditures *	5.37%	8.86%	5.82%	5.31%	3.42%	5.29%	2.22%	1.07%	2.61%	1.17%

* Per GASB Statement 44, "noncapital expenditures are calculated by subtracting the following from total expenditures: a) capital outlay (to the extent capitalized for the government-wide statement of net assets) and b) expenditures for capitalized assets contained within the functional expenditure categories."

STAT 05

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

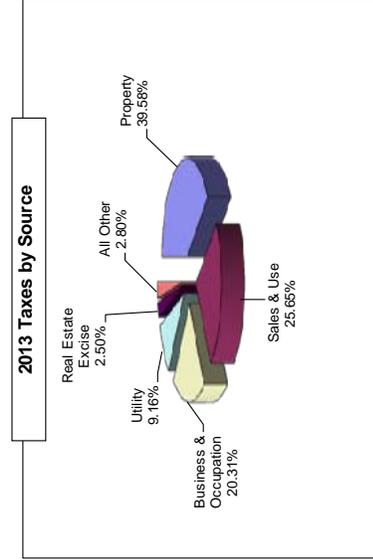
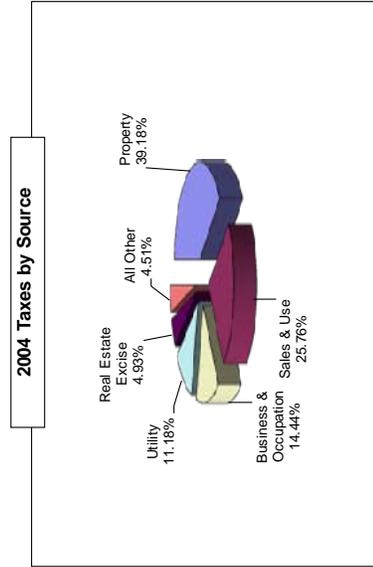
Fiscal Year	Property *	Sales & Use **	Hotel/Motel	Business & Occupation	Admissions	Utility	Cable Franchise	Leasehold	Real Estate Excise	Gambling	Other	Total
2004	31,946,435	21,005,089	191,078	11,774,281	885,120	9,117,957	778,665	322,623	4,019,630	1,481,562	14,040	81,536,480
2005	32,305,646	23,656,034	197,265	12,906,327	699,159	9,530,447	826,345	331,897	4,675,867	1,477,929	12,462	86,619,378
2006	32,814,005	28,539,628	282,287	14,179,240	274,116	9,782,357	899,657	334,665	5,560,950	940,967	15,337	93,623,209
2007	34,447,362	29,585,849	356,609	16,526,109	349,274	10,464,456	1,033,036	427,173	5,217,137	1,106,534	23,686	99,537,225
2008	35,210,826	27,750,976	347,349	14,724,356	374,911	10,764,479	1,175,386	377,387	2,946,714	1,030,587	25,364	94,728,335
2009	34,589,626	22,901,940	273,102	14,163,851	374,554	10,615,049	1,177,820	386,088	1,227,773	398,649	21,060	86,129,512
2010	35,395,579	24,535,121	283,331	14,560,759	355,862	9,945,590	1,220,816	367,540	1,200,059	339,755	22,238	88,226,650
2011	38,373,048	23,412,096	284,541	15,334,228	343,689	10,165,900	1,261,655	453,142	1,751,671	364,778	13,744	91,758,492
2012	38,767,683	24,283,111	322,065	18,337,828	340,820	9,309,502	1,342,939	398,617	2,299,679	320,265	6,762	95,729,271
2013	38,937,693	25,238,206	358,776	19,982,373	350,868	9,011,725	1,361,106	383,769	2,454,933	304,790	-	98,384,239

% Change

2004 - 2013	21.88%	20.15%	87.76%	69.71%	-60.36%	-1.17%	74.80%	18.95%	-38.93%	-79.43%	-100.00%	20.66%
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* Includes property tax recorded in General Government funds, plus property tax recorded directly to the Police and Fire Pension Funds.

** Includes regular sales and use tax, natural gas use tax, and timber harvest tax.



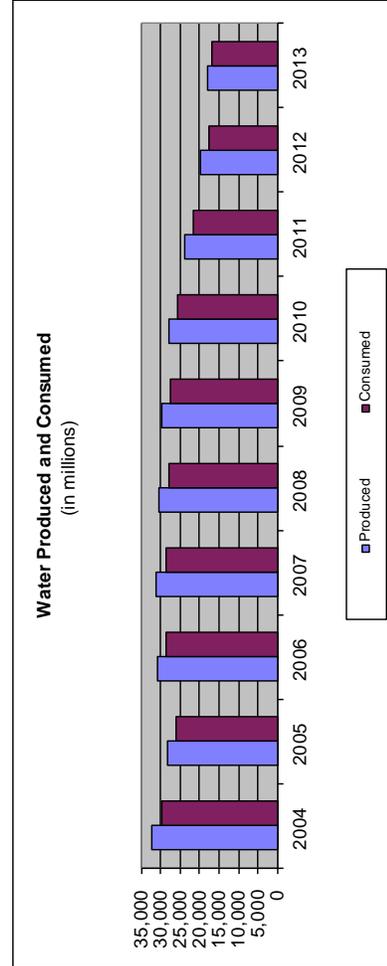
The graphs above combine Hotel/Motel, Admissions, Cable Franchise, Leasehold, Gambling, and Other taxes into the "All Other" category.

STAT 6a

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

Year	(units in millions)										Total Direct Rates			
	Gallons of Water Produced		Gallons of Water Consumed		Gallons of Water Unbilled		Average Percent Unbilled		Gallons of Wastewater Treated		Water Base Usage Rate ¹		Sewer Base Usage Rate	
	Produced	Consumed	Unbilled	Water	Unbilled	Percent	Unbilled	Treated	Rate ¹	Rate	Rate	Rate	Rate	Rate
2004	32,417	29,824	2,593	2,593	8.00%	8.00%	6,184	10.26	1.71	30.65	3.41			
2005	28,432	26,157	2,275	2,275	8.00%	8.00%	6,818	10.26	1.71	34.15	3.79			
2006	30,927	28,453	2,474	2,474	8.00%	8.00%	7,000	11.25	1.87	38.40	4.27			
2007	31,287	28,785	2,502	2,502	8.00%	8.00%	6,513	11.82	1.97	38.40	4.27			
2008	30,470	28,031	2,439	2,439	8.00%	8.00%	6,805	12.42	2.07	38.40	4.27			
2009	29,894	27,503	2,391	2,391	8.00%	8.00%	6,706	13.20	2.20	40.30	4.48			
2010	28,036	25,791	2,245	2,245	8.01%	8.01%	7,056	14.10	2.35	42.40	4.71			
2011	23,676	21,782	1,894	1,894	8.00%	8.00%	7,145	15.06	2.51	44.50	4.94			
2012	19,920	17,747	1,543	1,543	7.75%	7.75%	7,609	16.02	2.67	46.70	5.19			
2013	18,062	16,763	1,399	1,399	7.75%	7.75%	6,455	15.13	3.02	48.00	5.33			

¹ Rate shown is for 3/4" meters (most common meter for single family households). See STAT 6d for other meter sizes and rates.



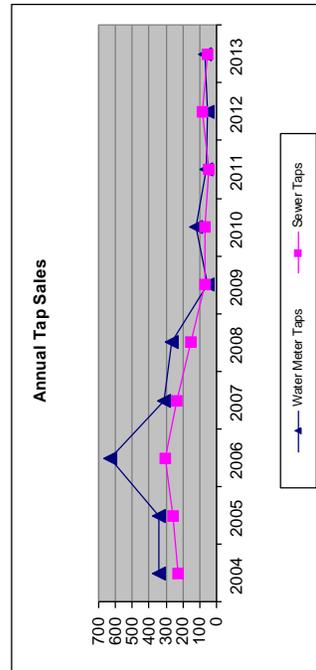
Source: City of Everett Water/Sewer Utility Department

STAT 6b

**ANNUAL TAP SALES
LAST TEN FISCAL YEARS**

Year	Water Meter Taps Sold *	Sewer Taps Sold	Total Taps
2004	344	228	572
2005	344	257	601
2006	630	305	935
2007	308	233	541
2008	266	155	421
2009	54	67	121
2010	122	70	192
2011	62	41	103
2012	49	85	134
2013	66	54	120

* Some of these taps may have been acquired through annexation.



Notes: The large increase in water meter taps in 2006 was due to higher than normal growth those years. The City saw a dramatic decline in both water and sewer tap sales due to the struggling economy in 200

Source: City of Everett Water/Sewer Utility Department

STAT 6c

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

Year	WATER			SEWER			Total			
	Residential	Commercial	Industrial	Residential	Commercial	Industrial		Other		
2004	21,737	2,645	56	254	24,692	20,025	1,745	40	115	21,925
2005	22,135	2,739	55	279	25,208	20,477	1,780	41	123	22,421
2006	22,727	2,712	52	292	25,783	20,990	1,794	40	126	22,950
2007	22,884	3,019	50	312	26,265	21,148	1,808	37	128	23,121
2008	22,891	2,807	52	319	26,069	21,170	1,823	38	128	23,159
2009	22,906	2,825	50	332	26,113	21,223	1,822	36	130	23,211
2010	22,848	2,846	48	339	26,081	21,178	1,840	34	133	23,185
2011	24,026	2,883	48	346	27,303	21,250	1,849	34	136	23,269
2012	23,791	2,899	43	540	27,273	21,274	1,848	34	147	23,303
2013	23,902	2,916	40	540	27,398	21,300	1,854	33	150	23,337

Source: City of Everett Water/Sewer Utility Department

STAT 6d

**WATER AND SEWER RATES
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
WATER RATES										
Base rate (meter size)										
Flat rate	\$16.50	\$17.10	\$18.75	\$19.70	\$20.70	\$22.00	\$23.50	\$25.10	\$26.70	\$30.24
3/4"	10.26	10.26	11.25	11.82	12.42	13.20	14.10	15.06	16.02	15.13
1"	17.10	17.10	18.75	19.70	20.70	22.00	23.50	25.10	26.70	30.24
2"	20.52	20.52	22.50	23.64	24.84	26.40	28.20	30.12	32.04	36.29
Over 2"	27.36	27.36	30.00	31.52	33.12	35.20	37.60	40.16	42.72	48.39
Usage rate (per CCF)	\$1.71	\$1.71	\$1.87	\$1.97	\$2.07	\$2.20	\$2.35	\$2.51	\$2.67	\$3.02

SEWER RATES

Flat rate	\$30.65	\$34.15	\$38.40	\$38.40	\$38.40	\$40.30	\$42.40	\$44.50	\$46.70	\$48.00
Usage rate (per CCF)	3.41	3.79	4.27	4.27	4.27	4.48	4.71	4.94	5.19	5.33

Source: City of Everett Water/Sewer Utility Department

STAT 6e

LARGEST WATER and SEWER CUSTOMERS
CURRENT YEAR AND TEN YEARS AGO

Customer	2013 Water Revenue			2004 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 15,589,266	1	49.84%	\$ 8,801,222	1	39.13%
Alderwood Water District	9,790,128	2	31.30%	6,225,690	2	27.68%
Lake Stevens PUD	1,841,897	3	5.89%	1,389,407	4	6.18%
City of Marysville	1,501,676	4	4.80%	987,874	7	4.39%
City of Monroe	962,716	5	3.08%	660,254	8	2.94%
Mukilteo Water District	492,179	6	1.57%	1,125,433	6	5.00%
City of Snohomish	286,451	7	0.92%	126,411	9	0.56%
Silver Lake Water District	198,849	8	0.64%	1,373,301	5	6.11%
Kimberly Clark**	12,695	9	0.04%	1,401,173	3	6.23%
Subtotal	30,675,857		98.07%	22,090,765		98.23%
Balance from other customers	603,059		1.93%	398,729		1.77%
Grand total	\$ 31,278,916		100.00%	\$ 22,489,494		100.00%

Customer	2013 Sewer Revenue			2004 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 18,981,273	1	73.45%	\$ 13,405,078	1	71.76%
Silver Lake Water District	4,518,258	2	17.48%	3,122,287	2	16.71%
Alderwood Water District	1,751,912	3	6.78%	1,494,136	3	8.00%
Mukilteo Water District	558,003	4	2.16%	659,956	4	3.53%
City of Marysville	33,391	5	0.13%	-	-	0.00%
Grand total	\$ 25,842,837		100.00%	\$ 18,681,457		100.00%

Source: City of Everett Water/Sewer Utility Department

**NOTE: Kimberly Clark closed in April 2012

STAT 07a

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 Property	Less: Tax Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ²
2004										8,398,860,467	3.801
2005	4,565,991,700	3,214,149,234	1,079,908,157	15,535,800	1,229,414,900	320,767,100	1,017,765,678	246,202,050	(1,988,336,486)	9,049,119,416	3.598
2006	5,904,947,900	3,934,336,830	1,139,574,000	16,245,700	1,444,732,800	380,386,800	1,118,742,337	238,888,736	(2,458,841,001)	11,719,014,102	3.404
2007	6,879,658,100	4,549,691,000	1,295,973,290	16,927,900	1,690,238,700	433,016,500	1,170,313,581	221,207,295	(2,835,585,254)	13,421,441,112	2.964
2008	6,886,380,250	4,995,201,347	1,367,947,800	17,371,700	1,951,536,900	461,792,300	1,451,220,118	228,700,703	(3,098,363,164)	14,261,787,954	2.502
2009	6,183,791,200	5,076,738,700	1,416,851,000	17,655,800	1,950,129,800	408,719,700	1,289,759,368	224,083,430	(2,976,597,235)	13,591,131,763	2.655
2010	5,602,394,800	4,703,084,000	1,336,953,900	16,824,900	1,661,765,100	327,026,900	1,283,524,972	234,522,057	(2,802,653,484)	12,363,443,145	3.108
2011	4,852,961,650	4,445,693,500	1,261,413,600	14,924,100	1,558,889,320	285,627,550	1,243,538,893	289,054,941	(2,731,089,096)	11,220,994,458	3.455
2012	4,347,652,050	4,571,650,390	1,332,641,600	14,709,100	1,539,990,350	285,056,700	1,260,086,574	204,075,290	(2,929,053,512)	10,626,808,542	3.633

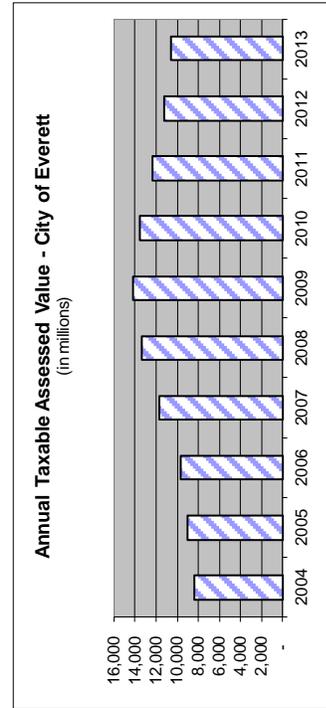
¹ Washington State law requires all property be assessed at 100% of its true and fair market value.

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

Notes:

Government Accounting Standards Board Statement 44 "Economic Condition Reporting: The Statistical Section," effective for fiscal years beginning after June 15, 2005, requires the city to present assessed valuation by major category. This information is not readily available prior to 2006, therefore only the total taxable value is presented for the years prior to 2006.

The large increases in total assessed value from 2006 to 2007 and 2007 to 2008 were due in large part to extraordinary growth in property values in 2006 and 2007. The city also experienced strong growth in new construction during the same time period. In addition, the city annexed approximately 249 acres from Snohomish County at the end of 2005. This property was first included in the city's tax roll for the 2007 levy. In 2006, the city annexed just over 22 acres from Snohomish County. This property was first included on the city's tax roll for the 2008 levy.

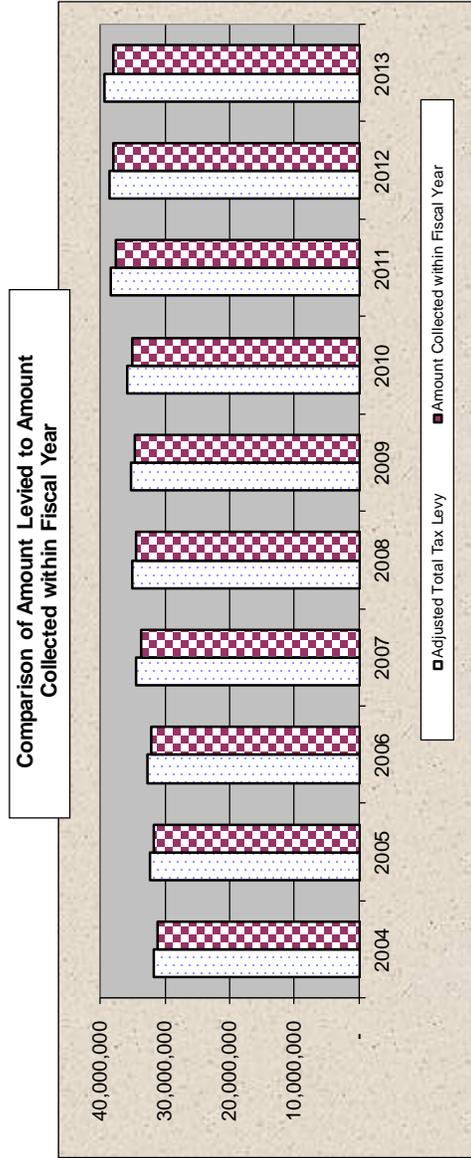


Source: Snohomish County Assessor's Office.

STAT 07b

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	Percentage of Adjusted Levy	Collections in Subsequent Years	Total Collections to Date	Percentage of Adjusted Levy
2004	31,919,231	(109,487)	31,809,744	31,227,930	98.2%	581,275	31,809,205	100.0%
2005	32,474,466	(51,238)	32,423,228	31,741,124	97.9%	681,601	32,422,725	100.0%
2006	33,028,740	(255,681)	32,773,059	32,160,647	98.1%	611,602	32,772,249	100.0%
2007	34,712,808	(197,684)	34,515,124	33,814,845	98.0%	697,191	34,512,036	100.0%
2008	35,442,101	(256,987)	35,185,114	34,613,826	98.4%	572,701	35,186,527	100.0%
2009	35,678,786	(270,115)	35,408,671	34,804,805	98.3%	576,388	35,381,193	99.9%
2010	36,088,548	(209,485)	35,879,063	35,170,678	98.0%	565,533	35,736,211	99.6%
2011	38,420,299	(43,687)	38,376,612	37,596,649	98.0%	594,730	38,191,379	99.5%
2012	38,612,025	(21,691)	38,590,334	38,084,348	98.7%	498,990	38,583,338	100.0%
2013	39,497,033	-	39,497,033	38,046,225	96.3%	-	38,046,225	96.3%

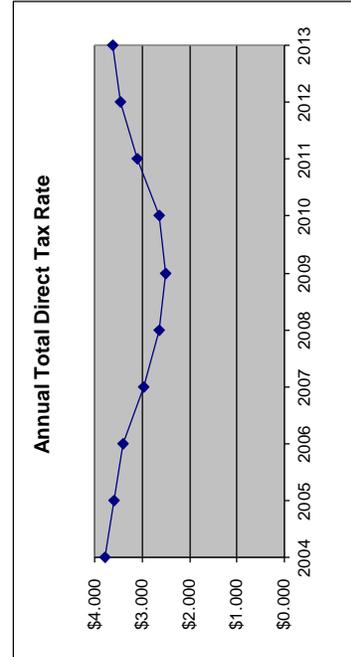


Source: Snohomish County Assessor's Office.

STAT 07c

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City Direct Rates:										
Regular	\$3.275	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197	\$2.331	\$2.608	\$2.955	\$3.133
Subtotal-Regular Levy	\$3.275	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197	\$2.331	\$2.608	\$2.955	\$3.133
Emergency Medical	\$0.455	\$0.431	\$0.408	\$0.355	\$0.317	\$0.305	\$0.324	\$0.500	\$0.500	\$0.500
82 G.O. Housing Bond	0.015	0.014	0.013	0.011	0.010	0.000	0.000	0.000	0.000	0.000
88 G.O. Housing Bond	0.056	0.052	0.049	0.041	0.036	0.000	0.000	0.000	0.000	0.000
City Total	\$3.801	\$3.598	\$3.404	\$2.964	\$2.643	\$2.502	\$2.655	\$3.108	\$3.455	\$3.633
Overlapping Taxes:										
County	\$1.209	\$1.098	\$0.999	\$0.840	\$0.723	\$0.717	\$0.782	\$0.868	\$0.982	\$1.077
State School	2.953	2.789	2.532	1.906	1.906	1.909	1.993	2.206	2.379	2.433
Local School	5.699	5.015	4.733	4.349	4.000	4.128	4.626	5.438	6.168	6.549
Port of Everett	0.377	0.353	0.330	0.310	0.276	0.267	0.285	0.285	0.345	0.290
Grand Total	\$14.039	\$12.853	\$11.998	\$10.628	\$9.548	\$9.523	\$10.341	\$11.905	\$13.329	\$13.982



Source: Snohomish County Assessor's Office.

STAT 07d

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2013			2004		
		Taxable Assessed Valuation (AV) ¹	Rank	% of Total City Taxable AV	Taxable Assessed Valuation (AV) ²	Rank	% of Total City Taxable AV
The Boeing Co	Aerospace	\$ 1,550,115,468	1	14.59%	\$ 1,273,780,663	1	15.17%
Frontier Property Tax Dept (Verizon)	Telecommunications	113,249,777	2	1.07%	167,048,098	3	1.99%
Kimberly-Clark World Wide, Inc	Pulp and Paper	91,652,089	3	0.86%	215,347,831	2	2.56%
Fluke Electronics Corp	Electronics	81,120,161	4	0.76%	79,962,379	4	0.95%
Everett Mail LLC	Development	61,139,800	5	0.58%			
Stockpot Inc	Consumer Food Mfg	53,836,395	6	0.51%			
Achilles USA Inc	Manufacturing	43,937,593	7	0.41%	35,185,088	8	0.42%
Millington Apartments LLC	Apartments	42,225,000	8	0.40%			
Puget Sound Energy	Energy Services	40,005,314	9	0.38%	44,411,088	6	0.53%
Stephanus Paul	Development	35,302,000	10	0.33%			
Steadfast Properties & Development	Development				45,682,400	5	0.54%
Regency Centers LP	Property Management				35,724,100	7	0.43%
GRE Fulton's Landing	Apartments				26,832,000	9	0.32%
Providence General Medical Center	Medical				24,514,100	10	0.29%
		\$ 2,112,583,597		19.89%	\$ 1,948,487,747		23.20%

¹ 2013 total assessed value - \$10,626,808,542

² 2004 total assessed value - \$8,398,860,467

Source: Snohomish County Assessor's Office

STAT 08

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	Governmental Type Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income ¹	Per Capita ²
	General Obligation Bonds	Public Works Trust Fund Loans	Notes Payable	Capital Lease	Interlocal Agreement	General Obligation Bonds	Revenue Bonds	Public Works Trust Fund Loans	Notes Payable	Capital Lease					
2004	42,130,000	2,161,755	-	-	523,110	14,760,000	64,530,000	16,654,044	263,070	-	141,021,979	0.67%	1,456		
2005	35,085,000	2,010,376	7,892,000	-	470,799	9,220,000	95,280,000	25,448,770	227,102	-	175,634,047	0.83%	1,801		
2006	32,210,000	2,108,997	6,998,002	-	418,488	8,655,000	90,900,000	31,219,933	193,463	31,840	172,735,723	0.79%	1,709		
2007	29,335,000	2,308,169	6,134,684	-	366,177	1,255,000	86,315,000	37,131,146	153,088	361,812	163,360,076	0.64%	1,605		
2008	28,000,000	1,774,987	5,142,483	-	313,866	-	82,550,000	41,999,500	108,461	203,455	160,092,752	0.58%	1,565		
2009	28,000,000	1,607,983	-	-	261,555	-	115,920,000	39,305,473	4,154,023	85,634	189,334,668	0.69%	1,851		
2010	26,400,000	1,440,978	-	6,382	209,244	9,400,000	111,785,000	38,050,597	2,988,644	121,635	190,402,480	0.65%	1,829		
2011	26,200,000	1,273,973	-	4,650	156,933	8,200,000	159,480,000	35,938,261	1,820,635	25,225	233,099,677	0.76%	2,263		
2012	23,490,000	1,106,968	-	2,974	104,622	7,000,000	156,055,000	33,540,262	481,524	12,782	221,794,132	0.71%	2,147		
2013	22,835,000	939,963	-	-	52,311	6,000,000	147,880,000	32,046,926	99,346	54,098	209,907,644	0.63%	2,014		

¹ See Stat 13 for personal income data (as noted in Stat 13, personal income data is for all of Snohomish County).

² 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 09

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

Year	General Obligation Bonds ¹	Percentage of Taxable Assessed Value ²	Per Capita ³
2004	56,890,000	0.68%	587
2005	44,305,000	0.49%	454
2006	40,865,000	0.42%	404
2007	30,590,000	0.26%	300
2008	28,000,000	0.21%	274
2009	28,000,000	0.20%	271
2010	35,800,000	0.26%	344
2011	34,400,000	0.28%	334
2012	30,490,000	0.27%	295
2013	28,835,000	0.27%	277

¹ Details regarding the city's outstanding debt can be found in the notes to the financial statements.

² See Stat 07a for property value data.

³ See Stat 13 for population data.

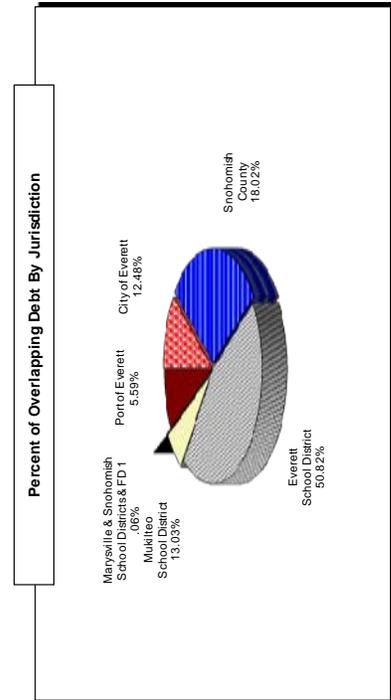
STAT 10

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Snohomish County	\$ 456,899,374	14.63%	\$ 66,858,630
Everett School District No. 2	199,280,000	50.86%	101,360,837
Mukilteo School District No. 6	34,435,000	39.95%	13,756,352
Snohomish School District No. 201	339,645,000	0.01%	31,010
Marysville School District No. 25	86,260,000	0.05%	46,450
Port of Everett	22,345,000	80.23%	17,928,445
Other debt			
Snohomish County - Assessment Debt	265,000	14.63%	38,778
Port of Everett - Notes Payable	2,073,909	80.23%	1,663,995
Subtotal, overlapping debt			201,684,496
City direct debt			23,827,274
Total direct and overlapping debt			\$ 225,511,770

* 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

Sources: Assessed value used to estimate applicable percentages was provided by the Snohomish County Assessor's Office. Debt outstanding provided by each government unit.



STAT 11

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2013

	Non-voted debt limit (1.5% of assessed value)	Voted debt limit (1.0% of assessed value)
Assessed Value	10,626,808,542	10,626,808,542
Debt limit	159,402,128	106,268,085
Debt applicable to limit:		
Total general obligation debt	40,140,901	0
Less: Amount set aside for repayment of GO debt	0	0
Total net debt applicable to limit	40,140,901	0
Legal debt margin	119,261,227	106,268,085

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Non-voted debt limit *	125,982,907	135,736,791	145,625,972	175,785,212	201,321,617	213,926,829	203,866,976	185,451,647	168,314,917	159,402,128
Total net debt applicable to limit	55,839,886	52,447,266	48,942,479	38,379,941	35,231,336	29,869,538	37,456,604	35,835,556	31,704,563	40,140,901
Legal debt margin	70,143,021	83,289,525	96,683,493	137,405,271	166,090,281	184,057,291	166,410,372	149,616,091	136,610,354	119,261,227
Total net debt applicable to the limit as a % of debt limit	44.32%	38.64%	33.61%	21.83%	17.50%	13.96%	18.37%	19.32%	18.84%	25.18%
Voted debt limit *	83,988,605	90,491,194	97,083,981	117,190,141	134,214,411	142,617,880	135,911,318	123,634,431	112,209,945	106,268,085
Total net debt applicable to limit	2,024,442	1,540,449	1,030,917	490,618	0	0	0	0	0	0
Legal debt margin	81,964,163	88,950,745	96,053,064	116,699,523	134,214,411	142,617,880	135,911,318	123,634,431	112,209,945	106,268,085
Total net debt applicable to the limit as a % of debt limit	2.41%	1.70%	1.06%	0.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* The assessed values for the current tax year information is used for the debt limit calculation.

STAT 12

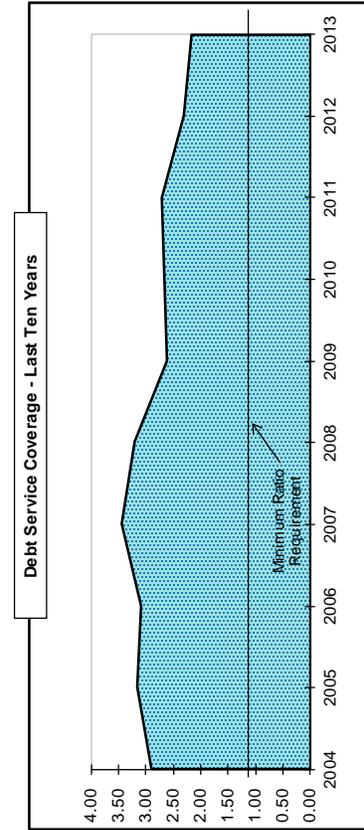
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

SEWER AND WATER REVENUE BONDS

YEAR	UTILITY SERVICE CHARGES ¹	OPERATING EXPENSES ²	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL PRINCIPAL & INTEREST	COVERAGE RATIO
2004	46,475,689	25,309,741	21,165,948	4,195,000	3,146,164	7,341,164	2.88
2005	49,942,521	26,898,167	23,044,354	4,250,000	3,058,214	7,308,214	3.15
2006	58,371,096	30,105,007	28,266,089	4,380,000	4,837,494	9,217,494	3.07
2007	61,744,008	30,917,051	30,826,957	4,585,000	4,406,208	8,991,208	3.43
2008	59,186,417	33,983,025	25,203,391	3,765,000	4,143,708	7,908,708	3.19
2009	60,830,248	33,138,037	27,692,211	6,615,000	3,981,716	10,596,716	2.61
2010	61,440,078	36,175,493	25,264,585	4,135,000	5,407,280	9,542,280	2.65
2011	65,384,955	37,937,746	27,447,209	3,305,000	6,850,697	10,155,697	2.70
2012	67,046,573	41,736,966	25,309,607	3,425,000	7,576,252	11,001,252	2.30
2013	66,313,169	43,955,371	22,357,798	3,230,000	7,083,431	10,313,431	2.17

¹ Total operating and noncapital revenues, and operating assessment receipts.

² Operating expenses exclusive of depreciation plus non-bond interest.



DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	City of Everett Population ⁽¹⁾	Personal Income ⁽²⁾ <i>(thousands of dollars)</i>	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾
2004	96,840	21,322,871	33,285	5.1%	35.4	18,093
2005	97,500	22,746,131	34,963	4.8%	35.6	17,893
2006	101,100	24,666,204	37,115	4.5%	35.7	18,786
2007	101,800	27,179,614	40,302	4.1%	35.8	18,838
2008	102,300	27,410,640 *	40,644 *	5.1%	35.8	18,935
2009	103,500	27,643,630 *	40,989 *	10.3%	35.8	19,083
2010	104,100	29,448,610 *	42,972 *	9.8%	35.8	19,049
2011	103,100	30,597,337 *	44,052 *	8.2%	37.3	18,856
2012	103,300	31,266,357	43,281	6.3%	37.8	18,614
2013	104,200	33,570,183	45,796	5.3%	38.0	18,745

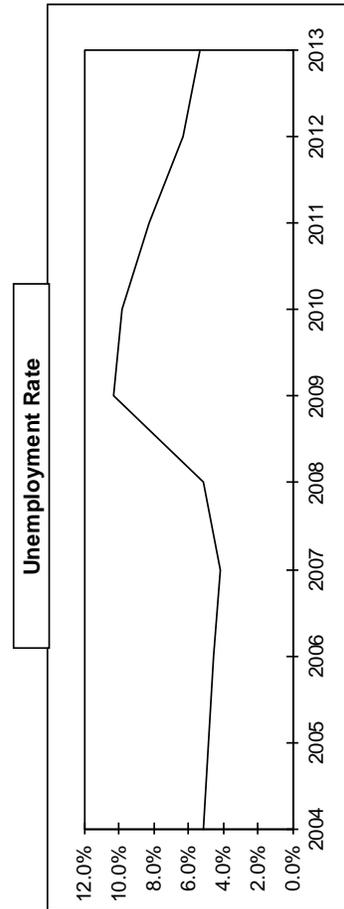
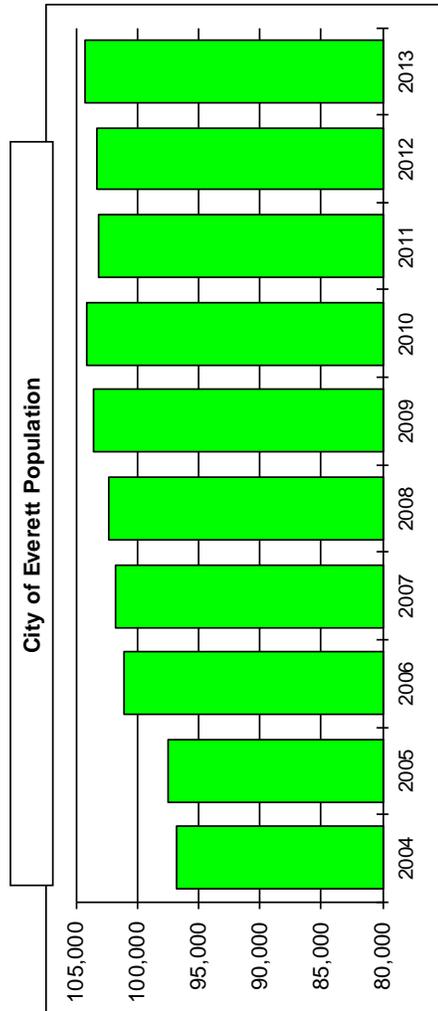
Sources:

- (1) Washington State 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) WA Office of Superintendent of Public Instruction

* City calculated estimates.

STAT 13
Page 2 of 2

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



STAT 14

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO**

Employer	2013			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Boeing Company	39,000	1	40.63%	23,000	1	28.75%
Naval Station Everett	6,000	2	6.25%	6,110	2	7.64%
State of Washington	6,000	3	6.25%	3,100	4	3.88%
Providence General Medical Center	3,500	4	3.65%	3,239	3	4.05%
Snohomish County Government	2,500	5	2.60%	2,653	5	3.32%
The Everett Clinic	2,100	6	2.19%	1,252	10	1.57%
Everett School District	1,900	7	1.98%	2,000	6	2.50%
City of Everett	1,200	8	1.25%	1,140		1.43%
Fluke Corporation	1,100	9	1.15%	1,070		1.34%
Aviation Technical Services	1,000	10	1.04%			
	<u>64,300</u>		<u>66.99%</u>	<u>43,564</u>		<u>54.48%</u>

Note: Eventually this schedule will present the current year and nine years prior. The nine year prior information is not readily available and therefore not presented. 2005 will be presented until the nine years are reached.

Source: City of Everett Budget Document.

STAT 15

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

Function/Program	Full-time equivalent employees as of December 31*									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General government services	122.90	136.90	137.40	140.50	145.50	147.60	149.10	145.30	145.43	143.43
Council	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Legal	11.50	15.50	15.50	16.50	18.50	18.50	20.00	19.00	19.00	18.00
Administration	7.40	7.40	7.40	7.40	7.00	7.00	7.00	7.00	7.00	7.00
Economic development	1.50	1.50	1.50	1.50	1.90	1.90	1.90	1.90	1.90	1.90
Municipal court	13.60	13.60	13.60	13.60	14.60	14.65	14.65	14.65	14.65	14.65
Probation	3.30	3.30	3.80	3.90	5.40	5.45	5.45	5.45	5.45	5.45
HR	12.00	12.00	12.00	12.00	12.00	12.00	13.50	13.50	13.63	13.63
Finance	34.60	20.80	20.80	20.80	20.80	20.80	20.80	20.00	20.00	20.00
IT	0.00	14.80	14.80	15.80	15.80	16.80	16.80	16.80	16.80	16.80
Facilities	31.00	40.00	40.00	41.00	41.00	41.00	41.00	39.00	39.00	38.00
Police	220.00	220.00	220.00	240.00	242.00	246.00	246.00	244.00	244.00	244.00
Civilian	39.00	39.00	39.00	44.00	44.00	47.00	45.00	43.00	43.00	43.00
Uniformed	181.00	181.00	181.00	196.00	198.00	199.00	201.00	201.00	201.00	201.00
Fire/EMS	189.00	190.00	191.00	192.00	191.80	190.80	186.00	186.00	186.00	186.00
Fire	151.00	152.00	142.00	143.00	142.80	142.80	143.00	143.00	143.00	143.00
Emergency medical services	38.00	38.00	49.00	49.00	49.00	49.00	48.00	43.00	43.00	43.00
Engineering & construction services	48.00	50.80	51.80	52.80	52.80	52.15	47.65	47.55	47.05	44.05
Transportation	24.50	24.50	24.60	24.60	26.60	26.55	26.55	26.55	26.55	26.55
Community services	42.00	39.00	40.00	43.00	44.00	46.00	43.00	41.00	41.00	39.00
Planning	18.50	18.50	18.50	15.50	16.50	16.50	15.50	15.50	16.00	15.00
Neighborhoods/comm svcs	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Animal control	9.00	9.00	10.00	16.00	16.00	18.00	15.00	14.00	14.00	14.00
Senior center	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Domestic violence	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community housing	4.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.00	4.00
Library	42.20	42.20	42.20	43.00	43.00	43.00	42.20	41.20	40.80	40.80
Culture and recreation	53.10	55.10	55.10	58.10	61.10	61.10	61.10	61.10	58.10	58.10
Parks	53.00	55.00	54.00	57.00	60.00	60.00	60.00	60.00	60.00	57.00
Theater	0.10	0.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Total FTEs governmental activities ¹	741.70	758.50	762.10	794.00	806.20	813.20	801.60	792.70	791.93	781.93
Business-Type Activities:										
Water/Sewer	179.90	182.90	186.90	196.90	200.90	213.85	215.20	218.30	219.80	222.80
Solid waste	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Transit	110.70	117.70	125.00	131.00	135.60	143.60	144.00	144.00	144.00	144.87
Golf	10.00	10.00	10.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total FTEs business-type activities ²	301.20	311.20	322.50	336.50	345.10	366.05	367.80	370.90	372.40	376.27
Internal Service:										
Motor vehicle department	26.30	26.30	26.00	26.00	26.00	26.00	26.00	24.00	24.00	22.13
Telecommunications	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total FTEs internal services	28.30	28.30	28.00	29.00	29.00	29.00	29.00	27.00	27.00	25.13
Total City FTEs	1,071.20	1,098.00	1,112.60	1,159.50	1,180.30	1,208.25	1,198.40	1,191.33	1,183.33	1,183.33
Annual percent change total city	-2.57%	2.50%	1.33%	4.22%	1.79%	2.37%	-0.82%	-0.65%	0.06%	-0.67%

* Total ending authorized positions per the city's budget.
Note: The costs associated with internal service fund employees are divided between governmental and business-type activities in the government-wide statements.
Comments:
¹ The city reduced general government staff from 2002 - 2004 through both attrition and layoffs due to a struggling local economy. In 2005, the Facilities department (included in general government services) took over management of the Everett Station, formerly managed by an outside company, adding 10 FTEs. In 2007, the Police department added 20 employees to increase pro-active policing and traffic enforcement. Also in 2007, the Animal Shelter (included in community services) added 6 employees to meet increasing demands for service.
² The Transit department has added several employees over the last few years to cover expanded services after the passage of an increase in the voter approved transit tax from .3% to .6% in late 2004.
Source: City Budget Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	Estimate 2013
General government services										
Municipal Court	28,688	25,230	24,800	32,130	40,742	43,529	41,969	36,044	26,811	26,504
Total filings (infraction, parking, criminal)										
Finance	8,954	8,408	9,295	8,480	9,100	10,000	8,449	8,075	8,477	9,000
Active business license accounts	475	444	539	471	534	550	703	750	836	855
Public information requests										
Police										
Case Reports Written	n/a	26,826	28,866	30,165	27,560	25,821	26,874	26,874	25,516	26,010
Traffic violations	6,255	7,474	6,408	8,409	10,799	10,291	13,082	13,082	10,787	10,745
Parking violations	19,432	14,546	15,819	15,604	23,922	27,000	22,215	16,435	12,242	9,660
Auto thefts	1,586	1,586	1,506	1,850	1,175	678	1,141	1,141	990	1,034
Financial crimes investigated	619	1,252	1,397	1,386	1,527	1,530	1,266	1,266	1,120	1,198
Computer forensics	32	32	40	22	23	33	36	38	45	28
Fire/EMS										
Fire/EMS alarm totals	16,841	17,195	18,468	18,775	18,203	18,381	17,733	17,851	18,682	18,734
Structure fires	118	114	142	118	87	92	101	88	109	100
Mobile vehicle/property fires	109	109	115	79	65	82	63	58	51	60
Outdoor and other fires	209	149	136	230	225	210	227	227	249	232
Inspections	4,000	4,700	4,708	4,055	3,519	1,556	1,993	1,993	2,017	2,100
Engineering & construction services										
Permits issued	5,400	5,500	6,400	7,100	5,100	4,500	4,400	4,041	5,000	5,000
Inspections	11,200	11,400	13,600	15,200	14,000	12,000	9,800	9,600	9,100	10,000
Transportation										
Street patching/paving (in sq ft)	179,998	242,030	212,860	214,680	464,219	255,312	137,600	176,280	157,280	157,240
Curbs and gutters replaced (in lineal ft)	4,972	4,984	18,460	4,807	2,755	5,000	4,106	5,189	5,114	6,000
Sidewalk/streets replaced (in sq ft)	95,120	90,082	69,578	77,856	69,353	89,000	80,618	84,334	101,698	90,000

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	Estimate 2013
Community services										
Planning										
Code enforcement actions	1,195	1,312	1,328	1,028	1,200	1,800	1,180	1,016	926	1,000
Senior Center										
Senior meal program attendance	27,507	25,967	23,838	24,296	23,968	22,626	16,833	18,152	17,389	19,128
Animal Services										
Adoptions	2,109	2,372	2,470	2,464	2,037	1,995	2,160	2,046	1,583	1,391
Owner releases	4,743	4,544	4,439	4,730	3,903	2,939	2,874	2,407	1,926	1,874
Library										
Total number of materials circulated	1,004,380	996,639	948,997	893,455	989,626	1,060,000	1,088,624	1,069,841	1,071,800	1,021,143
Number of reference questions asked	68,182	66,128	66,945	65,949	76,105	72,622	77,113	56,822	65,792	64,978
Culture and recreation										
Athletic program participants	30,900	33,400	32,600	34,000	34,500	35,340	30,159	32,340	30,910	32,723
Recreational swim participants	75,000	84,100	82,100	85,000	82,000	74,278	74,886	61,515	63,300	59,897
Jetty Island visitors	26,142	27,200	28,700	29,500	34,216	47,792	45,497	45,497	46,549	47,803
Theater attendance	70,778	68,071	80,433	75,350	81,000	82,500	82,279	78,620	68,387	66,061
Water/Sewer										
Water										
New connections	344	344	630	308	155	59	109	**1,247	41	125
Water main breaks	45	29	18	16	32	21	14	39	16	27
Average daily consumption (mgd) - finished water	51.1	50.8	55.5	52.9	52.4	54.4	48.7	48.8	49.0	49.4
Peak daily consumption (mgd) - finished water	99.3	90.3	110.0	102.2	94.5	115.0	88.0	75.0	77.0	82.4
Treated water delivered (mg)	18,201	16,872	19,026	19,332	19,193	19,850	17,255	17,065	17,111	18,031
Untreated water delivered (mg)	11,622	9,285	9,427	9,778	10,061	10,044	10,781	6,611	2,179	0
Water customers served by system	495,000	505,000	516,000	528,000	551,000	557,000	557,000	557,000	557,000	560,000
Sewer										
Average daily sewage treated (mg)	17	19	19	18	19	18	19	19	21	18
Sewage treated (mg)	6,184	6,818	7,000	6,513	6,805	6,706	7,056	7,145	7,609	6,455
Number of sanitary sewer customers within city	21,658	22,162	22,670	22,822	23,159	23,211	23,185	23,269	23,303	23,337

** This number includes 1,180 new connections resulting from the annexation of a portion of Mukilleo Water District customers.

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	Estimate 2013
Parking (Everpark Garage)										
Average monthly parkers	443	405	381	456	495	480	409	353	348	346
Average daily parkers	553	429	428	422	410	518	209	253	300	204
Transit										
Fixed route unlinked passenger trips (per svc hr)	21.0	21.0	21.0	21.4	22.5	20.9	17.6	19.2	20.3	20.0
Paratransit unlinked passenger trips (per svc hr)	2.7	2.7	2.7	2.4	2.5	2.5	2.6	2.4	2.4	2.4
Total fixed route miles	1,069,837	1,093,744	1,265,534	1,442,420	1,378,016	1,455,668	1,610,775	1,444,596	1,550,866	1,345,855
Fixed route passengers	1,927,339	1,957,478	2,112,866	2,228,193	2,517,200	2,495,005	2,289,587	2,323,769	2,285,985	2,004,062
Paratransit passengers	89,695	91,366	95,169	103,302	111,674	108,952	113,581	119,232	108,846	113,008
Golf										
Total rounds at Walter E. Hall course	57,916	65,971	67,224	62,440	66,372	65,369	64,269	56,587	57,555	60,077
Total rounds at Legion Memorial course	52,139	56,162	59,531	58,732	62,287	63,013	61,952	57,024	59,993	59,607

Note: Information prior to 2004 is not readily available and therefore not presented. Over time this schedule will include ten years of information.

Sources: Various city departments and the City Budget.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Police stations	2	2	2	2	2	2	2	2	2	2
Police vehicles	141	145	144	157	144	169	178	180	177	177
Harbor patrol boats	3	3	3	3	3	3	3	3	3	3
Fire/EMS										
Fire stations	7	7	7	7	6	6	6	6	6	6
Fire engines (pumpers)	10	11	11	11	11	11	7	7	7	9
Aerial ladder trucks	3	3	3	3	2	2	2	2	1	3
Emergency Medical Units	7	7	9	9	9	9	9	9	3	4
Transportation										
Paved streets (in miles)	319	314	314	321	321	321	321	337	337	360
Other improved streets (in miles)	28	28	28	28	28	28	28	28	28	28
Signalized intersections	159	161	162	169	172	177	178	180	183	183
Street lights	6,461	6,485	6,511	6,511	6,511	6,511	6,511	6,511	6,540	6,540
Community services										
Animal shelter	1	1	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1	1	1
Library										
Branches	2	2	2	2	2	2	2	2	2	2
Bookmobile	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Number of parks/playgrounds	39	58	58	58	48	48	48	48	48	48
Total acreage owned/managed by City	1,210	1,213	1,213	1,213	1,600	1,600	1,600	1,600	1,600	1,600
Public swimming pool	1	1	1	1	1	1	1	1	1	1

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water/Sewer										
Water										
Water mains (miles)	453	465	468	473	480	480	494	496	496	496
Fire hydrants	2,764	2,875	2,956	3,045	3,091	3,119	3,278	3,279	3,279	3,279
Water storage capacity (within city) (in mg)	85	85	85	85	85	85	78	78	78	78
Sewer										
Sanitary sewers (miles)	310	317	322	326	330	330	334	334	334	334
Storm sewers (miles)	225	231	243	246	254	254	259	290	290	290
Treatment capacity (mgd)	31	31	31	31	36	36	35	35	35	35
Parking										
Everpark parking garage	1	1	1	1	1	1	1	1	1	1
Transit										
Number of Buses	40	40	46	49	49	49	49	49	49	49
Number of Paratransit vehicles	18	18	18	24	22	22	22	22	26	28
Transit stations	1	1	2	2	3	3	3	3	3	3
Golf										
Municipal golf courses	2	2	2	2	2	2	2	2	2	2

Note: Information prior to 2004 is not readily available and therefore not presented. Over time this schedule will include ten years of information.

Sources: Various city departments and the City Budget.



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SCHEDULE 16
(Page 1 of 3)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2013

Federal Agency	Pass-Through Agency	Federal Prog Name	CFDA Number	Other ID Number	From Pass-Through Award	From Direct Award	Total
Dept of HUD		Community Development Block Grants/Entitlement Grants	14.218			141,119	
Dept of HUD		Community Development Block Grants/Entitlement Grants	14.218	Program Income		521,471	Note 3a
Dept of HUD		Community Development Block Grants/Entitlement Grants	14.218	Program Income		768,680	Note 3a
		Sub-Total			-	1,431,731	1,431,731
Dept of HUD	SnoCo Human Services	Home Investment Partnership Program	14.239		181,666		
Dept of HUD	SnoCo Human Services	Home Investment Partnership Program	14.239	Program Income	264,838		Note 3a
Dept of HUD	SnoCo Human Services	Home Investment Partnership Program	14.239	Sub-Total	6,204		
		Sub-Total			452,708	-	452,708
Dept of Justice		Joint Law Enforcement Operations (JLEO)	16.111	FY13 JLEO		1,075	1,075
Dept of Justice	Sno Co Sheriff	Edward Byrne Memorial Formula Grant Program	16.579	F97-374-017	21,754		21,754
Dept of Justice	WA Dept of Commerce	ARRA - Violence Against Women Formula Grants	16.568	F11-31103-060	30,079		30,079
Dept of Justice		Bullet Proof Vest Partnership Program	16.607			8,190	8,190
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0201		11,004	Note 3b
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	Program Income		74	
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2383		1,097	Note 3b
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	Program Income		91	
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0342		27,034	Note 3b
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	Program Income		669	
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0208		2,138	Note 3b
Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	Program Income		214	
		Sub-Total			-	42,321	42,321
Dept of Justice		ARRA - Edward Byrne Memorial JAG Pgm/Grants to Units of Local Govt	16.804	2009-SB-B9-0819		69,491	Note 3b
Dept of Justice		ARRA - Edward Byrne Memorial JAG Pgm/Grants to Units of Local Govt	16.804	Program Income		230	
		Sub-Total			-	69,721	69,721
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	East Everett Ped Walkway	238,434		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	Henry M Jackson Ped Bicycle Bridge & Trail	59,189		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	112th Street Corridor Completion	8,757		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	Bond St Railroad Crossing	1,052,319		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	City Ctr Safety Improvement, 23rd to 47th St	379,589		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	Broadway Bridge Replacement Project	346,538		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	41st St to W Maine View Dr Freight Corridor	136,561		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	City Ctr Safety Improvement	5,262		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	Pacific Ave & Broadway Safety	4,233		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	Hawthorne Elementary Safe Routes	5,563		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	2013 Everett Overlay Project	670,730		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	36th St/BNSF Rail Line	69,339		
		Sub-Total			2,976,514	-	2,976,514
US DOT FTA		Federal Transit Capital Investment Grant	20.500			113,267	
US DOT FTA		Federal Transit Capital Investment Grant	20.500			14,144	
US DOT FTA		Federal Transit Capital Investment Grant	20.500			588,000	
US DOT FTA		Federal Transit Capital Investment Grant	20.500	Sub-Total		712,500	
		Sub-Total			-	1,427,911	1,427,911

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement

MCAG NO. 0664

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE
For The Year Ended December 31, 2013

SCHEDULE 16
 (Page 3 of 3)

GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	OTHER IDENTIFICATION NUMBER	CURRENT YEAR EXPENDITURES
WA State Transportation Improvement Board: 112 th St SE, Silver Lake Rd to SR 527	9-P-138(013)-1	932,417
<u>Total WA State Transportation Improvement Board</u>		<u>932,417</u>
WA State Department of Transportation:		
Horizon Elementary School Walk Safety	HLP-SR09(016)	355,318
2011 Pedestrian and Bicycle Safety	HLP-PB11(014)	5,544
North Everett Pedestrian and Bicycle Safety	HLP-PB11(018)	27,433
Transportation Demand Management Implementation	GCB1571	36,295
Paratransit/Special Needs Transit Formula	GCB1603	245,697
Public Transportation Grant Program	GCA6899	200,166
Transportation Demand Management Implementation	GCA6899	65,826
<u>Total WA State Department of Transportation</u>		<u>936,279</u>
WA State Traffic Safety Commission		
School Zone Equipment Grant	N/A	617
<u>Total WA State Traffic Safety commission</u>		<u>617</u>
WA State Dept of Commerce		
2012 Energy Efficiency Grants for Local Governments	2011-ERG-508	281,792
Growth Management Act Competitive Grants	13-63200-003	45,000
Job Economic Development Grant	S10-97101-001	603,468
Public Works Board Mainstreet Project Direct Appropriation	SD12-963-141	394,000
<u>Total WA State Dept of Commerce</u>		<u>1,324,260</u>
WA State Department of Ecology:		
2012 Statewide Stormwater Grant Program	G1200541	63,799
2012 Statewide Stormwater Grant Program	G1200552	5,778
2012 Statewide Stormwater Grant Program	G1200574	49
Local Toxics Control	G0900083	164,924
EPA Watershed Protection and Restoration Grant	G1200186	25,950
Stormwater Retrofit & LID Competitive Grant	G1100274	338,294
Waste 2 Resources	G1200258	26,172
Waste 2 Resources	G1400343	5,497
CPG Off-set Cycle Agreement	G1300015	24,000
<u>Total WA State Department of Ecology</u>		<u>654,463</u>
WA State Department of Health:		
2013 Jobs Now Act Now	N19726	1,000,000
<u>Total WA State Department of Health</u>		<u>1,000,000</u>
WA Association of Sheriffs and Police Chiefs (WASPC)		
Reg. Sex Offender Verification Program	N/A	103,923
<u>Total WA Association of Sheriffs and Police Chiefs (WASPC)</u>		<u>103,923</u>
WA State Administrative Office of the Courts (AOC)		
Court Interpreter Service	N/A	6,331
<u>Total WA State AOC</u>		<u>6,331</u>
<u>TOTAL STATE ASSISTANCE</u>		<u>4,958,290</u>
Snohomish County	A-13-75-04-198	11,000
Snohomish County	AHTF	187,679
<u>TOTAL LOCAL ASSISTANCE</u>		<u>198,679</u>
<u>TOTAL STATE AND LOCAL ASSISTANCE</u>		<u>5,156,969</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDSNOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the full accrual basis of accounting to account for its grants. Under the full accrual basis, revenues are recognized when earned, if measurable, and expenses are recognized when incurred, if measurable.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of program costs. Actual program costs, including the City's share, may be more than shown.

NOTE 3 - PROGRAM INCOME

- a) The City has a revolving loan program for low-income housing. Repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures.
- b) The City earns investment interest on unexpended Edward Byrne Memorial Grant funds. Interest revenue (program income) for the year is presented in this schedule.
- c) The advertising revenues derived from the buses are considered program income.

NOTE 4 – NONCASH AWARDS- EQUIPMENT

The City received equipment and supplies that were purchased with federal Homeland Security funds by the City of Seattle. The amount reported on the schedule is the fair value of the property on the date it was received by the City and priced by the City of Seattle