



Historic City Hall

**City of Everett, Washington
Comprehensive Annual Financial Report
for the year ended December 31, 2014**



**CITY OF EVERETT,
WASHINGTON**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2014

**CHIEF FINANCIAL OFFICER
DEBRA BRYANT**

PREPARED BY

DEPARTMENT OF FINANCE

CHIEF ADMINISTRATIVE OFFICER

Debra L. Bryant, CFO

FINANCE MANAGER/TREASURER

Susannah J. Haugen, MSF

BUDGET MANAGER

Rae Ann Weighter, CPA

ACCOUNTING MANAGER

Young M. Lee, CPA

FINANCIAL ANALYST

MARY LAMB, CPA

AYMAN HANNA, MPA

FINANCIAL ACCOUNTANT

Dan LeFree, CPA

ACCOUNTING TECHNICIAN

Jeffrey Coomber

Anna Pankevich

Wai Poon

*For comments or questions, contact:
City of Everett, Accounting Division
425.257.8604*

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City of Everett 2930 Wetmore Ave Everett, WA 98201

June 26, 2015

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, 2014, 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, 2014, 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.

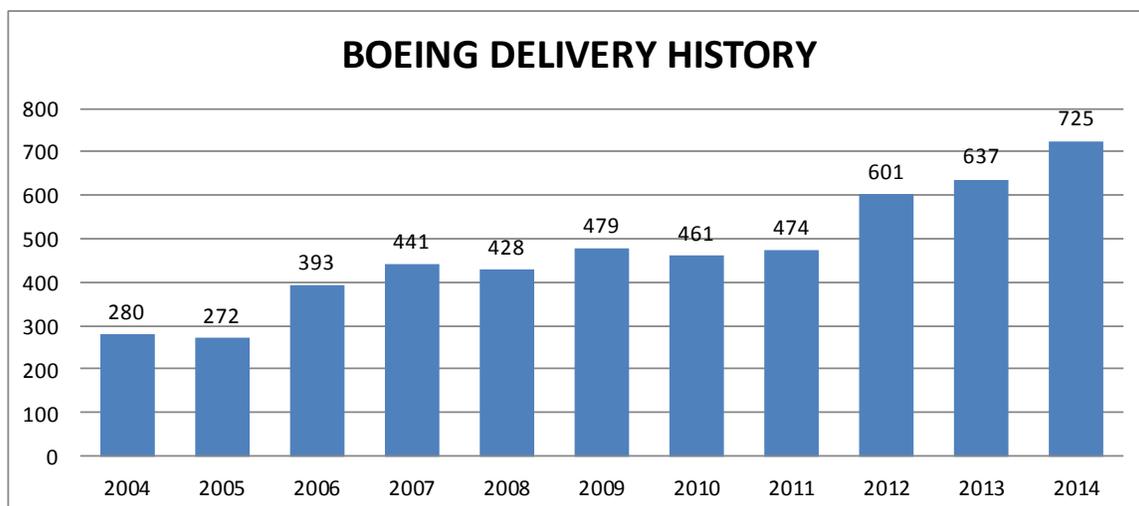
The City also includes, as part of its reporting entity, the Industrial Development Corporation, a nonprofit corporation authorized to facilitate the issuance of tax-exempt, nonrecourse revenue bonds, the community development entity, called the City of Everett CDE LLC, whose purpose is to help alleviate 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

There are definite signs of improvement in the Puget Sound Region's economy. In 2015, economists predict that the region's taxable retail sales, employment, and personal income will grow by 5.1 percent, 2.1 percent, and 5.6 percent, respectively. However, the pace of recovery remains moderate in the Everett area. Everett's housing market has regained about one half of the value it lost during the recession, and business and sales taxes are also posting modest gains.

The Boeing Company, along with ancillary companies that provide goods and services to Boeing, has 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 Boeing's historical airplane deliveries over the past eleven years. Boeing delivered 88 more planes in 2014 than in 2013.



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 and locate the new wing facility 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 restored contributions to the LEOFF 1 police and fire pension and OPEB (other post-employment benefits) funds in the 2015 budget. With this action, we expect these funds to be fully funded by 2031 – nearly three decades before obligations are complete.

In 2014, the City issued \$38 million in Floating Rate Limited Tax General Obligation Refunding Bonds. The bond proceeds were used to refund the City's outstanding 2001 Variable Rate Demand Bonds (VRDBs) and the Everett Public Facility District's 2007 variable rate demand bonds. The City's 2001 VRDBs were originally issued to purchase the land for the XFINITY arena and Edward D. Hansen Conference Center. The Public Facility District's 2007 VRDBs were issued to refinance the commercial paper that was used to construct the XFINITY arena. The refinancing was required due to the expiration of the letters of credit associated with the variable rate demand bonds. Repayment will be from the first quarter of one percent Real Estate Excise Tax and general fund contributions.

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 2014, 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.

In 2014 the City undertook a project to resolve the general government's structural budget deficit projections. Over 400 suggestions from city staff and the public at large were reviewed and prioritized. Two community meetings were held to gather input. Several initiatives have been implemented, including eliminating 17 staff positions from the budget and raising utility taxes.

MAJOR INITIATIVES

Expansion of Washington State University's 4-year university offerings in Everett continued 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. As the 2015 Legislature moves to adopt its 2015-2017 biennial budget, the WSU University Center funding request is reflected in both House and Senate Capital Budgets. Likewise, WSU funding for new programs (software engineering, agriculture/food programs and data analytics) is included in both Operating Budgets.

Oliver McMillan sold the Riverfront property to Polygon NW in 2013. Development of the residential phase has begun with initial site work. New home construction will begin in 2015. The City will build out public amenities in the area according to the property development agreement.

Construction of the \$13.6 million Broadway bridge replacement project began in 2014. The City expects to complete the project by the end of 2015.

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, 2013. This was the 17th 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 black ink, appearing to read "Debra Bryant". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Debra Bryant, CAO-CFO

**CITY OF EVERETT
PRINCIPAL OFFICIALS**

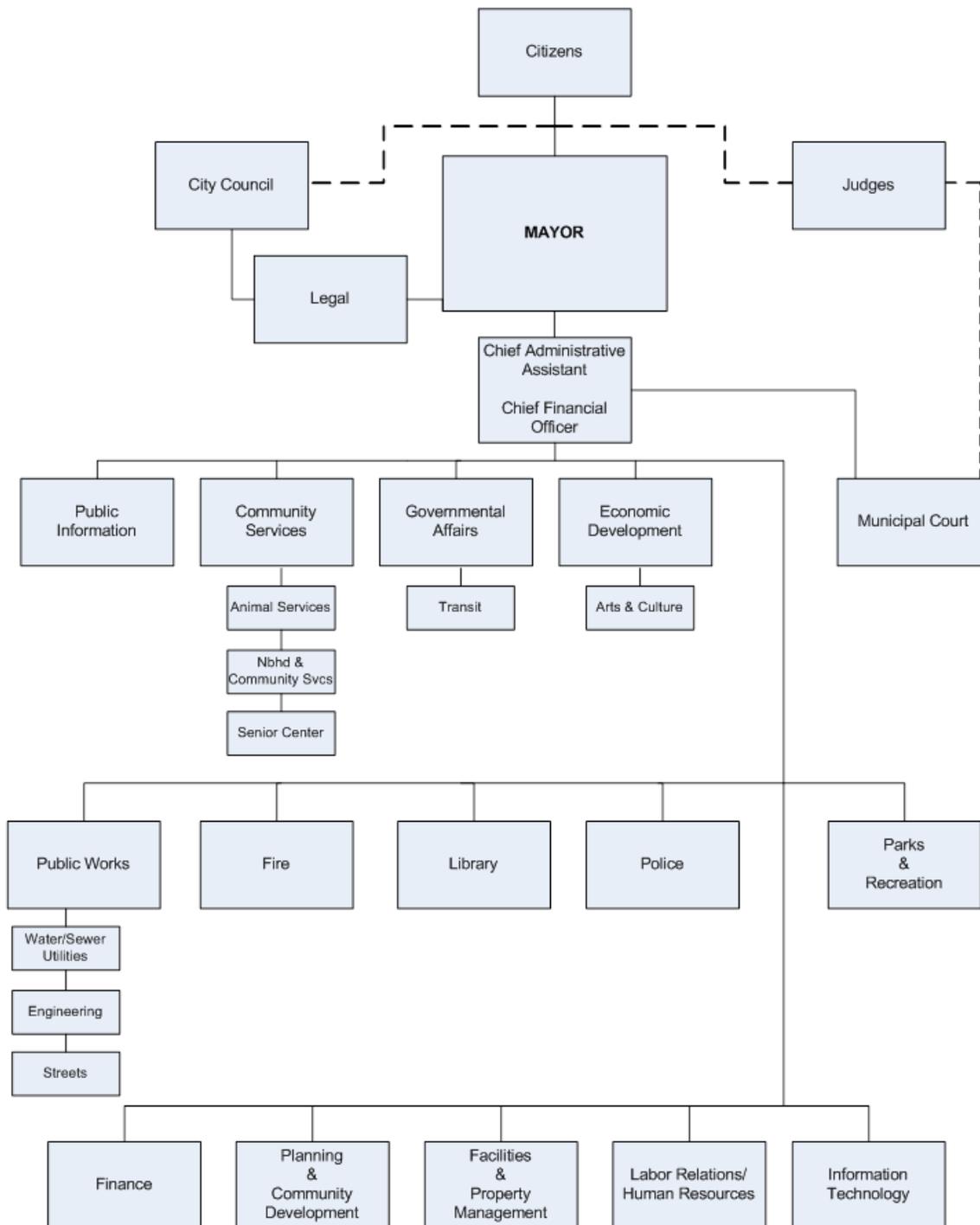
Elected Officials**Term Expires**

Mayor	12/31/17	Ray A. Stephanson
City Councilmembers:		
Position No. 1	12/31/17	Paul Roberts
Position No. 2	12/31/17	Jeff Moore, President
Position No. 3	12/31/17	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
Interim Information Technology Director	Jeanette Postma
City Clerk	Sharon Fuller
Finance Manager/Treasurer	Susannah Haugen

City of Everett
ORGANIZATION CHART





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, 2013

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's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 26, 2015

Mayor and City Council
City of Everett
Everett, Washington

REPORT ON THE 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2014, 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, 2014, the City has implemented the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. 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 23, budgetary comparison information on pages 82 through 84, pension trust fund information on pages 85 through 87, and information on postemployment benefits other than pensions on page 88 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 89 through 145 and Single Audit Section on pages 179 through 182 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 26, 2015, 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,



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

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, 2014. 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.

2014 FINANCIAL HIGHLIGHTS

- At December 31, 2014, the City's net position, the amount by which total assets exceed total liabilities, totaled \$868.7 million. Of this amount, \$646.3 million, or 74.4%, is invested in capital assets. Of the remaining net position, \$174.9 million is unrestricted and may be used to meet the City's ongoing obligations.
- The net position of the governmental activities was \$417.5 million, an increase of \$13.3 million, or 3.3% over 2013. The growth was due primarily to increases in investment revenues of \$7.7 million and general tax revenues of \$4.2 million. The change in investment revenues is due mainly to the reduction of the unrealized loss of \$2.9 million recorded at December 31, 2013, as the fair value of the investments increased in response to current market conditions and growth in the size of the overall portfolio. The improvement in general tax revenues of \$4.2 million reflects a moderate improvement in the local economy.
- Business-type activities reported net position of \$451.2 million, which represents an increase of \$14.2 million, or 3.3% over 2013. The change was due to an increase in investment revenues of \$7.7 million, and the implementation of GASB Statement No. 65, which resulted in the elimination of unamortized debt issuance costs of \$1.7 million that were reported in 2013.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans in 2014. The objective of this statement is to improve the usefulness of pension information in financial reports through enhanced note disclosures and schedules of required supplementary information.

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, deferred outflow of resources, liabilities, and deferred inflow of resources, 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.

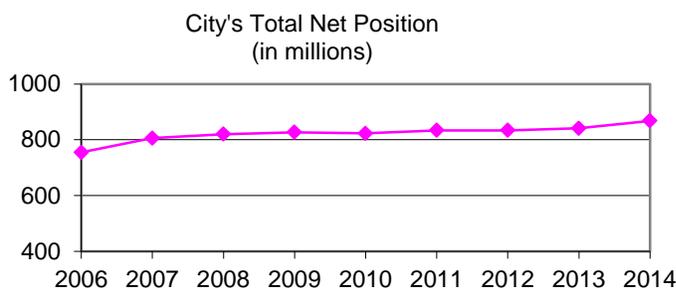
OTHER INFORMATION

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, 2013, was \$841.2 million. At December 31, 2014, the total net position was \$868.7 million. As the chart below illustrates, the City's net position has been growing since 2006.



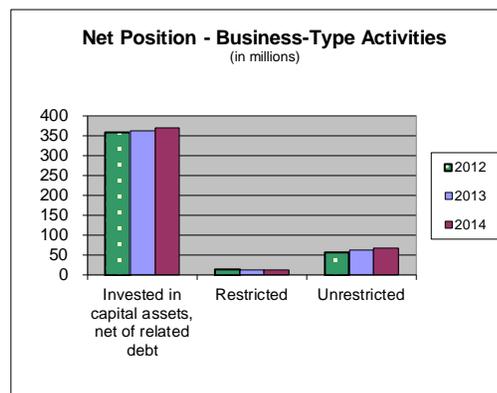
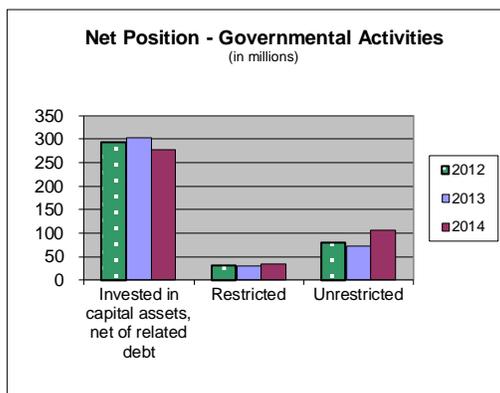
Elements contributing to the change in net position are discussed in the Governmental and Business-Type Activities Analysis sections. The table below presents a condensed version of the Government-Wide Statement of Net Position.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 182,226	\$ 143,936	\$ 89,437	\$ 82,045	\$ 271,663	\$ 225,981
Capital assets, net	326,566	326,477	564,714	559,743	891,280	886,220
Total assets	508,792	470,413	654,151	641,788	1,162,943	1,112,201
Total deferred outflows of resources	-	-	1,713	1,843	1,713	1,843
Long-term liabilities	79,146	53,993	196,489	200,644	275,635	254,637
Other liabilities	12,099	12,204	8,214	6,045	20,313	18,249
Total liabilities	91,245	66,197	204,703	206,689	295,948	272,886
Net position						
Net investment in capital assets	276,688	301,733	369,639	362,486	646,327	664,219
Restricted	34,196	29,467	13,259	12,616	47,455	42,083
Unrestricted (deficit)	106,663	73,015	68,263	61,839	174,926	134,854
Total net position	\$ 417,547	\$ 404,215	\$ 451,161	\$ 436,941	\$ 868,708	\$ 841,156

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, the \$9.0 million in assets obtained through the Emergency Medical Services levy and criminal justice grant funding are restricted to public safety use. The 2014 year-end unrestricted net position of \$106.7 million in governmental activities and \$68.3 million in business-type activities may be used to meet ongoing obligations.



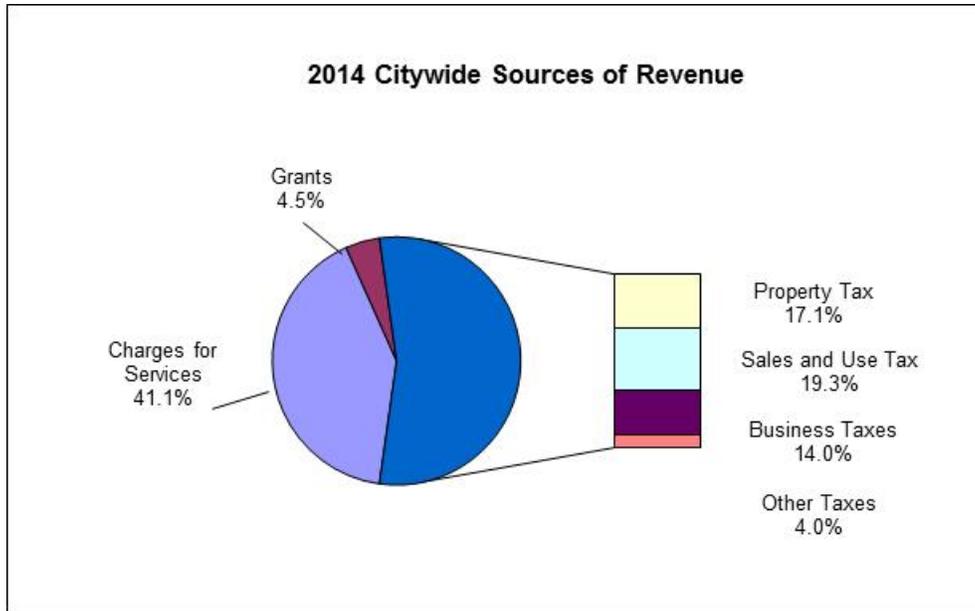
At December 31, 2014, the City reports positive balances in all three categories of net position for both governmental and business-type activities. The same situation held true for the past nine years.

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

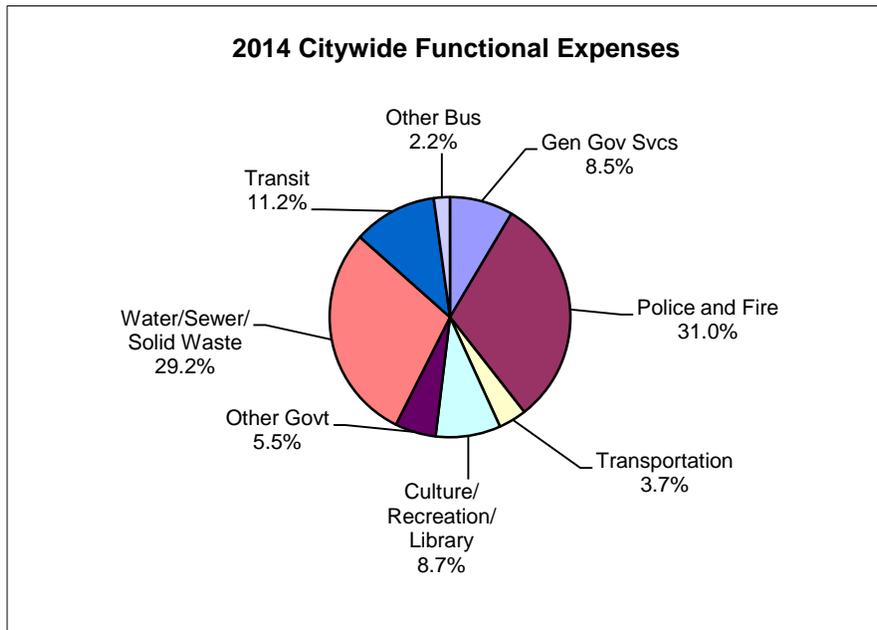
Table 2
City of Everett's Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 13,394	\$ 10,605	\$ 80,981	\$ 76,718	\$ 94,375	\$ 87,323
Operating grants and contributions	2,388	3,352	1,303	1,522	3,691	4,874
Capital grants and contributions	2,442	7,332	4,095	9,321	6,537	16,653
General revenues:						
Property taxes	39,155	38,606	-	-	39,155	38,606
Sales taxes	27,026	25,596	17,315	16,380	44,341	41,976
Business taxes	31,981	30,706	97	98	32,078	30,804
Other taxes	9,122	8,157	240	235	9,362	8,392
Interest and investment earnings	4,773	(2,902)	4,580	(3,130)	9,353	(6,032)
TOTAL REVENUES	\$ 130,281	\$ 121,452	\$ 108,611	\$ 101,144	\$ 238,892	\$ 222,596
Program Expenses						
Governmental activities:						
General government services	\$ 17,962	\$ 19,462	\$ -	\$ -	\$ 17,962	\$ 19,462
Police	35,789	36,953	-	-	35,789	36,953
Fire	29,621	29,429	-	-	29,621	29,429
Engineering & construction services	3,757	3,787	-	-	3,757	3,787
Transportation	7,908	6,788	-	-	7,908	6,788
Community services	7,310	7,660	-	-	7,310	7,660
Library	5,384	5,781	-	-	5,384	5,781
Culture and recreation	13,062	13,426	-	-	13,062	13,426
Interest on long-term debt	513	402	-	-	513	402
Business-type activities:						
Water	-	-	28,925	30,448	28,925	30,448
Sewer	-	-	31,986	30,774	31,986	30,774
Solid waste	-	-	788	987	788	987
Parking	-	-	274	287	274	287
Transit	-	-	23,749	22,943	23,749	22,943
Golf	-	-	4,312	4,370	4,312	4,370
TOTAL EXPENSES	\$ 121,306	\$ 123,688	\$ 90,034	\$ 89,809	\$ 211,340	\$ 213,497
Increases (decreases) in net position before transfers	\$ 8,975	\$ (2,236)	\$ 18,577	\$ 11,335	\$ 27,552	\$ 9,099
Transfers	4,357	4,282	(4,357)	(4,282)	-	-
Increase in net position	\$ 13,332	\$ 2,046	\$ 14,220	\$ 7,053	\$ 27,552	\$ 9,099
Net position - beginning	404,215	402,347	436,941	431,632	841,156	833,979
Change in accounting principle	-	(178)	-	(1,744)	-	(1,922)
Net position - ending	\$ 417,547	\$ 404,215	\$ 451,161	\$ 436,941	\$ 868,708	\$ 841,156

As shown in the chart below, taxes made up 54.4% of total revenue received by the City as a whole in 2014. Total tax revenues increased by \$4.2 million, mostly due to increases in sales and business taxes from audit activity and improvement in the overall economy. Of the 41.1% in charges for services, 85.8% 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/solid waste functions.

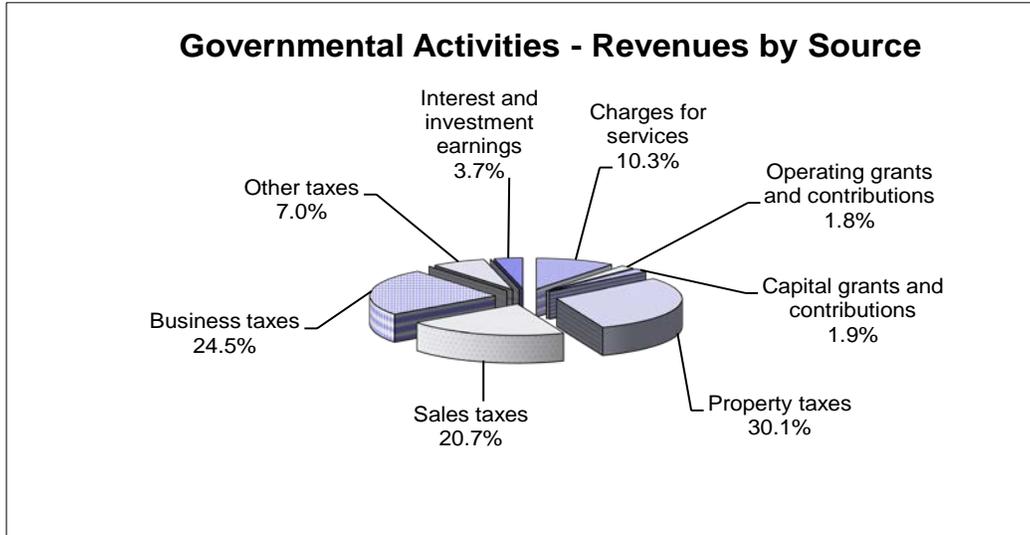


GOVERNMENTAL ACTIVITIES ANALYSIS

As shown in the Statement of Activities, total expenses for all governmental activities in 2014 were \$121.3 million. Of this amount, \$18.2 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 \$103.1 million was the cost of governmental activity services paid primarily by City taxpayers.

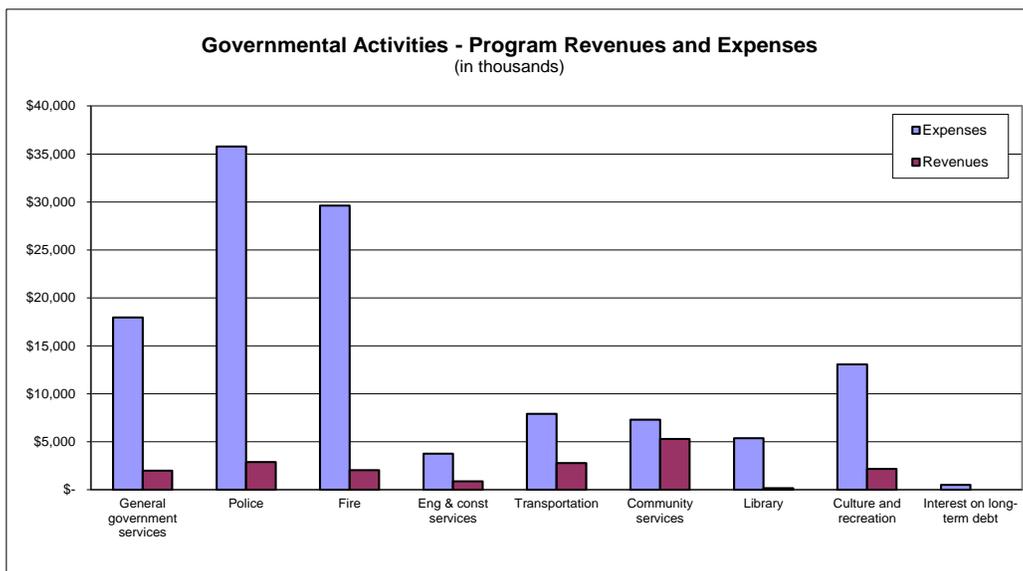
Revenues

Total governmental activity revenues (excluding transfers) increased by \$8.8 million. The sales and business tax revenues increased by \$2.7 million due to audit recoveries and an improving local economy.



Expenses

Total governmental activity expenses decreased by \$2.4 million. The General Government Services expenses decreased by \$1.5 million and the Police expenses decreased by \$1.2 million. Police and fire activities account for nearly 53.7% of governmental activity expenses. The reduction in expenses was due to higher than normal staff vacancy rates and reduction in grant-related activity.

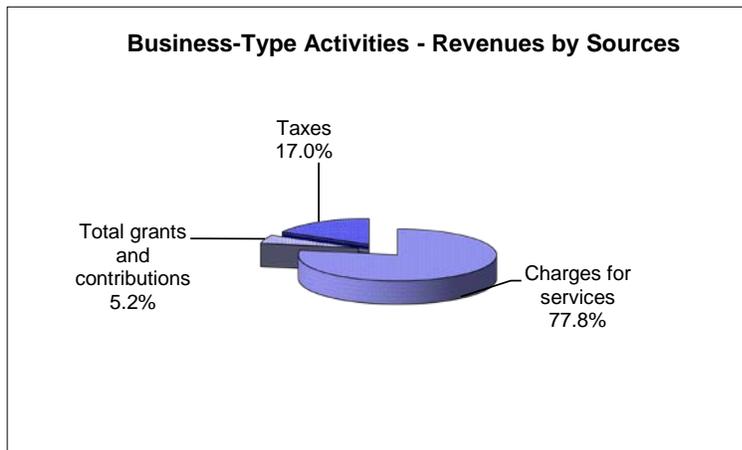


BUSINESS-TYPE ACTIVITIES ANALYSIS

In 2014, program revenues covered \$86.4 million of the \$90.0 million in business-type activity expenses, leaving a net expense of \$3.6 million paid primarily by City taxpayers.

Revenues

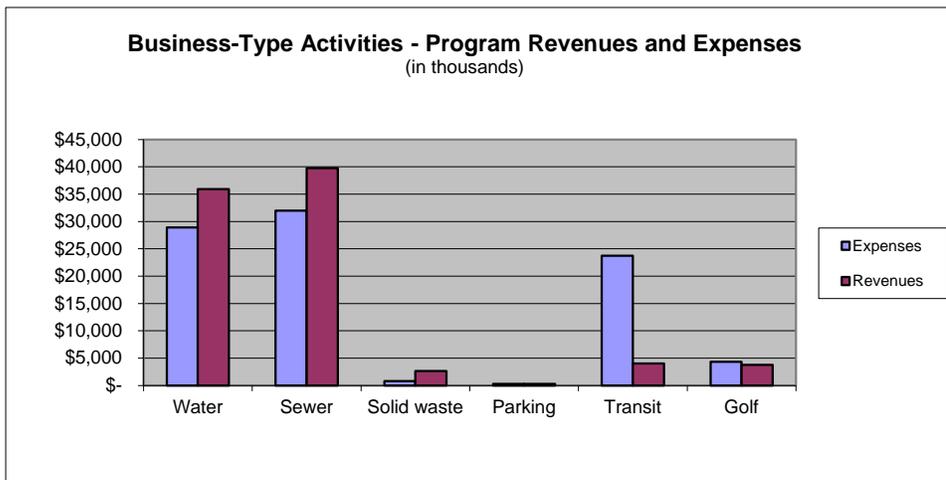
Total business-type revenues decreased by \$1.2 million from the prior year. As shown in the chart below, the majority of business-type activity revenue is from charges for services, which grew by \$4.3 million from 2013, due mainly to a rate increase implemented to address the City’s capital replacement and improvement programs and finance inflation-based cost increases in operations and maintenance, and offset the loss of a major consumer. This increase was offset by a \$5.4 million decrease in grants. 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

The total business-type expenses for 2014 was \$90.0 Million, which was fairly consistent with activity in 2013.

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 \$144.9. This is a \$39.5 million increase from the prior year-end. In 2014, the City issued Limited Tax General Obligation Refunding Bonds, a portion of which was used to refund the Everett Public Facility District's (PFD) 2007 Variable Rate Project Revenue Bonds. Through an interlocal agreement, the PFD is obligated to reimburse the City the amount of principal and interest paid on the portion of the 2014 PFD Refunding Bond debt service attributed to the PFD's original debt. The receivable from the PFD is recorded as due from a component unit in the balance sheet. The remaining \$9 million increase is due to improvement in the local economy, which positively impacted tax revenues--sales tax, business & occupation tax, and real estate excise tax, in particular. Interest earnings and building permit revenue also showed significant improvement over 2013 due to changing market conditions and increased activity in the construction industry...

Approximately 52.9% 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 increased by \$40.8 million or 149.5%. As mentioned above the increase was mostly due to growth in long term receivables and tax revenues.

Capital Improvement Reserve Fund – The City's other major governmental fund recorded a decrease of \$0.5 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 increased by \$2.8 million, primarily due to the increases in total other financing sources as a result of bond issuance.

BUSINESS-TYPE FUNDS

Water/Sewer Utility Fund – This fund is the largest business-type fund in the City, accounting for \$385.4 million, or 85.1%, of the business-type net position. Of this amount, \$307.1 million is invested in capital assets, \$13.1 million is classified as restricted (primarily for debt service), and \$65.1 million is classified as unrestricted. The fund's 2014 net income, before contributions and transfers, was \$13.3 million, which is \$9.6 million more than 2013. The growth is due primarily to a \$2.5 million increase in charges for services and a \$6.1 million increase in investment revenue, resulting mainly from a change in the fair value of investments.

Transit Fund – This is the City's other major business-type fund. It reported a \$20.6 million operating loss in 2014 (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. Total sales tax collections in 2014 totaled \$17.6 million.

Other Business-type Funds – The Golf Fund reported net loss of \$405,858 compared to net loss of \$368,355 in 2013. 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 \$1.1 million, or 1.1% greater than the original budget. The majority of the increase (\$686,000) was in grant revenue, resulting from re-appropriations from the 2013 budget and new grants awarded in 2014.

The final expenditure budget (including transfers-out) was \$6.8 million or 7.6% 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 2013 budget of \$1.7 million for contingencies and obligations related to potential tax refunds, land slide repairs, and labor contract settlements. In addition, \$3.7 million was re-appropriated to prefund insurance reserves and the overlay program in an effort to begin reducing the projected 2015 budget deficit. The \$3.7 million re-appropriation for prefunding 2015 expenditures was possible as a result of department's efforts to reduce expenditures in 2014. Most departments achieved expenditure reductions by holding open vacant positions.

Actual results compared to final budget

General Fund revenue came in over the final amended budget by \$4.4 million or 4.7%. The majority of this amount is due to positive performance in sales tax, business taxes, and charges for services.

Expenditures ended the year \$8.3 million or 8.6% under budget. \$1.7 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 \$342,000 of the under budget amount. \$6.1 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 2015 budget as the City continues works to close budget gaps.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of December 31, 2014, the City of Everett's investment in capital assets, including construction in progress, for its governmental and business-type activities amounted to \$891.3 million. The year-end balance represents a net increase (additions less retirements and depreciation) of \$5.1 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 60,647	\$ 60,556	\$ 34,536	\$ 33,907	\$ 95,183	\$ 94,463
Buildings	65,268	66,402	127,921	125,116	193,189	191,518
Improvements other than buildings	13,666	14,807	342,270	349,169	355,936	363,976
Infrastructure	173,318	170,897	1,630	1,726	174,948	172,623
Machinery and equipment	10,312	9,716	13,776	15,122	24,088	24,838
Intangibles	315	353	10,151	10,405	10,466	10,758
Construction in progress	3,040	3,746	34,429	24,299	37,469	28,045
	<u>\$ 326,566</u>	<u>\$ 326,477</u>	<u>\$ 564,713</u>	<u>\$ 559,744</u>	<u>\$ 891,279</u>	<u>\$ 886,221</u>

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

- 2014 overlay program.....\$ 3.4
- East Everett Pedestrian Walkway Project.....1.1
- Horizon Elementary School Walk Route Safety Project.....0.6

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

- WPCF Expansion, Phase C.....\$ 9.9
- Reservoir #6 Roof Replacement.....2.8
- Sewer Replacement “L”1.1
- Water Main Replacement “N”0.9
- 5 Line Replacement at Pilchuck River0.9

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, 2014, was \$231.7 million. Of this amount, \$53.3 million is bonded debt backed by the full faith and credit of the City, \$143.0 million is bonded debt secured solely by water and sewer user fees, and \$35.5 million is in Public Works Trust Fund and State Revolving Fund loans.

The City's total debt outstanding increased by a net amount (new issues less principal payments and refundings) of \$21.8 million from the prior year end. The major debt transactions that contributed to this change are detailed below.

- The City issued \$35.9 million in Limited Tax General Obligation Refunding Bonds in 2014. \$8.2 million was used to refund 2001 Variable Rate Bonds and \$27.4 million was used to refund 2007 Everett Public Facility District Bond.
- The City redeemed \$4.9 million of Revenue debt in 2014.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 48,260	\$ 22,835	\$ 5,000	\$ 6,000	\$ 53,260	\$ 28,835
Revenue debt	-	-	142,965	147,880	142,965	147,880
Other long-term debt	773	992	34,691	32,200	35,464	33,192
	<u>\$ 49,033</u>	<u>\$ 23,827</u>	<u>\$ 182,656</u>	<u>\$ 186,080</u>	<u>\$ 231,689</u>	<u>\$ 209,907</u>

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 2015 budget included: a continued modest recovery in retail sales; an increase in utility taxes due to a rate increase from 4% to 6% on electricity, telephone, and natural gas and a new 2% utility tax imposed on garbage and cable services, 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 2015 budget included:

- Overall economic activity is expected to be moderate.
- Population is expected to increase by 1% in 2015.
- The inflation rate (as measured by the June to June Seattle/Urban Consumer Price Index) is expected to remain low. For 2014, it was 2%.
- Interest rates are expected to remain low through 2015, even if the Federal Reserve begins to remove some accommodation from its monetary policy.

Some of the specific steps taken to balance the 2015 budget included: increasing utility tax rates, increasing certain development fees, eliminating 17 staff positions, prepaying some reserve contributions from prior year underexpenditures, and deferrals of projects and equipment replacements..

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 9820



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**STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Primary Government			Component Unit
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	EVERETT PUBLIC FACILITIES DISTRICT
ASSETS				
Cash and cash equivalents	\$ 38,156,799	\$ 23,366,647	\$ 61,523,446	\$ 1,116,693
Deposits with trustees	52,690	169,725	222,415	-
Investments	72,748,994	46,238,717	118,987,711	-
Receivables, net	56,589,632	13,304,823	69,894,455	556,705
Internal balances	8,709,083	(8,709,083)	-	-
Inventories	439,511	1,139,243	1,578,754	-
Prepayments	277,576	-	277,576	328,317
Net pension assets	3,383,363	-	3,383,363	-
Restricted:				
Cash and cash equivalents	-	5,272,414	5,272,414	2,329,333
Investments	-	7,983,878	7,983,878	-
Special assessments	118,149	2,520	120,669	-
Investment in joint venture	1,750,600	669,332	2,419,932	-
Land	60,646,719	34,535,756	95,182,475	257,074
Construction in progress	3,040,206	34,428,659	37,468,865	-
Capital assets, net (Note 6)	262,879,084	495,748,776	758,627,860	39,436,937
TOTAL ASSETS	\$ 508,792,406	\$ 654,151,407	\$ 1,162,943,813	\$ 44,025,059
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ -	\$ 1,712,682	\$ 1,712,682	\$ -
COMBINED ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 508,792,406	\$ 655,864,089	\$ 1,164,656,495	\$ 44,025,059
LIABILITIES				
Accounts payable and other current liabilities	\$ 8,058,163	\$ 7,737,993	\$ 15,796,156	\$ 781,135
Unearned revenues	190,547	475,756	666,303	1,223,165
Non-current liabilities (Note 12):				
Due within one year	11,277,245	10,986,408	22,263,653	1,190,000
Due in more than one year	71,719,511	185,503,125	257,222,636	48,757,932
COMBINED LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 91,245,466	\$ 204,703,282	\$ 295,948,748	\$ 51,952,232
NET POSITION				
Net Investment in capital assets	\$ 276,688,477	\$ 369,639,059	\$ 646,327,536	\$ (10,253,921)
Restricted for:				
Debt service	755,666	13,202,106	13,957,772	2,329,333
Public safety	9,027,282	-	9,027,282	-
Transportation	4,176,408	-	4,176,408	-
Parks and recreation	2,546,954	-	2,546,954	-
Community development projects	15,007,558	-	15,007,558	-
Tourism	354,032	-	354,032	-
Economy	317,857	-	317,857	-
Government regulation	-	54,186	54,186	-
Special assessments	-	2,520	2,520	-
Claims contingency	2,009,288	-	2,009,288	-
Unrestricted	106,663,418	68,262,936	174,926,354	(2,585)
TOTAL NET POSITION	\$ 417,546,940	\$ 451,160,807	\$ 868,707,747	\$ (7,927,173)

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(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	\$ 17,962,330	\$ 1,806,774	\$ 133,994	\$ 50,230
Police	35,788,822	2,560,454	305,757	21,909
Fire	29,620,688	1,848,449	187,045	144
Engineering & construction services	3,757,024	876,340	-	-
Transportation	7,907,706	625,648	58,089	2,110,215
Community services	7,309,980	3,689,741	1,607,597	-
Library	5,383,869	113,547	46,022	527
Culture and recreation	13,062,126	1,873,454	49,456	258,539
Interest on long-term debt	513,261	-	-	-
Total governmental activities	121,305,806	13,394,407	2,387,960	2,441,564
Business-type activities:				
Water	28,924,524	35,591,782	-	307,128
Sewer	31,985,659	36,294,976	141,648	3,337,912
Solid waste	788,668	2,333,877	69,164	238,362
Parking	274,131	281,602	-	-
Transit	23,748,870	2,698,730	1,091,840	211,751
Golf	4,312,427	3,780,524	-	-
Total business-type activities	90,034,279	80,981,491	1,302,652	4,095,153
Total primary government	\$ 211,340,085	\$ 94,375,898	\$ 3,690,612	\$ 6,536,717
Component units:				
Everett Public Facilities District	\$ 10,707,311	\$ 7,842,176	\$ 2,347,842	\$ -

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

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(PAGE 2 OF 2)

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

Primary Government			Component Unit Everett Public Facilities District
Governmental Activities	Business-Type Activities	Total	
\$ (15,971,332)	\$ -	\$ (15,971,332)	
(32,900,702)	-	(32,900,702)	
(27,585,050)	-	(27,585,050)	
(2,880,684)	-	(2,880,684)	
(5,113,754)	-	(5,113,754)	
(2,012,642)	-	(2,012,642)	
(5,223,773)	-	(5,223,773)	
(10,880,677)	-	(10,880,677)	
(513,261)	-	(513,261)	
(103,081,875)	-	(103,081,875)	
	6,974,386	6,974,386	
	7,788,877	7,788,877	
	1,852,735	1,852,735	
	7,471	7,471	
	(19,746,549)	(19,746,549)	
	(531,903)	(531,903)	
	(3,654,983)	(3,654,983)	
\$ (103,081,875)	\$ (3,654,983)	\$ (106,736,858)	
			\$ (517,293)
39,154,983	-	39,154,983	
27,025,637	17,315,413	44,341,050	
31,980,853	96,429	32,077,282	
5,016,570	-	5,016,570	
4,105,756	239,716	4,345,472	
4,772,730	4,580,025	9,352,755	
4,357,020	(4,357,020)	-	
116,413,549	17,874,563	134,288,112	
13,331,674	14,219,580	27,551,254	(517,293)
404,215,266	436,941,227	841,156,493	(7,409,879)
\$ 417,546,940	\$ 451,160,807	\$ 868,707,747	\$ (7,927,172)

The accompanying notes are an integral part of this statement.

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	GENERAL FUND	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 17,228,987	\$ 5,418,192	\$ 8,895,578	\$ 31,542,757
Change and imprest funds	48,899	-	-	48,899
Deposits with trustee	52,690	-	-	52,690
Investments	32,904,721	10,344,912	16,964,584	60,214,217
Receivables, net				
Taxes	11,375,395	187,456	187,456	11,750,307
Customer accounts	79,759	45,422	202,282	327,463
Interest	80,952	16,769	17,850	115,571
Due from other funds	104	-	95,927	96,031
Interfund receivable	101,000	-	-	101,000
Due from other governmental units	283,994	-	310,127	594,121
Due from component unit	27,666,893	-	-	27,666,893
Prepayments	10,350	-	-	10,350
Special assessments - non-current	-	-	118,149	118,149
Notes/contracts receivable	1,140,000	-	13,961,997	15,101,997
Advances to other funds	7,134,168	-	-	7,134,168
TOTAL ASSETS	\$ 98,107,912	\$ 16,012,751	\$ 40,753,950	\$ 154,874,613
LIABILITIES				
Wages payable	\$ 4,167,631	-	\$ 480,318	\$ 4,647,949
Accounts payable	1,181,677	-	314,543	1,496,220
Due to other funds	95,927	-	104	96,031
Interfund payable	-	-	101,000	101,000
Due to other governmental units	111,902	-	34	111,936
Custodial accounts	733,401	-	-	733,401
Revenues collected in advance	60,368	-	-	60,368
Other liabilities	139,883	-	615	140,498
Unearned Revenue	-	-	130,179	130,179
TOTAL LIABILITIES	6,490,789	-	1,026,793	7,517,582
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	2,301,882	-	-	2,301,882
Unavailable revenues-special assessments	-	-	118,149	118,149
Unavailable revenues-other	11,400	-	-	11,400
TOTAL DEFERRED INFLOWS OF RESOURCES	2,313,282	0	118,149	2,431,431
FUND BALANCES				
Nonspendable	35,951,411	-	-	35,951,411
Restricted	-	-	32,185,757	32,185,757
Committed	137,648	-	-	137,648
Assigned	-	16,012,751	7,451,489	23,464,240
Unassigned	53,214,782	-	(28,238)	53,186,544
TOTAL FUND BALANCES	89,303,841	16,012,751	39,609,008	144,925,600
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 98,107,912	\$ 16,012,751	\$ 40,753,950	\$ 154,874,613

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, 2014**

Total Fund Balances reported on the Balance Sheet - Governmental Funds	\$ 144,925,600
<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	324,974,669
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	8,285,319
Unearned revenues reported in the Balance Sheet - Governmental Funds not reported in the government-wide Statement of Net Position	2,431,430
Accrued receivables reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	2,071,119
Net investment in joint venture reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	1,750,600
Net pension asset and net OPEB liability reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	(466,347)
Discount on notes receivable reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	(1,069,130)
Accrued pollution remediation liability reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	(5,046,950)
Long-term debt reported in the government-wide Statement of Net Position not reported in the Balance Sheet - Governmental Funds	(60,309,370)
Total Net Position reported on the government-wide Statement of Net Position	<u>\$ 417,546,940</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, 2014**

	GENERAL FUND	CAPITAL IMPROVEMENT RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 90,270,254	\$1,722,002	\$ 10,217,671	\$ 102,209,927
Licenses and permits	1,893,008	-	-	1,893,008
Intergovernmental revenues	2,933,014	-	6,389,308	9,322,322
Charges for services	10,642,346	-	2,373,314	13,015,660
Fines and forfeits	1,932,025	-	9,330	1,941,355
Other revenues	3,880,120	1,100,175	2,036,290	7,016,585
Total revenues	111,550,767	2,822,177	21,025,913	135,398,857
EXPENDITURES				
Current:				
General government services	22,897,228	-	384,241	23,281,469
Security of persons and property	55,780,405	-	8,155,516	63,935,921
Physical environment	238	-	-	238
Transportation	3,961,835	-	2,517,529	6,479,364
Economic environment	5,280,562	-	1,140,542	6,421,104
Mental and physical health	957,605	-	-	957,605
Culture and recreation	14,283,415	500,000	370,836	15,154,251
Capital outlay	3,606,775	-	5,101,387	8,708,162
Debt service:				
Principal	-	-	10,659,316	10,659,316
Interest	-	-	549,179	549,179
Total Expenditures	106,768,063	500,000	28,878,546	136,146,609
Excess (deficiency) of revenues over (under) expenditures	4,782,704	2,322,177	(7,852,633)	(747,752)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	27,665,000	27,665,000
Issuance of refunding debt	-	-	8,200,000	8,200,000
Disposition of capital assets	42,865	-	-	42,865
Transfers in	33,496,846	405,746	5,710,482	39,613,074
Transfers out	(1,208,124)	(3,218,872)	(30,893,158)	(35,320,154)
Total other financing sources (uses)	32,331,587	(2,813,126)	10,682,324	40,200,785
Net change in fund balances	37,114,291	(490,949)	2,829,691	39,453,033
Fund balances - beginning	52,189,550	16,503,700	36,779,317	105,472,567
FUND BALANCES - ENDING	\$ 89,303,841	\$ 16,012,751	\$ 39,609,008	\$ 144,925,600

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, 2014**

Net change in fund balances for total governmental funds reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 39,453,033
<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>	
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.	1,549,237
Fair value of capital assets donated to the City reported in the government-wide statements during the current period.	72,139
Increase (decrease) to non-current unearned revenue on the Balance Sheet - Governmental Funds during the current period.	35,234
Increase (decrease) to notes and interest receivable on the government-wide statements during the current period.	22,774
Increase (decrease) to investment in joint venture reported in the government-wide statements during the current period.	(14,155)
Decrease (increase) to accrued pollution remediation liability in the government-wide statements during the current period.	(38,000)
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.	(52,581)
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.	(174,196)
Increase (decrease) to accrued receivables in the government-wide statements during the current period.	(193,754)
Increase (decrease) to the combined net pension asset and net OPEB liability on the government-wide statements during the current period.	(2,111,598)
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.	(25,216,459)
Change in net position of governmental activities reported on the government-wide Statement of Activities	<u>\$ 13,331,674</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES -
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 19,599,236	\$ 2,573,274	\$ 1,194,137	\$ 23,366,647	\$ 6,565,143
Deposits with Trustee	-	169,725	-	169,725	-
Investments	39,315,247	4,455,370	2,468,100	46,238,717	12,534,777
Bond covenant accounts:					
Restricted cash and cash equivalents	5,119,686	-	98,542	5,218,228	-
Restricted investments	7,983,878	-	-	7,983,878	-
Receivables, net					
Taxes	-	3,306,836	-	3,306,836	-
Customer accounts	7,187,867	50,793	280,734	7,519,394	15,556
Interest	116,055	1,950	5,405	123,410	13,397
Interfund loans	900,200	-	-	900,200	-
Due from other governments	2,104,544	230,938	19,701	2,355,183	2,345
Prepayments	-	-	-	-	267,226
Inventory	1,008,956	-	130,287	1,139,243	439,511
Total Current Assets	<u>83,335,669</u>	<u>10,788,886</u>	<u>4,196,906</u>	<u>98,321,461</u>	<u>19,837,955</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	23,136,323	10,439,811	959,622	34,535,756	-
Construction in progress	27,443,796	24,214	6,960,649	34,428,659	-
Capital assets, net of depreciation (Note 6)	445,695,297	42,533,603	7,519,876	495,748,776	1,591,334
Total Noncurrent Assets	<u>497,001,454</u>	<u>52,997,628</u>	<u>15,440,147</u>	<u>565,439,229</u>	<u>1,591,334</u>
TOTAL ASSETS	580,337,123	63,786,514	19,637,053	663,760,690	21,429,289
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	1,712,682	-	-	1,712,682	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,712,682	-	-	1,712,682	-
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES	582,049,805	63,786,514	19,637,053	665,473,372	21,429,289
LIABILITIES					
CURRENT LIABILITIES					
Wages and benefits payable	1,863,488	1,018,877	70,515	2,952,880	223,723
Accounts payable	3,062,986	468,866	117,275	3,649,127	627,691
Claims and judgments payable	-	-	-	-	6,803,739
Interest payable	660,512	-	15,208	675,720	-
Taxes payable	4,582	2,728	9,436	16,746	-
Interfund loans payable	-	-	900,200	900,200	-
Due to other governments	1,300,525	394,577	-	1,695,102	-
Unearned revenue	-	274,299	198,937	473,236	-
Current portion of long-term debt	8,732,814	-	1,002,012	9,734,826	-
Other current liabilities	-	-	-	-	102,887
Total Current Liabilities	<u>15,624,907</u>	<u>2,159,347</u>	<u>2,313,583</u>	<u>20,097,837</u>	<u>7,758,040</u>
NONCURRENT LIABILITIES					
Capital Leases Payable	25,232	-	-	25,232	-
General obligation bonds payable	-	-	4,008,888	4,008,888	-
Revenue bonds payable	148,640,894	-	-	148,640,894	-
Special assessment bonds payable	2,520	-	-	2,520	-
Advances from other funds	-	-	7,134,168	7,134,168	-
Loans payable	31,764,092	-	-	31,764,092	-
Claims and judgments payable	-	-	-	-	6,883,970
Other long-term liabilities	611,776	131,505	320,738	1,064,019	76,873
Total Noncurrent Liabilities	<u>181,044,514</u>	<u>131,505</u>	<u>11,463,794</u>	<u>192,639,813</u>	<u>6,960,843</u>
TOTAL LIABILITIES	196,669,421	2,290,852	13,777,377	212,737,650	14,718,883
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES	196,669,421	2,290,852	13,777,377	212,737,650	14,718,883
NET POSITION					
Net investment in capital assets	307,112,384	52,997,628	9,529,047	369,639,059	1,591,334
Restricted for debt service	13,103,564	-	98,542	13,202,106	-
Restricted for special assessments	2,520	-	-	2,520	-
Restricted for other governments	54,186	-	-	54,186	-
Restricted for claims contingency	-	-	-	-	2,009,288
Unrestricted	65,107,730	8,498,034	(3,767,913)	69,837,851	3,109,784
TOTAL NET POSITION	\$ 385,380,384	\$ 61,495,662	\$ 5,859,676	452,735,722	\$ 6,710,406
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.					
(1,574,915)					
Net position of business-type activities					
\$ 451,160,807					

The accompanying notes are an integral part of this statement

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
	WATER & SEWER UTILITY	TRANSIT	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Admission taxes	\$ -	-	\$ 96,429	\$ 96,429	\$ -
Charges for services	70,274,787	1,598,667	6,393,644	78,267,098	33,876,985
Rental revenues	-	979,331	-	979,331	-
Other operating revenues	-	-	-	-	331
Total Operating Revenues	70,274,787	2,577,998	6,490,073	79,342,858	33,877,316
OPERATING EXPENSES:					
Personnel services	20,913,132	12,789,755	1,130,030	34,832,917	2,758,122
Supplies	4,000,321	1,541,538	721,363	6,263,222	4,414,070
Professional services	4,846,425	1,873,974	1,749,213	8,469,612	14,496,973
Depreciation and amortization	13,387,613	3,144,859	842,590	17,375,062	336,606
Taxes	1,262,726	10,138	-	1,272,864	-
Other operating expenses	11,912,228	3,852,148	590,097	16,354,473	8,551,260
Total Operating Expenses	56,322,445	23,212,412	5,033,293	84,568,150	30,557,031
Operating Income (Loss)	13,952,342	(20,634,414)	1,456,780	(5,225,292)	3,320,285
NON-OPERATING REVENUES (EXPENSES):					
Sales tax	-	17,555,129	-	17,555,129	-
Intergovernmental revenues	141,648	1,091,840	69,164	1,302,652	-
Interest and investment revenue	3,607,644	292,444	177,495	4,077,583	761,962
Rent	506,568	16,746	-	523,314	-
Other non-operating revenues	237,244	34,288	-	271,532	277,249
Gain (loss) on sale/retirement of assets	1,335,614	4,450	2,359	1,342,423	932
Sale of junk/salvage	10,921	(38)	-	10,883	-
Interest expense	(6,485,003)	-	(341,932)	(6,826,935)	-
Other non-operating expenses	-	(1,425,133)	-	(1,425,133)	-
Total Non-Operating Revenues (Expenses)	(645,364)	17,569,726	(92,914)	16,831,448	1,040,143
Income (Loss) Before Contributions and Transfers	13,306,978	(3,064,688)	1,363,866	11,606,156	4,360,428
Capital contributions	3,645,041	211,751	238,362	4,095,154	-
Transfers in	-	-	-	-	135,611
Transfers out	(4,165,320)	(191,700)	-	(4,357,020)	(71,511)
CHANGE IN NET POSITION	12,786,699	(3,044,637)	1,602,228	11,344,290	4,424,528
NET POSITION - BEGINNING	372,593,685	64,540,299	4,257,448	441,391,432	2,285,878
NET POSITION - ENDING	\$ 385,380,384	\$ 61,495,662	\$ 5,859,676	\$ 452,735,722	\$ 6,710,406

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

Increase in Net Position, per above	\$ 11,344,290
The net revenue (expense) of certain activities of internal service funds associated with business-type activities.	2,875,290
Change in Net Position, per Statement of Activities	<u>\$ 14,219,580</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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	\$ 69,962,304	\$ 2,614,515	\$ 6,473,597	\$ 79,050,416	\$ 7,598,503
Receipts from interfund services provided	729,837	-	-	729,837	26,276,088
Payments to suppliers	(10,242,084)	(1,537,314)	(3,120,092)	(14,899,490)	(20,686,686)
Payments to employees	(20,915,626)	(12,667,965)	(1,114,886)	(34,698,477)	(2,721,253)
Payments for interfund services used	(9,464,651)	(5,793,893)	(220,257)	(15,478,801)	(375,340)
Claims paid	-	-	-	-	(6,657,514)
Other receipts (payments)	217,452	(1,024,828)	-	(807,376)	386,738
NET CASH PROVIDED BY OPERATING ACTIVITIES	30,287,232	(18,409,485)	2,018,362	13,896,109	3,820,536
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Sales tax received	-	17,341,308	-	17,341,308	-
Receipts from non-capital grants	141,648	1,285,688	74,985	1,502,321	-
Interfund loans received	59,000	-	-	59,000	-
Principal paid on interfund loans	-	-	(185,000)	(185,000)	-
Interest paid on interfund loans	-	-	(137,017)	(137,017)	-
Transfers to other funds	(4,165,320)	(191,700)	-	(4,357,020)	(71,511)
Transfers from other funds	-	-	-	-	135,611
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(3,964,672)	18,435,296	(247,032)	14,223,592	64,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital debt	4,325,077	-	-	4,325,077	-
Amortization of refunding of debt deferred outflow	130,396	-	-	130,396	-
Principal paid on capital debt	(6,370,566)	-	(1,002,012)	(7,372,578)	-
Interest paid on capital debt	(7,191,285)	-	(207,102)	(7,398,387)	-
Proceeds from interfund loans	-	-	(59,000)	(59,000)	-
Receipts from capital grants	-	345,056	-	345,056	-
Proceeds from sale of capital assets	11,292	4,412	2,359	18,063	932
Proceeds from timber sales	1,338,585	-	-	1,338,585	-
Capital contributions	2,710,867	-	311,183	3,022,050	-
Acquisition and construction of capital assets	(21,811,576)	(253,666)	(607,716)	(22,672,958)	(581,719)
Payments to joint ventures	33,455	-	-	33,455	-
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(26,823,755)	95,802	(1,562,288)	(28,290,241)	(580,787)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of investments	12,595,364	646,786	525,633	13,767,783	2,016,351
Purchase of investments	-	-	(270,599)	(270,599)	(1,588,185)
Investment income	1,314,276	105,638	74,398	1,494,312	277,731
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,909,640	752,424	329,432	14,991,496	705,897
Net Increase (Decrease) in Cash and Cash Equivalents	13,408,445	874,037	538,474	14,820,956	4,009,746
Cash and Cash Equivalents, January 1	11,364,663	1,868,962	754,205	13,987,830	2,555,397
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 24,773,108	\$ 2,742,999	\$ 1,292,679	\$ 28,808,786	\$ 6,565,143
Current Cash and Cash Equivalents	\$ 19,599,236	\$ 2,742,999	\$ 1,194,137	\$ 23,536,372	\$ 6,565,143
Restricted Cash and Cash Equivalents	5,173,872	-	98,542	5,272,414	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 24,773,108	\$ 2,742,999	\$ 1,292,679	\$ 28,808,786	\$ 6,565,143

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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)	\$ 13,952,342	(20,634,414)	\$ 1,456,780	\$ (5,225,292)	\$ 3,320,285
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and amortization	13,387,613	3,144,859	842,590	17,375,062	336,606
Other non-operating receipts	743,811	51,034	-	794,845	277,249
Other non-operating disbursements	-	(1,040,190)	-	(1,040,190)	-
Change in Assets and Liabilities:					
(Increase) decrease in inventories	(87,011)	-	(3,438)	(90,449)	101,729
(Increase) decrease in receivables	(109,005)	66,490	(19,176)	(61,691)	12,606
(Increase) decrease in prepaid expenses	126,553	57,483	15,297	199,333	97,408
Increase (decrease) in accounts and other payables	2,342,318	(78,190)	(283,011)	1,981,117	(363,398)
Increase (decrease) in compensated absences	(69,389)	41,981	6,620	(20,788)	38,051
Increase (decrease) in other current liabilities	-	(18,538)	2,700	(15,838)	-
TOTAL ADJUSTMENTS	16,334,890	2,224,929	561,582	19,121,401	500,251
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 30,287,232	\$ (18,409,485)	\$ 2,018,362	\$ 13,896,109	\$ 3,820,536
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Non-Cash Financing, Capital and Investing Activities:					
Capital assets contributed by private developers	\$ 360,124	\$ -	\$ -	\$ 360,124	\$ -
Increase (decrease) in fair value of investments	2,281,105	(24,765)	102,019	2,358,359	481,466
Capital grants earned, not received	-	5,546	-	5,546	-
TOTAL NON-CASH ACTIVITIES	\$ 2,641,229	\$ (19,219)	\$ 102,019	\$ 2,724,029	\$ 481,466

The accompanying notes are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014**

	TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ 476,644	\$ 185,015
Agency Bonds	42,820,311	-
Accounts receivable - net	1,720	12,985
Interest receivable	8,379	-
Due from Other Governmental Units	-	25
TOTAL ASSETS	43,307,054	198,025
LIABILITIES		
Accounts payable	6,673	25
Due to Other Governmental Units	-	5,000
Other current liabilities	-	193,000
TOTAL LIABILITIES	6,673	198,025
NET POSITION		
Net Position restricted for pensions	12,569,418	-
Net Position restricted for post employment benefits	30,730,963	-
Total held in trust	\$ 43,300,381	\$ -

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, 2014**

	TRUST FUNDS
ADDITIONS:	
Contributions	
Employer	\$ 102,438
State	170,627
Total contributions	<u>273,065</u>
Investment income	
Interest	717,989
Net appreciation (depreciation) in fair value	3,381,616
Net investment income	<u>4,099,605</u>
TOTAL ADDITIONS	<u>4,372,669</u>
DEDUCTIONS:	
Benefits	3,633,566
Administrative expense	37,565
TOTAL DEDUCTIONS	<u>3,671,131</u>
CHANGE IN NET POSITION	
Pension benefits	(311,284)
Postemployment healthcare benefits	1,012,822
NET POSITION RESTRICTED FOR EMPLOYEES' PENSION BENEFITS	
Employees' pension benefits, January 1	12,880,702
NET POSITION RESTRICTED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS	
Postemployment healthcare benefits, January 1	29,718,141
NET POSITION - ENDING	<u>\$ 43,300,381</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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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 Units – 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 are 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. The CDE's account balances and transactions are included in the City's financial statements as a special revenue fund.

Discretely Presented Component Unit – The 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 PFD is included in the City's reporting entity as a discretely presented component unit because of the financial

accountability relationship. The Board of Directors consists of five members, all appointed by the Everett City Council.

In October 2014, the City issued Limited Tax General Obligation (LTGO) Refunding Bonds, a portion of which was used to refund the **2007 Variable Rate Project Revenue Bonds** issued by the PFD. The PFD portion is referred to as the 2014 PFD Refunding Bonds. The City is responsible for the debt service on the entire 2014 LTGO Refunding Bonds. The PFD agrees to reimburse the City the amount of principal and interest paid on the 2014 PFD Refunding Bonds. As of December 31, 2014, the outstanding 2014 PFD Refunding Bonds balance was \$27,688,291. As of December 31, 2014, the PFD had outstanding **2007 Fixed Rate Limited Sales Tax and Interlocal Revenue Bond** debt of \$21,555,000. Payments for the PFD's 2007 debt are expected to be made from PFD tax revenues and net project revenues. 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, 2014, the City adopted the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans. The objective of this statement is to improve the usefulness of financial reports through enhanced note disclosures and schedules of required supplementary information. The new information is designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information.

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 sources for this fund include 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. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

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	<u>\$ 118,149</u>
--------------------------------	-------------------

Restricted assets of business-type activities include the following:

Revenue bond debt service accounts	\$ 13,202,106
Escrow required by Snohomish County Health District	54,186
Special assessments receivable	<u>2,520</u>
	<u>\$ 13,258,812</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 2014.

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, 2014 was \$4.1 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, 2014 were as follows:

Fund Balances	General Fund	Capital Improvement Reserved Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Long Term Loans	\$ 28,806,893	\$ -	\$ -	\$ 28,806,893
Advances to Other Funds	7,134,168	-	-	7,134,168
Prepayments	10,350	-	-	10,350
Restricted for:				
Tourism Advertising	-	-	354,032	354,032
Everett TV Equipments Replacement	-	-	1,678,133	1,678,133
Animal Shelter Operation	-	-	317,857	317,857
Parks Capital Constructions	-	-	868,821	868,821
Streets Capital Constructions	-	-	1,303,231	1,303,231
Capital Projects Debt Services	-	-	755,666	755,666
Policing	-	-	9,027,282	9,027,282
Traffic Improvement Projects	-	-	2,873,177	2,873,177
CHIP Loans	-	-	15,007,558	15,007,558
Committed to:				
1% for Arts Projects	137,648	-	-	137,648
Assigned to :				
Capital Projects	-	5,581,726	-	5,581,726
City Debt Service	-	10,431,025	23,475	10,454,500
Riverfront Capital Project	-	-	10,651	10,651
City Streets Improvements	-	-	3,961,698	3,961,698
Parks & Recreation Maintainance	-	-	592,147	592,147
Animal Shelter Operation	-	-	113,088	113,088
Library Books	-	-	128,012	128,012
Library Misc. Operation	-	-	26,777	26,777
EMS	-	-	1,245,315	1,245,315
Policing	-	-	25,722	25,722
City Roads Safety & Improvements	-	-	755,198	755,198
Facility Construction Projects	-	-	345,679	345,679
Parks Capital Construction	-	-	223,727	223,727
Unassigned:				
	53,214,782	-	(28,238)	53,186,544
Total Fund Balances	\$ 89,303,841	\$ 16,012,751	\$ 39,609,008	\$ 144,925,600

At December 31, 2014 the non major governmental funds included a deficit unassigned fund balance of \$28,238.

The deficit balance occurred in the Everett CDE LLC Fund - a Special Revenue Fund reflecting a blended component unit.

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	\$ 461,189,067
Accumulated depreciation	<u>(136,214,398)</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net position of governmental activities.	<u>\$ 324,974,669</u>
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Long-term debt not reported in total governmental funds:

Debt proceeds	\$ (35,865,000)
Bonds payable	(13,167,960)
Compensated absences accrued	(10,344,976)
Unamortized balance of bond premiums	(844,574)
Accrued interest payable	<u>(86,860)</u>

Net adjustment to reduce total fund balances of government funds to arrive at net position of governmental activities	<u>\$ (60,309,370)</u>
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Internal service funds reported separately with business-type funds:

Internal service funds - total fund equity	\$ 6,710,406
Amount allocated to internal balances - business-type activities	<u>1,574,913</u>

Net adjustment to increase total fund balances of governmental funds to arrive at net position of governmental activities.	<u>\$ 8,285,319</u>
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- **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	\$ (3,126,667)
Accumulated depreciation of disposed assets	<u>3,074,087</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>\$ (52,581)</u>
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The amount by which depreciation exceeds capital outlays in the current period:

Expenditures that are capitalized	\$ 9,734,934
Current depreciation expense	<u>(9,909,130)</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>\$ (174,196)</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	\$ (35,865,000)
Principal payments on long-term debt	10,659,316
Decrease (increase) in interest payable	(48,747)
Decrease (increase) in compensated absences liability	(32,409)
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>\$ (25,216,459)</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	\$ 259,520
Net expense allocated from internal service funds to governmental activities	1,225,617
Interfund transfers out	<u>64,100</u>

Net adjustment to reduce net change in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ 1,549,237</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 2014.

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, 2014, the following funds reported deficits in fund balance or net position:

Fund 170 – Everett CDE LLC Fund had a deficit net position of \$28,238. Everett CDE LLC Fund is a special revenue fund representing a blended component unit and future revenue is expected to eliminate the deficit.

Fund 440 – Golf Fund had a deficit net position of \$3,599,734. To eliminate the deficit, the City continues elements of its business plan to increase revenue and decrease expenses.

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, 2014, 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	2,957,040				2,957,040
FFCB	34,687,568		12,711,034	3,294,614	18,681,920
FHLB	42,062,298	2,013,000		15,745,468	24,303,830
FHLMC	20,053,963		2,975,598	7,219,414	9,858,951
FNMA	24,733,981		3,954,270	8,118,431	12,661,280
Certificate of Deposit:					
Opus Bank CD	3,000,000	3,000,000			
Total Investments	127,494,850	5,013,000	19,640,902	34,377,927	68,463,021
Deposits:					
State Pool	53,297,369	53,297,369			
Deposit Account - Opus Bank	6,412,161	6,412,161			
Total Deposits	59,709,531	59,709,531			
TOTAL INVESTMENTS & DEPOSITS	187,204,381	64,722,531	19,640,902	34,377,927	68,463,021

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 inflows of resources 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 2014, the City levied the following property taxes on an assessed value of \$11,511,536,705. The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.

PURPOSE OF LEVY	LEVY RATE PER \$1,000	TOTAL LEVY AMOUNT
General government	\$2.931	\$ 33,741,264
Emergency medical services	0.500	5,755,768
TOTAL CITY LEVY	\$3.431	\$ 39,497,032

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 01/01/14	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 12/31/14
Capital assets, not being depreciated or amortized:					
Land	\$ 60,555,865	\$ -	\$ 90,854	\$ -	\$ 60,646,719
Construction in progress *	3,745,925	3,939,766	(4,636,966)	(8,519)	3,040,206
Total capital assets, not being depreciated or amortized	<u>64,301,790</u>	<u>3,939,766</u>	<u>(4,546,112)</u>	<u>(8,519)</u>	<u>63,686,925</u>
Capital assets, being depreciated or amortized:					
Buildings	99,416,279	-	1,128,500	-	100,544,779
Improvements other than buildings	32,975,630	171,769	-	-	33,147,399
Infrastructure	231,772,591	3,932,250	3,417,612	(1,704,699)	237,417,754
Machinery and equipment	28,656,197	2,285,928	(15,689)	(1,495,497)	29,430,939
Intangibles	885,674	62,058	-	-	947,732
Total capital assets being depreciated or amortized	<u>393,706,371</u>	<u>6,452,005</u>	<u>4,530,423</u>	<u>(3,200,196)</u>	<u>401,488,603</u>
Less accumulated depreciation or amortization for:					
Buildings	(33,014,311)	(2,262,574)	-	-	(35,276,885)
Improvements other than buildings	(18,169,022)	(1,311,763)	-	-	(19,480,785)
Infrastructure	(60,876,058)	(4,928,327)	-	1,704,699	(64,099,686)
Machinery and equipment	(18,940,229)	(1,637,535)	15,689	1,442,668	(19,119,407)
Intangibles	(531,958)	(100,798)	-	-	(632,756)
Total accumulated depreciation and amortization	<u>(131,531,578)</u>	<u>(10,240,997)</u>	<u>15,689</u>	<u>3,147,367</u>	<u>(138,609,519)</u>
Total capital assets being depreciated or amortized, net	<u>262,174,793</u>	<u>(3,788,992)</u>	<u>4,546,112</u>	<u>(52,829)</u>	<u>262,879,084</u>
Governmental activities capital assets, net	<u>\$ 326,476,583</u>	<u>\$ 150,774</u>	<u>\$ -</u>	<u>\$ (61,348)</u>	<u>\$ 326,566,009</u>

* The deletion of construction in progress costs of \$8,519 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
	01/01/14	ADDITIONS	TRANSFERS	DELETIONS	
Capital assets, not being depreciated:					
Land	\$ 33,907,088	\$ 28,668	\$ 600,000	\$ -	\$ 34,535,756
Construction in progress *	24,299,395	21,209,191	(10,953,373)	(126,554)	34,428,659
Total capital assets, not being depreciated	58,206,483	21,237,859	(10,353,373)	(126,554)	68,964,415
Capital assets, being depreciated					
Buildings	188,931,562	31,277	6,752,805	-	195,715,644
Improvements other than buildings	501,496,793	362,308	3,600,568	-	505,459,669
Infrastructure	1,917,502	-	-	-	1,917,502
Machinery and equipment	38,451,750	842,957	15,689	(664,547)	38,645,849
Intangibles	16,108,353	-	-	-	16,108,353
Total capital assets being depreciated	746,905,960	1,236,542	10,369,062	(664,547)	757,847,017
Less accumulated depreciation for:					
Buildings	(63,815,565)	(3,979,367)	-	-	(67,794,932)
Improvements other than buildings	(152,328,475)	(10,861,087)	-	-	(163,189,562)
Infrastructure	(191,750)	(95,875)	-	-	(287,625)
Machinery and equipment	(23,330,050)	(2,185,053)	(15,689)	661,209	(24,869,583)
Intangibles	(5,702,854)	(253,680)	-	-	(5,956,534)
Total accumulated depreciation	(245,368,694)	(17,375,062)	(15,689)	661,209	(262,098,236)
Total assets being depreciated, net	501,537,266	(16,138,520)	10,353,373	(3,338)	495,748,781
Business-type activities capital assets, net	\$ 559,743,749	\$ 5,099,339	\$ -	\$ (129,892)	\$ 564,713,196

* The deletion of construction in progress costs of \$126,554 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	\$ 593,892
Police	743,644
Fire	783,888
Engineering & construction services	267,634
Transportation	4,463,957
Community services	130,747
Library	814,367
Culture and recreation	2,220,912
Internal service allocated to business-type activities	221,958
Total depreciation - governmental activities	\$ 10,240,999
BUSINESS-TYPE ACTIVITIES	
Water	\$ 6,594,120
Sewer	6,926,249
Solid waste	274,808
Parking	42,926
Transit	3,204,059
Golf	524,856
Internal service allocated to business-type activities	(221,958)
Total depreciation - business-type activities	\$ 17,345,060
Total depreciation - all activities	\$ 27,586,059

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.

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, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Terminated Plan Members Nonvested	101,191
Total	368,272

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, 2014, 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:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2014	\$ 206,515	\$ 3,874,903	\$ 774,862
2013	\$ 196,930	\$ 3,428,241	\$ 658,656
2012	\$ 182,080	\$ 3,000,300	\$ 578,570

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, 2013:

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Terminated Plan Members Nonvested	1,600
Total	29,640

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 2014, the state contributed \$55.6 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, 2014, 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 the 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
2014	\$ 547	\$ 1,926,923
2013	\$ 613	\$ 1,824,853
2012	\$ 975	\$ 1,806,270

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 2014, 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, 2013:

Retirees and Beneficiaries Receiving Benefits	43
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	119
Active Plan Members Vested	4,513
Terminated Plan Members Nonvested	1,383
Total	6,058

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, 2014, 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 the 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
2014	\$ 64,838
2013	\$ 57,321
2012	\$ 53,155

FIRE PENSION FUND / POLICE PENSION FUND

Plan Description

The City is also the administrator of the City of Everett Fire and Police Pension Fund, 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.

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.

Membership of the Plans consisted of the following as of December 31, 2014:

- 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 2, 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 73 and 40, 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.

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

Investments are reported at fair value, as provided by the custodian. It is the policy of the Pension Board to pursue an investment strategy based on the prudent person standard, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering probable safety of their capital as well as the probable income to be derived. With the exception of US Treasury, no more than 50% of the total investment portfolio will be invested in a single security type and no more than 25% can be invested with a single financial institution.

Concentrations

The pension plans investments are mostly held in the following government sponsored enterprise (GSE) issued securities:

	Fire Pension		Police Pension	
Agencies				
FFCB	1,171,756	12%	321,171	14%
FHLB	3,350,024	34%	803,106	34%
FHLMC	3,362,581	34%	702,739	30%
FNMA	2,018,810	20%	501,901	22%
Total Investments	9,903,170	100%	2,328,917	100%

Rate of return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.76% for the Fire Pension Fund and 9.82% for the Police Pension Fund. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net Pension Liability

	Fire Pension	Police Pension
Total pension liability	6,636,807	5,919,527
Plan fiduciary net position	(10,065,144)	(2,504,274)
Net pension liability (asset)	(3,428,337)	3,415,253
Plan fiduciary net position as a percentage of the total pension liability	152%	42%

The negative net pension liability is a result of the City overpaying its annual required pension cost.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3%
Investment rate of return	5%, net of pension plan investment expense

Mortality rates were based on the RP-2000 mortality tables projected to 2015 with Scale AA.

The actuarial assumptions used in the valuation include:

- Measurement date of December 31, 2012
- Update procedures were used to roll forward the total pension liability to the pension plan's fiscal year-end
- Actuarial value of assets equal to market value
- Closed 30 year amortization period of the unfunded obligation beginning January 1, 2000
- Entry Age Cost Method
- The investment return was determined by using moderate rate that conservatively reflects the returns expected to be achieved by the fund each year.

Discount Rate

The discount rate used to measure the total pension liability was 5%. The projection of cash flows used to determine the discount rate assumed that City's future annual contributions increases at 5% each year. Based on this assumption the pension plan's fiduciary net position is determined to be actuarially sufficient to fully fund the plan's obligations by the end of year 2030.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (4%) or 1% higher (6%) than the current rate:

City's net pension liability (asset)	1% Decrease (4%)	Current Discount Rate (5%)	1% Increase (6%)
Fire Pension	\$ (2,956,332)	\$ (3,428,337)	\$ (4,073,777)
Police Pension	\$ 3,720,037	\$ 3,415,253	\$ 2,746,463

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 114 firefighter retirees currently receiving benefits. There are 1 active law enforcement plan participants and 82 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 2014, the City received \$102,438 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 obligation.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	FIRE HEALTHCARE FUND	POLICE HEALTHCARE FUND
Annual Required Contribution (ARC)	\$ 1,242,997	\$ 1,128,913
Interest on Net OPEB Obligation	76,543	3,173
Actuarial Adjustment to ARC	<u>(90,050)</u>	<u>(3,733)</u>
Annual OPEB Cost (expense)	1,229,490	1,128,353
Contributions Made	<u>51,219</u>	<u>51,219</u>
Increase / (Decrease) in OPEB Obligation	1,178,271	1,077,134
Net OPEB Obligation at beginning of year	1,530,850	63,454
Net OPEB Obligation at end of year	<u>\$ 2,709,121</u>	<u>\$ 1,140,588</u>

The net OPEB asset has been recorded in the City's government-wide Statement of Net Position.

The City's annual OPEB cost (AOC), the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

FIRE HEALTHCARE FUND			
Year Ending	Cost (AOC)	Percent of AOC Contributed by City	Net OPEB Obligation
December 31, 2014	\$ 1,229,490	4.2%	\$ 2,709,121
December 31, 2013	1,183,315	4.2%	1,530,850
December 31, 2012	1,348,447	3.7%	397,423

POLICE HEALTHCARE FUND			
Year Ending	Cost (AOC)	Percent of AOC Contributed by City	Net OPEB Obligation
December 31, 2014	\$ 1,128,353	4.5%	\$ 1,140,588
December 31, 2013	1,080,529	4.6%	63,455
December 31, 2012	1,099,211	4.5%	(967,185)

Funded Status and Funding Progress

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

As of January 1, 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 January 1, 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 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, 2014

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ASSETS					
Cash and cash equivalents	\$ 173,713	\$ 13,727	\$ 161,898	\$ 127,306	\$ 476,644
Investments					
Agency Bonds	2,328,917	11,959,583	9,903,170	18,628,641	42,820,311
Accounts receivable - net	1,645	-	75	-	1,720
Interest receivable	-	-	-	8,379	8,379
TOTAL ASSETS	2,504,275	11,973,310	10,065,143	18,764,326	43,307,054
LIABILITIES					
Accounts payable	\$ -	3,337	\$ -	3,336	6,673
TOTAL LIABILITIES	-	3,337	-	3,336	6,673
NET POSITION					
Restricted for pension benefits and other purposes	\$ 2,504,275	\$ 11,969,973	\$ 10,065,143	\$ 18,760,990	\$ 43,300,381

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ADDITIONS:					
Contributions					
Employer	\$ -	\$ 51,219	\$ -	\$ 51,219	\$ 102,438
State	-	-	170,627	-	170,627
Total contributions	-	51,219	170,627	51,219	273,065
Investment income					
Interest	32,392	211,896	165,305	308,396	717,989
Net appreciation (depreciation) in fair value	254,228	888,659	346,165	1,892,564	3,381,616
Net investment income	286,620	1,100,555	511,470	2,200,960	4,099,605
TOTAL ADDITIONS	286,620	1,151,774	682,097	2,252,179	4,372,670
DEDUCTIONS:					
Benefits	375,942	900,834	903,309	1,453,481	3,633,566
Administrative expense	125	17,512	625	19,303	37,565
TOTAL DEDUCTIONS	376,067	918,346	903,934	1,472,784	3,671,131
CHANGE IN NET POSITION					
Pension benefits	(89,447)		(221,837)		(311,284)
Postemployment healthcare benefits		233,427		779,395	1,012,822
NET POSITION RESTRICTED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	2,593,722		10,286,980		12,880,702
NET POSITION RESTRICTED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		11,736,546		17,981,595	29,718,141
NET POSITION - ENDING	\$ 2,504,275	\$ 11,969,973	\$ 10,065,143	\$ 18,760,990	\$ 43,300,381

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.

For the year ending 12/31/2014, the self-insured retention for general liability, auto liability (excluding transit), law enforcement liability, errors and omissions liability and employment practices liability was \$1,250,000 per occurrence. Workers' compensation is self-insured, and effective July 1, 2014, subject to a maximum retention of \$1,500,000 for police officer, fire fighter, and bus driver classifications per occurrence, and \$1,000,000 for all other 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, 2014, the estimated liability totaled \$11,678,422, consisting of \$7,177,052 for tort liability, \$4,395,374 for workers' compensation, and \$105,996 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 2013 and 2014 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE	PAYMENTS	BALANCE AT END OF YEAR
Tort Liability:					
2014	8,177,179	1,240,349	1,038,963	(3,279,439)	7,177,052
2013	5,840,600	4,529,712	(290,929)	(1,902,204)	8,177,179
Workers' Compensation:					
2014	3,700,423	1,549,046	1,568,109	(2,422,204)	4,395,374
2013	7,773,702	1,691,515	(3,709,320)	(2,055,474)	3,700,423
Unemployment Compensation:					
2014	122,400	138,610	8,057	(163,071)	105,996
2013	150,772	160,062	(126)	(188,308)	122,400

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 \$2,009,288 at December 31, 2014. In addition, the liability reserve was \$2,009,288 at December 31, 2014, and is 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).

Changes in the fund's claims liability in fiscal years 2013 and 2014 appear as follows:

	BALANCE AT BEGINNING OF YEAR	CLAIMS	CHANGE IN ESTIMATE		PAYMENTS	BALANCE AT END OF YEAR
IBNR Liability:						
2014	1,775,896	10,787,635	233,392	(10,787,635)		2,009,288
2013	1,633,242	10,075,996	142,654	(10,075,996)		1,775,896

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, 2014 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT		
				ORIGINALLY ISSUED	REDEMPTIONS TO DATE	DEBT OUTSTANDING
Governmental Activities						
12 LTGO and Refunding Bonds - capital	10-04-12	12-01-26	2.00-4.00%	13,935,000	1,540,000	12,395,000
14 Floating Rate LTGO Bonds - capital	11-03-14	12-13-34	Variable	35,865,000	-	35,865,000
Total Governmental Activities				49,800,000	1,540,000	48,260,000
Business Activities						
10 LTGO Bonds - capital	03-26-10	12-01-19	1.00-4.25%	10,500,000	5,500,000	5,000,000
Total Business Activities				10,500,000	5,500,000	5,000,000
TOTAL GENERAL OBLIGATION BONDS				\$ 60,300,000	\$ 7,040,000	\$ 53,260,000

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
2015	1,610,000	1,007,191	2,617,191	1,000,000	182,500	1,182,500
2016	2,150,000	969,569	3,119,569	1,000,000	152,500	1,152,500
2017	2,145,000	924,991	3,069,991	1,000,000	120,000	1,120,000
2018	2,240,000	881,449	3,121,449	1,000,000	82,500	1,082,500
2019	2,430,000	834,787	3,264,787	1,000,000	42,500	1,042,500
2020 - 2024	14,120,000	3,046,626	17,166,626	-	-	-
2025 - 2029	11,175,000	1,676,118	12,851,118	-	-	-
2030 - 2034	12,390,000	659,219	13,049,219	-	-	-
TOTAL	\$ 48,260,000	\$ 9,999,950	\$ 58,259,950	\$ 5,000,000	\$ 580,000	\$ 5,580,000

In 2014 the city issued Floating Rate Limited Tax General Obligation Refunding Bonds in the amount of \$35,865,000, including \$164,999 in issuance costs and \$93,863 in underwriter's discount. The rate in effect at 12/31/14 was 0.43%. The entire issue is subject to mandatory redemption on December 1, 2019, at which point the outstanding balance will be refinanced. These bonds were issued to refinance \$8,200,000 of the outstanding 2001 Variable Rate Demand LTGO Bonds, which were issued to purchase land for the Everett Events Center, and \$27,415,000 of the Everett Public Facilities District's 2007 Variable Rate Demand Bonds, which were issued to construct a portion of the Everett Events Center building. The bonds were refinanced because the existing letters of credit associated with both issues were expiring, and the Bank of New York indicated that it would not be seeking renewals.

Although the financing was undertaken out of necessity because the prior agreements were expiring, rather than to obtain economic gain, the terms of the new debt issue provide the City with a lower cost of debt. Both the former variable rate demand bonds and the new floating rate bonds carry interest at a rate equal to the weekly Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA); however, in addition to the index rate, the original bonds added a total of 0.6% for management and remarketing fees; whereas, the additional rate over the SIFMA index for the new 2014 Floating Rate LTGO Bonds is 0.4%—a savings of 0.2%. Over the five-year term of the 2014 bonds, that difference would represent a savings of approximately \$338,000.

The city refinanced the Everett Public Facilities variable rate bonds under its own credit to take advantage of economies of scale and its strong credit rating. In conjunction with the debt issue, the City entered into an interlocal agreement with the Public Facilities District on September 24, 2014, which details each party's rights and obligations relating to this bond issue. According to the agreement, the Everett Public Facilities District will reimburse the city for debt service payments made by the city on the portion of the 2014 bonds that refinanced the District's 2007 Variable Rate Demand Bonds. Ownership of the Everett Events Center reverts to the city of Everett in 2026.

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 \$213,459,614. Principal and interest expense for the current year and total customer net revenues were \$11,535,650 and \$32,751,964 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.

Revenue bonds outstanding at December 31, 2014 are as follows:

NAME OF ISSUE / PURPOSE	DATE OF		INTEREST RATE(S)	AMOUNT		
	ISSUE	FINAL MATURITY		ORIGINALLY ISSUED	REDEMPTIONS TO DATE	DEBT OUTSTANDING
05 Water/Sewer Revenue Bonds - capital	10-14-05	12-01-30	3.75-5.0%	35,000,000	34,055,000	945,000
09 Water/Sewer Revenue Bonds - capital	12-01-09	12-01-33	2.0-5.0%	40,000,000	6,910,000	33,090,000
11 Water/Sewer Revenue Bonds - capital	03-09-11	12-01-35	2.5-5.0%	51,000,000	1,400,000	49,600,000
13 Water/Sewer Revenue Bonds - capital	03-01-13	12-01-30	3.0-5.0%	62,145,000	2,815,000	59,330,000
TOTAL REVENUE BONDS				\$ 188,145,000	\$ 45,180,000	\$ 142,965,000

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

YEAR ENDING DECEMBER 31,	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2015	5,125,000	6,409,527	11,534,527
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	6,105,000	5,431,952	11,536,952
2020 - 2024	35,390,000	22,300,509	57,690,509
2025 - 2029	45,145,000	13,732,704	58,877,704
2030 - 2034	30,770,000	4,624,468	35,394,468
2035	3,635,000	181,750	3,816,750
TOTAL	\$ 142,965,000	\$ 70,494,614	\$ 213,459,614

Other Long Term Debt

The City has received government loans and other notes to provide for construction of capital projects. 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, 2014, 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						
Public Works Trust Fund Loan - 75th Street	09-23-96	07-01-16	2.00%	930,880	815,427	115,453
Public Works Trust Fund Loan - Riverfront	04-28-99	07-01-18	2.00%	1,000,000	783,282	216,718
Public Works Trust Fund Loan - 112th Street	12-22-02	07-01-22	0.50%	1,000,000	559,211	440,789
Total Governmental Activities				2,930,880	2,157,920	772,960
Business Activities						
PWTFL Water Transmission Line	08-02-95	07-01-15	1.00%	651,183	623,368	27,815
PWTFL Sewer Basement Flooding Reduction	07-01-01	07-01-21	1.00%	1,881,000	1,188,000	693,000
PWTFL Water Transmission Line	07-01-01	07-01-21	1.00%	4,252,792	2,688,380	1,564,412
PWTFL Cross-Town Effluent Pipeline	05-13-03	07-01-23	0.50%	5,490,000	2,882,250	2,607,750
PWTFL Water Transmission Lines #2-3	11-17-03	11-17-23	0.50%	841,671	437,448	404,223
PWTFL Treatment Plant Upgrade	04-25-05	07-01-25	0.50%	9,500,000	3,694,445	5,805,555
SRF Clearwell No. 2	03-03-06	10-01-25	1.50%	4,040,000	1,591,689	2,448,311
SRF Clearwell No. 2	12-21-07	10-01-26	1.50%	4,040,000	1,488,421	2,551,579
SRF Clearwell No. 2	03-03-08	10-01-27	1.50%	3,030,000	956,842	2,073,158
SRF Clearwell No. 2	08-22-08	10-01-29	1.50%	4,040,000	1,053,526	2,986,474
SRF Recovered Water Outfall	08-05-09	10-01-29	1.50%	1,376,473	289,725	1,086,748
SRF Bond Street CSO	10-13-10	10-31-31	2.90%	1,994,497	103,506	1,890,991
PWTFL Water Pollution Facility Expansion	06-25-06	07-01-26	0.50%	7,000,000	2,578,947	4,421,053
WPTFL WPCF Plant Expanssion Phase C	01-31-13	06-01-32	0.50%	6,131,787	128,461	6,003,326
Mukilteo Water District	01-01-11	09-30-24	7.82%	140,883	54,600	86,283
Leases Payable	05-15-03	07-01-17	2.00-5.00%	54,098	13,800	40,298
Total Business Activities				54,464,384	19,773,408	34,690,976
TOTAL OTHER LONG-TERM DEBT				\$ 57,395,264	\$ 21,931,328	\$ 35,463,936

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

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITES			BUSINESS-TYPE ACTIVITES		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2015	167,005	5,526	172,531	2,901,654	353,680	3,255,334
2016	167,005	4,131	171,136	2,877,526	330,124	3,207,650
2017	109,279	2,737	112,015	2,872,230	299,695	3,171,925
2018	109,278	1,919	111,197	2,865,889	270,313	3,136,202
2019	55,099	1,102	56,201	2,861,012	241,153	3,102,164
2020 - 2024	165,294	1,653	166,947	13,043,289	783,183	13,826,472
2025 - 2029	-	-	-	5,829,345	243,387	6,072,732
2030 - 2032	-	-	-	1,440,030	36,021	1,476,051
TOTAL	\$ 772,960	\$ 17,067	\$ 790,027	\$ 34,690,976	\$ 2,557,556	\$ 37,248,531

Bond Covenants, Limitations and Restrictions

At December 31, 2014, restricted assets of enterprise funds include \$13,202,106 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, 2014 the debt limits for the City were as follows:

	Governmental Purposes		Water & Sewer Purposes	Park & Capital Facilities
	<u>Without Vote</u>	<u>With Vote</u>	<u>With Vote</u>	<u>With Vote</u>
	(Councilmanic)			
	1.50%	1.00%	2.50%	2.50%
Legal Limits, Net	\$ 187,787,368	\$ 125,191,579	\$ 312,978,947	\$ 312,978,947
Net Outstanding Indebtedness	54,032,960	-	-	-
Margin Available	\$ 133,754,408	\$ 125,191,579	\$ 312,978,947	\$ 312,978,947

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, 2014, the asset cost of Everett Station was \$47,049,382, with accumulated depreciation of \$12,967,950, resulting in a cost net of depreciation of \$34,081,432. Noncancelable leases provide for minimum annual payments as follows:

Year Ending December 31	Minimum Future Rentals
2015	\$ 155,578
2016	38,367
Total	<u>\$ 193,945</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 2014 were \$505,174 in governmental activities and \$584,482 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
2015	\$ 514,492	\$ 1,384,463
2016	13,442	336,568
2017	-	162,000
Total	<u>\$ 527,934</u>	<u>\$ 1,883,032</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, 2014 appear as follows:

	Governmental Fund	Enterprise Funds
Machinery and equipment	\$ 7,977	\$ 60,557
Less accumulated depreciation	(7,977)	(15,139)
Machinery and equipment, net of depreciation	<u>\$ (0)</u>	<u>\$ 45,418</u>

The future minimum lease obligations and the net present value of minimum lease payments as of December 31, 2014 appear as follows:

Year Ending December 31	Governmental Fund	Enterprise Funds
2015	-	18,153
2016	-	18,153
2017	-	13,614
Total minimum lease payments	-	49,920
Less amounts attributable to interest	-	(6,059)
Net present value of minimum lease payments	\$ -	\$ 43,861

Construction Commitments

As of December 31, 2014, 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	\$183,074	\$85,995
TRANSMISSION LINE 5 - PILCHUCK RIVER CROSSING	796,464	2,502,178
RESERVOIR #6 ROOF REPLACEMENT	2,545,414	2,024,301
EAST GRAND AVENUE SEWER SYSTEM REPLACEMENT	854,150	4,912,871
EAST EVERETT PEDESTRIAN WALKWAY	904,570	18,209
BROADWAY BRIDGE REPLACEMENT	1,814,166	7,841,231
WPCF Phase C Improvements	3,948,344	2,567,890
Water Pollution Control Facility Expansion	7,766,270	24,421,490
Sewer Replacement & Capacity Improvement "L"	1,986,392	436,674
Riverfront Development Projects	8,199,581	465,522
Quality Assurance Inspection & Testing WPCF Phase C1	22,387	229,828
Pipeline from Everett to Tulalip Reservation	9,182,722	313,612
Monitoring Sewer Services	958,527	86,881
Everett WFP PLC	345,020	263,817
Everett Sewer "M" Project	1,916,223	691,291
Comprehensive Sewer Plan Update	903,548	152,027
Everett parks improvement projects	435,091	1,597,819
Everett Transit various improvement projects	85,510	35,427
Total	\$ 42,847,456	\$ 48,647,061

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

During the year ended December 31, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance 01-01-14	Additions	Reductions	Ending Balance 12-31-14	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 22,835,000	\$ 35,865,000	\$(10,440,000)	\$ 48,260,000	\$ 1,610,000
Plus deferred amounts:					
For issuance premiums	914,956	-	(70,381)	844,575	70,381
Total bonds payable:	23,749,956	35,865,000	(10,510,381)	49,104,575	1,680,381
Governmental loans	992,274	-	(219,314)	772,960	167,005
Pollution remediation liability	5,008,950	163,000	(125,000)	5,046,950	368,000
Capital Leases	1,057	-	(1,057)	-	-
OPEB Obligations	1,594,306	2,255,404	-	3,849,710	-
Claims and judgements	13,775,898	16,564,161	(16,652,349)	13,687,710	4,794,452
Compensated absences	10,464,392	8,201,524	(8,131,063)	10,534,852	4,267,407
Governmental activity long-term liabilities:	<u>\$ 55,586,833</u>	<u>\$ 63,049,089</u>	<u>\$ (35,639,164)</u>	<u>\$ 82,996,757</u>	<u>\$ 11,277,245</u>
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 6,000,000	\$ -	\$ (1,000,000)	\$ 5,000,000	\$ 1,000,000
Revenue bonds	147,880,000	-	(4,915,000)	142,965,000	5,125,000
Plus deferred amounts:					
For issuance premiums	12,226,120	-	(708,168)	11,517,951	708,169
Total bonds payable:	166,106,120	-	(6,623,168)	159,482,951	6,833,169
Governmental loans	32,146,274	5,396,290	(2,891,886)	34,650,678	2,886,588
Pollution remediation liability	300,000	-	-	300,000	-
Capital leases	54,098	-	(13,800)	40,298	15,066
Compensated absences	2,038,505	2,656,755	(2,679,660)	2,015,600	1,251,582
Business-type activity long-term liabilities:	<u>\$ 200,644,997</u>	<u>\$ 8,053,045</u>	<u>\$ (12,208,514)</u>	<u>\$ 196,489,527</u>	<u>\$ 10,986,405</u>

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 \$189,877 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.

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, 2014 appear as follows:

	INTERFUND LOANS RECEIVABLE	INTERFUND LOANS PAYABLE	ADVANCES TO OTHER FUNDS	ADVANCES FROM OTHER FUNDS
General Fund	\$ 101,000	\$ -	\$ 7,134,168	\$ -
Water & Sewer Utility	900,200	-	-	-
Nonmajor Governmental Funds	-	101,000	-	-
Nonmajor Enterprise Funds	-	900,200	-	7,134,168
TOTAL	\$ 1,001,200	\$ 1,001,200	\$ 7,134,168	\$ 7,134,168

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, 2014 appear as follows:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	\$ 104	\$ 95,927
Nonmajor Governmental Funds	95,927	104
TOTAL	\$ 96,031	\$ 96,031

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, 2014 appears as follows:

	TRANSFERS IN				TOTAL
	General Fund	Capital Improvement Reserve Fund	Nonmajor Governmental Funds	Internal Service Funds	
TRANSFERS OUT					
General Fund	\$ -	\$ -	\$ 1,072,513	\$ 135,611	\$ 1,208,124
Capital Improvement Reserve Fd	991,345	-	2,227,527	-	3,218,872
Water & Sewer Utility	4,165,320	-	-	-	4,165,320
Transit	191,700	-	-	-	191,700
Nonmajor Governmental Funds	28,076,970	405,746	2,410,441	-	30,893,158
Internal Service Funds	71,511	-	-	-	71,511
TOTAL	\$ 33,496,846	\$ 405,746	\$ 5,710,482	\$ 135,611	\$ 39,748,685

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 2014, the following significant transfers were completed;

- \$27,666,893 from Fund 210 – Debt Service Fund, to Fund 002 – General fund.
- \$1,006,390 from Fund 157 - Traffic Mitigation Fund – a non-major governmental fund, to Fund 303 - Public Works Improvement, a Capital Project fund.
- \$500,000 from Fund 162 – Capital Projects Reserve, to Fund 303 - Public Works Improvement, a Capital Project fund.
- \$444,021 from Fund 303 - Public Works Improvement, a Capital Project fund, to Fund 157 - Traffic Mitigation Fund – a Non-Major Governmental fund.
- \$404,408 from Fund 308 - Riverfront Development, a Capital Project, to Fund 162 - Capital Projects Reserve

NOTE 15 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2014 appear as follows:

	Taxes	Customer Accounts	Interest	Due from Other Governments	Notes Receivable	TOTAL
Governmental Activities:						
General Fund	\$ 11,375,395	\$ 2,150,871	\$ 80,952	\$ 27,950,887	\$ 70,870	\$ 41,628,975
Capital Improvement Reserve Fund	187,456	45,422	16,769	-	-	249,647
Nonmajor Governmental Funds	187,456	202,282	17,850	310,127	13,961,997	14,679,712
Internal Service Funds	-	15,556	13,397	2,345	-	31,298
Total Governmental Activities	\$ 11,750,307	\$ 2,414,131	\$ 128,968	\$ 28,263,359	\$ 14,032,867	\$ 56,589,632
Business-Type Activities:						
Water & Sewer Utility	\$ -	\$ 7,187,867	\$ 116,055	\$ 2,104,544	\$ -	\$ 9,408,466
Transit	3,306,836	50,793	1,950	230,938	-	3,590,517
Nonmajor Enterprise Funds	-	280,734	5,405	19,701	-	305,840
Total Business-Type Activities	\$ 3,306,836	\$ 7,519,394	\$ 123,410	\$ 2,355,183	\$ -	\$ 13,304,823

Governmental Activities

General Fund - Customer Accounts include \$2,071,112 Muni Court receivable
Statement of Net Position

General Fund - Notes Receivable excludes \$1,069,130 discount on notes reported in the Government Wide Statement of Net Position

Payables at December 31, 2014 appear as follows:

	Wages & Benefits	Accounts	Interest	Taxes	Due to Other Governments	Custodial Accounts	Other Liabilities	TOTAL
Governmental Activities:								
General Fund	\$4,167,631	\$1,181,677	\$86,860	\$ -	\$ 111,902	\$ 733,401	\$ 139,883	\$ 6,421,354
Nonmajor Governmental Funds	\$480,318	314,545	-	-	34	-	615	795,512
Internal Service Funds	110,719	627,691	-	-	-	-	102,887	841,297
Total	\$ 4,758,668	\$ 2,123,913	\$ 86,860	\$ -	\$ 111,936	\$ 733,401	\$ 243,385	\$ 8,058,163
Business-Type Activities:								
Water & Sewer Utility	\$ 1,051,768	\$ 3,062,986	\$ 660,512	\$ 4,582	\$ 1,300,525	\$ -	\$ -	\$ 6,080,373
Transit	603,045	468,866	-	2,728	394,577	-	-	1,469,216
Nonmajor Enterprise Funds	46,486	117,275	15,208	9,436	-	-	-	188,405
Total	\$ 1,701,298	\$ 3,649,127	\$ 675,720	\$ 16,746	\$ 1,695,102	\$ -	\$ -	\$ 7,737,993

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	\$ 113,004
Business-Type Activities	
Water and Sewer	\$ 811,720
Transit	415,832
Nonmajor Enterprise	24,029

NOTE 16 – JOINT VENTURES

Joint Ventures - The City, in conjunction with other governmental entities, participates in five 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, 2014 and recorded an investment in the joint venture in the utility fund of \$669,332. As of December 31, 2014, 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, 2014, the City has a 15.36 percent interest in the SERS joint venture and a recorded equity interest of \$1,750,600. 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, 2014, is \$111,710 which represents unearned fare revenue. Everett Transit's percentage share of the operating expense for 2014 was 1.36%. 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.

The **Snohomish County Police Staff and Auxiliary Services Center** (SNOPAC) a cash basis, special purpose district was created under the Interlocal Cooperation Act as codified in RCW 39.34, with the City of Everett Police and Fire in addition to other 36 Police and Fire entities. This established the statutory authority necessary for Snohomish County, the Cities, Towns, Fire Districts, Police Districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. The control of SNOPAC is with an 11 member Board of Directors which is specified in the Interlocal Agreement. SNOPAC takes 911 calls, and performs emergency dispatch services for local governmental agencies including police, fire and medical aid. As of December 31, 2014, the City of Everett's share of total ending cash balance was \$5,470,323, which was calculated by multiplying ending cash balance by 2014 Operating Assessment percentage .

In the event of the dissolution of SNOPAC, any money in the possession of SNOPAC or the Board of Directors after payment of all costs, expenses and charges validly incurred will be returned to the parties to the agreement in portion to the contribution during the fiscal year of dissolution. Separate financial statements for SNOPAC can be obtained from SNOPAC's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

The Alliance for Housing Affordability (AHA) was created in 2013 by the City of Everett and eleven other jurisdictions within Snohomish County to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. The AHA is governed by a Joint Board composed of an elected official from the jurisdictions. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County. Fiscal agent duties are performed by the City of Mountlake Terrace. Operating funding is provided by the member cities based on each member's population. The City of Everett population makes up approximately 15.7% of total member's population. The City's contribution requirements are as follows:

	2016	2015	2014	2013
Total Budget	\$ 43,652	\$ 49,996	\$ 42,119	\$ 39,849
City of Everett	\$ 6,211	\$ 7,914	\$ 6,399	\$ 6,231

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

Budget monitoring information can be obtained from Alliance for Housing Affordability, 12625 4th Ave W, Suite 200, Everett, WA 98204 or City of Mountlake Terrace at 6100 219th St SW, Mountlake Terrace, WA 98043.

NOTE 17 – POLLUTION REMEDIATION OBLIGATIONS

The City recorded the following pollution remediation obligations as other liabilities in its financial statements as of December 31, 2014, 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	363,000	
2731 36th Street Southeast	100,000	
2808 10th Street	50,050	
144 West Marine View Drive		\$ 300,000
TOTALS	\$ 5,046,950	\$ 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, 2014, 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, 2014, 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, 2014, the City estimated the liability with regard to pollution remediation at this site to be \$363,000.

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, 2014, the City concluded that additional remediation was needed, and estimated the liability with regard to pollution remediation at this site to be \$100,000.

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, 2014, 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, 2014, 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, 2014 the City of Everett implemented GASB Statement No. 67, Financial Reporting for Pension Plans. GASB 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The provisions of this standard have been incorporated into the financial statements and the notes (see note 1).

B. SUBSEQUENT EVENTS

In June 2014, The City council adopted an ordinance No. 3386-14 establishing a Transportation Benefit District (TBD), and on August 6, 2014, the City Council convened as the Board of Directors of the Transportation Benefit District and adopted District Resolution No.3, approving a \$20.00 Vehicle License Fee. In February 18, 2015 the City council adopted an ordinance No. 3427-15 establishing a special revenue fund entitled, "Transportation Benefit District," Fund 159, to account for all financial transactions relating to the City of Everett Transportation Benefit District. The preliminary estimates based on the Washington State Department of Licensing vehicle counts, the City would collect around \$1,200,000 annually. The vehicle license fee revenue is restricted for the purpose of making transportation improvements that preserve, maintain, and improve the City's transportation infrastructure. Establishing a new special revenue fund to account for financial transactions relating to the TBD will facilitate reporting and accountability for these restricted funds.

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 79,682,807	\$ 80,037,807	\$ 82,191,604	\$ 2,153,797
Licenses and permits	1,363,451	1,363,451	1,893,008	529,557
Intergovernmental revenues	2,510,596	3,207,629	2,802,835	(404,794)
Charges for services	7,428,247	7,410,247	8,969,220	1,558,973
Fines and forfeits	1,791,760	1,809,760	1,854,286	44,526
Other revenues	875,800	875,800	1,417,852	542,052
TOTAL REVENUES	93,652,661	94,704,694	99,128,805	4,424,111
EXPENDITURES				
Current:				
General government services	18,161,807	25,156,807	21,832,039	3,324,768
Security of persons and property	60,448,224	59,952,140	55,780,356	4,171,784
Transportation	3,913,444	3,913,444	3,961,835	(48,391)
Economic environment	5,875,028	6,117,864	5,274,289	843,575
Mental and physical health	930,315	942,315	886,861	55,454
Culture and recreation	678,292	678,292	716,757	(38,465)
Capital outlay	45,288	95,055	99,513	(4,458)
TOTAL EXPENDITURES	90,052,398	96,855,917	88,551,650	8,304,267
Excess (deficiency) of revenues over (under) expenditures	3,600,263	(2,151,223)	10,577,155	12,728,378
OTHER FINANCING SOURCES (USES)				
Transfers in	4,936,160	4,937,160	32,474,324	27,537,164
Transfers out	(1,228,597)	(1,228,597)	(2,203,455)	(974,858)
Total other financing sources (uses)	3,707,563	3,708,563	30,270,869	26,562,306
Net change in fund balances	7,307,826	1,557,340	40,848,024	39,290,684
Fund balances - beginning	15,392,174	21,042,660	27,329,933	6,287,273
FUND BALANCES - ENDING	\$ 22,700,000	\$ 22,600,000	\$ 68,177,957	\$ 45,577,957

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT RESERVE FUND
FOR YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 1,280,300	\$ 1,280,300	\$ 1,722,002	\$ 441,702
Other revenues	462,373	462,373	1,100,175	637,802
TOTAL REVENUES	1,742,673	1,742,673	2,822,177	1,079,504
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	1,242,673	1,242,673	2,322,177	1,079,504
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	405,746	405,746
Transfers out	(2,167,590)	(5,386,237)	(3,218,872)	2,167,365
Total other financing sources (uses)	(2,167,590)	(5,386,237)	(2,813,126)	2,573,111
Net change in fund balances	(924,917)	(4,143,564)	(490,949)	3,652,615
Fund balances - beginning	15,670,470	16,866,617	16,503,700	(362,917)
FUND BALANCES - ENDING	\$ 14,745,553	\$ 12,723,053	\$ 16,012,751	\$ 3,289,698

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

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

Revenues

Actual Amount	\$ 99,128,805
Differences - Budget to GAAP	
Add funds no longer meeting the definition of special revenue funds per GASB Statement No. 54 to General Fund	
Parks & Recreation Fund	5,870,002
Library Fund	3,645,016
Municipal Arts Fund	896,413
Conference Center Fund	88,968
General Gov't Special Proj Fund	5,770
Motor Vehicle Equip Repl Fund	349,672
Downtown Improvement Fund	32
Cum Reserve Real Prop Acq Fund	101,781
Property Management Fund	1,253,443
Senior Center Reserve Fund	80,003
Contingency Reserve Fund	<u>130,862</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 111,550,767</u>

Expenditures

Actual Amount	\$ 88,551,650
Differences - Budget to GAAP	
Add funds no longer meeting the definition of special revenue funds per GASB Statement No. 54 to General Fund	
Parks & Recreation Fund	8,550,346
Library Fund	4,881,893
Municipal Arts Fund	886,647
Conference Center Fund	16,043
General Gov't Special Proj Fund	6,423
Motor Vehicle Equip Repl Fund	1,643,411
Cum Reserve Real Prop Acq Fund	68,075
Property Management Fund	2,092,831
Senior Center Reserve Fund	<u>70,744</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 106,768,063</u>

FIRE AND POLICE PENSION FUNDS**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Last Five Fiscal Years**

	2014	2013	2012	2011	2010
Fire					
Total pension liability					
Service cost *	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense	351,129	346,510	391,019	397,248	558,350
Difference between expected and actual experience	166,407	139,328	117,605	97,689	90,690
Changes of assumptions	-	-	(913,665)	-	(3,120,762)
Benefits paid	(903,309)	(393,464)	(485,124)	(619,526)	(750,321)
Net changes	(385,773)	92,374	(890,165)	(124,589)	(3,222,043)
Total pension liability-beginning	7,022,580	6,930,206	7,820,371	7,944,960	11,167,003
Total pension liability-ending	\$ 6,636,807	\$ 7,022,580	\$ 6,930,206	\$ 7,820,371	\$ 7,944,960
Plan fiduciary net position					
Contributions-employer/state	\$ 170,627	\$ 155,946	\$ 147,478	\$ 154,877	\$ 149,966
Net investment income	511,470	101,404	245,782	461,607	163,869
Benefit payments	(903,309)	(393,464)	(485,124)	(619,526)	(750,321)
Other	(625)	(505)	-	(3,729)	(697)
Net changes in plan fiduciary net position	(221,837)	(136,619)	(91,864)	(6,771)	(437,183)
Plan fiduciary net position-beginning	10,286,981	10,423,600	10,225,226	4,231,997	4,669,180
Prior period correction			290,238	6,000,000	
Plan fiduciary net position-ending	\$ 10,065,144	\$ 10,286,981	\$ 10,423,600	\$ 10,225,226	\$ 4,231,997
Net pension liability	\$ (3,428,337)	\$ (3,264,401)	\$ (3,493,394)	\$ (2,404,855)	\$ 3,712,963
Plan fiduciary net position as a percentage of the total pension liability	151.66%	146.48%	150.41%	130.75%	53.27%
Covered employee payroll	\$ 286,645	\$ 339,682	\$ 622,642	\$ 545,905	\$ 891,440
Net pension liability as a percentage of covered employee payroll	-1196.02%	-961.02%	-561.06%	-440.53%	416.51%
Police					
Total pension liability					
Service cost *	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense	298,634	303,704	297,663	306,872	296,385
Difference between expected and actual experience	24,155	32,832	38,128	42,485	45,660
Changes of assumptions	-	-	311,552	-	455,201
Benefits paid	(375,942)	(437,940)	(526,522)	(533,545)	(587,493)
Net changes	(53,153)	(101,404)	120,821	(184,188)	209,753
Total pension liability-beginning	5,972,680	6,074,083	5,953,262	6,137,450	5,927,697
Total pension liability-ending	\$ 5,919,527	\$ 5,972,680	\$ 6,074,083	\$ 5,953,262	\$ 6,137,450
Plan fiduciary net position					
Contributions-employer/state	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	286,620	67,963	85,863	220,625	34,493
Benefit payments	(375,942)	(437,940)	(526,522)	(533,545)	(587,493)
Other	(125)	(125)	-	-	-
Net changes in plan fiduciary net position	(89,447)	(370,102)	(440,659)	(312,920)	(553,000)
Plan fiduciary net position-beginning	2,593,724	2,963,826	4,779,368	592,288	1,145,288
Prior period correction			(1,374,883)	4,500,000	
Plan fiduciary net position-ending	\$ 2,504,277	\$ 2,593,724	\$ 2,963,826	\$ 4,779,368	\$ 592,288
Net pension liability	\$ 3,415,250	\$ 3,378,956	\$ 3,110,257	\$ 1,173,894	\$ 5,545,162
Plan fiduciary net position as a percentage of the total pension liability	42.31%	43.43%	48.79%	80.28%	9.65%
Covered employee payroll	\$ 239,221	\$ 306,766	\$ 362,732	\$ 436,656	\$ 767,632
Net pension liability as a percentage of covered employee payroll	1427.65%	1101.48%	857.45%	268.84%	722.37%

* Service cost is \$0, since none of the active employees are eligible for the additional service credits.

This schedule will be 10 years as information is available

**SCHEDULE OF CITY CONTRIBUTION
Last Five Fiscal Years**

Fire	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ (187,676)	\$ (178,998)	\$ (131,810)	\$ (125,850)	\$ 105,226
Contributions	170,627	155,946	147,478	154,877	149,966
Contribution deficiency (excess)	\$ (358,303)	\$ (334,944)	\$ (279,288)	\$ (280,727)	\$ (44,740)
Covered employee payroll	\$ 286,645	\$ 339,682	\$ 622,642	\$ 545,905	\$ 891,440
Contributions as a percentage of covered-employee payroll	59.53%	45.91%	23.69%	28.37%	16.82%
Police					
Actuarially determined contribution	\$ 185,912	\$ 177,059	\$ 131,541	\$ 125,278	\$ 111,447
Contributions	-	-	-	-	-
Contribution deficiency (excess)	\$ 185,912	\$ 177,059	\$ 131,541	\$ 125,278	\$ 111,447
Covered employee payroll	\$ 239,221	\$ 306,766	\$ 362,732	\$ 436,656	\$ 767,632
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Valuation date:

Actuarially determined contribution rates are calculated as December 31, 2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Closed 30 year amortization period of the unfunded obligation beginning January 1, 2000.
Asset valuation method	Actuarial value of assets equal to market value
Inflation	3%
Salary increase	3%
Investment rate of return	5%
Mortality	RP-2000 Mortality Tables for male and female, projected to 2015 with Scale AA
Retirement age	Under age 60 will retire in 3 years Ages 60-64 will retire in 2 years Over age 64 will retire in 1 year

This schedule will be 10 years as information is available

SCHEDULE OF INVESTMENT RETURNS
Last Five Fiscal Years

Annual money-weighted rate of return, net of investment expenses	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Fire	9.76%	-6.52%	2.14%	7.48%	3.76%
Police	9.82%	-6.31%	2.68%	6.40%	3.66%

This schedule will be 10 years as information is available

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
2014	\$ 1,242,997	4%	\$ 1,128,913	5%
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%

Schedules of Funding Progress

The actuarial cost method used in the valuation of the OPEB plans is 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, 2014**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 8,447,947	\$ 9,731	\$ 437,900	\$ 8,895,578
Investments	16,113,750	14,759	836,075	16,964,584
Receivables, net				
Taxes	187,456	-	-	187,456
Customer accounts	201,297	985	-	202,282
Interest	17,850	-	-	17,850
Due from other funds	95,927	-	-	95,927
Due from other governmental units	159,736	-	150,391	310,127
Special assessments - non-current	-	118,149	-	118,149
Notes/contracts receivable	13,961,997	-	-	13,961,997
TOTAL ASSETS	\$ 39,185,960	\$ 143,624	\$ 1,424,366	\$ 40,753,950
LIABILITIES				
Wages payable	\$ 472,408	\$ -	\$ 7,910	\$ 480,318
Accounts payable	231,342	2,000	81,201	314,543
Due to other funds	104	-	-	104
Interfund payable	101,000	-	-	101,000
Due to other governmental units	34	-	-	34
Other liabilities	615	-	-	615
Unearned Revenue	130,179	-	-	130,179
TOTAL LIABILITIES	935,682	2,000	89,111	1,026,793
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-special assessments	-	118,149	-	118,149
TOTAL DEFERRED INFLOWS OF RESOURCES	-	118,149	-	118,149
FUND BALANCES				
Restricted	32,185,757	-	-	32,185,757
Assigned	6,092,759	23,475	1,335,255	7,451,489
Unassigned	(28,238)	-	-	(28,238)
TOTAL FUND BALANCES	38,250,278	23,475	1,335,255	39,609,008
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 39,185,960	\$ 143,624	\$ 1,424,366	\$ 40,753,950

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 10,217,671	\$ -	\$ -	\$ 10,217,671
Intergovernmental revenues	4,207,705	-	2,181,603	6,389,308
Charges for services	2,373,314	-	-	2,373,314
Fines and forfeits	9,330	-	-	9,330
Other revenues	1,804,696	16,276	215,318	2,036,290
Total revenues	18,612,716	16,276	2,396,921	21,025,913
EXPENDITURES				
Current:				
General government services	384,241	-	-	384,241
Security of persons and property	8,155,516	-	-	8,155,516
Transportation	2,517,529	-	-	2,517,529
Economic environment	1,140,542	-	-	1,140,542
Culture and recreation	370,836	-	-	370,836
Capital outlay	1,808,220	-	3,293,167	5,101,387
Debt service:				
Principal	219,316	10,440,000	-	10,659,316
Interest	12,282	527,974	8,923	549,179
Total expenditures	14,608,482	10,967,974	3,302,090	28,878,546
Excess (deficiency) of revenues over (under) expenditures	4,004,234	(10,951,698)	(905,169)	(7,852,633)
OTHER FINANCING SOURCES (USES)				
Proceeds of LT Debt	-	27,665,000	-	27,665,000
Proceeds of Refunding LT Debt	-	8,200,000	-	8,200,000
Transfers in	975,160	2,791,867	1,943,455	5,710,482
Transfers out	(2,128,531)	(27,713,893)	(1,050,734)	(30,893,158)
Total other financing sources (uses)	(1,153,371)	10,942,974	892,721	10,682,324
Net change in fund balances	2,850,863	(8,724)	(12,448)	2,829,691
Fund balances - beginning	35,399,415	32,199	1,347,703	36,779,317
FUND BALANCES - ENDING	\$ 38,250,278	\$ 23,475	\$ 1,335,255	\$ 39,609,008

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.
- 170 The ***City of Everett CDE LLC*** is a blended component unit of the City. 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.
- 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, 2014
(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	\$ 501,886	\$ 894,222	\$ 158,612	\$ 780,784
Investments	958,248	1,707,331	302,837	1,490,745
Receivables, net				
Taxes	-	-	-	-
Customer accounts	-	2,989	-	-
Interest	6,854	359	-	2,673
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Notes/contracts receivable	-	-	-	-
TOTAL ASSETS	\$ 1,466,988	\$ 2,604,901	\$ 461,449	\$ 2,274,202
LIABILITIES				
Wages payable	\$ 11,654	\$ 80,537	\$ -	\$ -
Accounts payable	1,827	16,173	107,417	3,421
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Due to other governmental units	-	-	-	-
Other liabilities	-	-	-	501
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	13,481	96,710	107,417	3,922
FUND BALANCES				
Restricted	-	-	354,032	1,678,133
Assigned	1,453,507	2,508,191	-	592,147
Unassigned	-	-	-	-
TOTAL FUND BALANCES	1,453,507	2,508,191	354,032	2,270,280
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,466,988	\$ 2,604,901	\$ 461,449	\$ 2,274,202

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014
(Page 2 of 4)**

	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND	153 EMERGENCY MEDICAL SERVICES FUND
ASSETS			
Cash and cash equivalents	\$ 148,132	\$ 54,168	\$ 464,458
Investments	282,826	103,422	886,786
Receivables, net			
Taxes	-	-	-
Customer accounts	11	-	198,297
Interest	-	-	-
Due from other funds	-	-	95,927
Due from other governmental units	-	-	-
Notes/contracts receivable	-	-	-
TOTAL ASSETS	\$ 430,969	\$ 157,590	\$ 1,645,468
LIABILITIES			
Wages payable	-	-	\$ 360,006
Accounts payable	-	2,756	40,104
Due to other funds	-	-	-
Interfund payable	-	-	-
Due to other governmental units	-	-	-
Other liabilities	24	45	43
Unearned Revenue	-	-	-
TOTAL LIABILITIES	24	2,801	400,153
FUND BALANCES			
Restricted	317,857	-	-
Assigned	113,088	154,789	1,245,315
Unassigned	-	-	-
TOTAL FUND BALANCES	430,945	154,789	1,245,315
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 430,969	\$ 157,590	\$ 1,645,468

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014
(Page 3 of 4)**

	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND	157 TRAFFIC MITIGATION FUND
ASSETS			
Cash and cash equivalents	\$ 941,900	\$ 3,147,368	\$ 985,749
Investments	1,798,362	6,009,245	1,882,083
Receivables, net			
Taxes	187,456	-	-
Customer accounts	-	-	-
Interest	-	2,619	5,345
Due from other funds	-	-	-
Due from other governmental units	-	50,500	-
Notes/contracts receivable	-	-	-
TOTAL ASSETS	\$ 2,927,718	\$ 9,209,732	\$ 2,873,177
LIABILITIES			
Wages payable	\$ -	\$ -	\$ -
Accounts payable	-	26,443	-
Due to other funds	-	104	-
Interfund payable	-	-	-
Due to other governmental units	-	-	-
Other liabilities	-	2	-
Unearned Revenue	-	130,179	-
TOTAL LIABILITIES	0	156,728	0
FUND BALANCES			
Restricted	2,927,718	9,027,282	2,873,177
Assigned	-	25,722	-
Unassigned	-	-	-
TOTAL FUND BALANCES	2,927,718	9,053,004	2,873,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,927,718	\$ 9,209,732	\$ 2,873,177

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014
(Page 4 of 4)**

	170 Everett CDE LLC FUND	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS				
Cash and cash equivalents	\$ 2,500	\$ 362,367	\$ 5,801	\$ 8,447,947
Investments		691,865	-	16,113,750
Receivables, net				
Taxes	-	-	-	187,456
Customer accounts	-	-	-	201,297
Interest	-	-	-	17,850
Due from other funds	-	-	-	95,927
Due from other governmental units	-	-	109,236	159,736
Notes/contracts receivable	-	13,244,732	717,265	13,961,997
TOTAL ASSETS	\$ 2,500	\$ 14,298,964	\$ 832,302	\$ 39,185,960
LIABILITIES				
Wages payable	\$ -	\$ 14,309	\$ 5,902	\$ 472,408
Accounts payable	30,738	64	2,399	231,342
Due to other funds	-	-	-	104
Interfund payable	-	-	101,000	101,000
Due to other governmental units	-	34	-	34
Other liabilities	-	-	-	615
Unearned Revenue	-	-	-	130,179
TOTAL LIABILITIES	30,738	14,407	109,301	935,682
FUND BALANCES				
Restricted	-	14,284,557	723,001	32,185,757
Assigned	-	-	-	6,092,759
Unassigned	(28,238)	-	-	(28,238)
TOTAL FUND BALANCES	(28,238)	14,284,557	723,001	38,250,278
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,500	\$ 14,298,964	\$ 832,302	\$ 39,185,960

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Page 1 of 4)**

	119 STREET IMPROVEMENT FUND	120 STREETS FUND	138 HOTEL/MOTEL TAX FUND	148 CUM. RESERVE PARKS FUND
REVENUES				
Taxes	\$ 650,000	\$ 229,168	\$ 333,845	\$ -
Intergovernmental revenues	691,325	1,464,685	-	-
Charges for services	3,405	68,290	-	-
Fines and forfeits	-	-	-	-
Other revenues	140,753	159,921	21,590	112,515
Total revenues	1,485,483	1,922,064	355,435	112,515
EXPENDITURES				
Current:				
General government services	-	-	-	-
Security of persons and property	-	-	-	-
Transportation	308,296	2,209,233	-	-
Economic environment	-	-	-	129,886
Culture and recreation	-	-	322,696	-
Capital outlay	1,725,736	-	-	5,823
Debt service:				
Principal	-	-	52,311	-
Interest	-	-	-	-
Total expenditures	2,034,032	2,209,233	375,007	135,709
Excess (deficiency) of revenues over (under) expenditures	(548,549)	(287,169)	(19,572)	(23,194)
OTHER FINANCING SOURCES (USES)				
Transfers in	500,685	-	-	30,172
Transfers out	(132,799)	-	(45,072)	-
Total other financing sources (uses)	367,886	-	(45,072)	30,172
Net change in fund balances	(180,663)	(287,169)	(64,644)	6,978
Fund balances - beginning	1,634,170	2,795,360	418,676	2,263,302
FUND BALANCES - ENDING	\$ 1,453,507	\$ 2,508,191	\$ 354,032	\$ 2,270,280

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Page 2 of 4)**

	151 ANIMALS FUND	152 CUM. RESERVE LIBRARY FUND	153 EMERGENCY MEDICAL SERVICES FUND
REVENUES			
Taxes	\$ -	\$ -	\$ 5,699,289
Intergovernmental revenues	-	-	1,473
Charges for services	5,868	2,160	1,540,567
Fines and forfeits	-	-	-
Other revenues	92,894	73,070	39,863
Total revenues	98,762	75,230	7,281,192
EXPENDITURES			
Current:			
General government services	-	-	-
Security of persons and property	-	-	6,334,654
Transportation	-	-	-
Economic environment	84,200	-	-
Culture and recreation	-	48,140	-
Capital outlay	-	6,840	62,169
Debt service:			
Principal	-	-	-
Interest	-	-	5,362
Total expenditures	84,200	54,980	6,402,185
Excess (deficiency) of revenues over (under) expenditures	14,562	20,250	879,007
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	14,562	20,250	879,007
Fund balances - beginning	416,383	134,539	366,308
FUND BALANCES - ENDING	\$ 430,945	\$ 154,789	\$ 1,245,315

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Page 3 of 4)**

	154 REAL ESTATE EXCISE TAX FUND	156 CRIMINAL JUSTICE FUND	157 TRAFFIC MITIGATION FUND
REVENUES			
Taxes	\$ 1,722,005	\$ 1,583,364	\$ -
Intergovernmental revenues	-	658,858	-
Charges for services	-	304,895	448,129
Fines and forfeits	-	9,330	-
Other revenues	94,161	740,757	132,067
Total revenues	1,816,166	3,297,204	580,196
EXPENDITURES			
Current:			
General government services	-	353,503	-
Security of persons and property	-	1,820,862	-
Transportation	-	-	-
Economic environment	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	7,652	-
Debt service:			
Principal	167,005	-	-
Interest	6,920	-	-
Total expenditures	173,925	2,182,017	-
Excess (deficiency) of revenues over (under) expenditures	1,642,241	1,115,187	580,196
OTHER FINANCING SOURCES (USES)			
Transfers in	282	-	444,021
Transfers out	(571,021)	(340,005)	(1,039,634)
Total other financing sources (uses)	(570,739)	(340,005)	(595,613)
Net change in fund balances	1,071,502	775,182	(15,417)
Fund balances - beginning	1,856,216	8,277,822	2,888,594
FUND BALANCES - ENDING	\$ 2,927,718	\$ 9,053,004	\$ 2,873,177

**COMBINING STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Page 4 of 4)**

	170 EVERET CDE LLC FUND	197 CHIP LOAN PROGRAM FUND	198 COMM. DEVEL. BLOCK GRANTS FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES				
Taxes	\$ -	\$ -	\$ -	10,217,671
Intergovernmental revenues	-	508,397	882,967	4,207,705
Charges for services	-	-	-	2,373,314
Fines and forfeits	-	-	-	9,330
Other revenues	2,500	193,847	758	1,804,696
Total revenues	2,500	702,244	883,725	18,612,716
EXPENDITURES				
Current:				
General government services	30,738	-	-	384,241
Security of persons and property	-	-	-	8,155,516
Transportation	-	-	-	2,517,529
Economic environment	-	430,907	495,549	1,140,542
Culture and recreation	-	-	-	370,836
Capital outlay	-	-	-	1,808,220
Debt service:				
Principal	-	-	-	219,316
Interest	-	-	-	12,282
Total expenditures	30,738	430,907	495,549	14,608,482
Excess (deficiency) of revenues over (under) expenditures	(28,238)	271,337	388,176	4,004,234
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	975,160
Transfers out	-	-	-	(2,128,531)
Total other financing sources (uses)	-	-	-	(1,153,371)
Net change in fund balances	(28,238)	271,337	388,176	2,850,863
Fund balances - beginning	-	14,013,220	334,825	35,399,415
FUND BALANCES - ENDING	\$ (28,238)	\$ 14,284,557	\$ 723,001	\$ 38,250,278

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. The outstanding balance of \$8,200,000 was refunded in 2014.
- 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.
- 2014 General Obligation Limited Refunding Bond*** -- \$35,865,000 limited tax general obligation bond issued to refund 2001 Variable Rate Demand LTGO bonds and to refund \$27,415,000 of outstanding 2007 Variable Rate Project Revenue Bonds issued by Everett Public Facilities District.
- 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, 2014**

	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	\$ 2,000	\$ 4,022	\$ 3,709	\$ 9,731
Investments	-	7,679	7,080	14,759
Customer accounts	-	-	985	985
Special assessments - non-current	-	-	118,149	118,149
TOTAL ASSETS	\$ 2,000	\$ 11,701	\$ 129,923	\$ 143,624
LIABILITIES				
Accounts payable	\$ 2,000	\$ -	\$ -	\$ 2,000
TOTAL LIABILITIES	2,000	-	0	2,000
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-special assessments	-	-	118,149	118,149
TOTAL DEFERRED INFLOWS OF RESOURCES	0	0	118,149	118,149
FUND BALANCES				
Assigned	-	11,701	11,774	23,475
TOTAL FUND BALANCES	0	11,701	11,774	23,475
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,000	\$ 11,701	\$ 129,923	\$ 143,624

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	210 BOND REDEMPTION FUND	243 L.I.D. GUARANTY FUND	299 CONSOLIDATED L.I.D. BOND REDEMPTION FUND	TOTAL NONMAJOR DEBT SERVICE FUNDS
REVENUES				
Other revenues	\$ -	\$ 8,268	\$ 8,008	\$ 16,276
Total revenues	-	8,268	8,008	16,276
EXPENDITURES				
Debt service:				
Principal	10,440,000	-	-	10,440,000
Interest	527,974	-	-	527,974
Total expenditures	10,967,974	-	-	10,967,974
Excess (deficiency) of revenues over (under) expenditures	(10,967,974)	8,268	8,008	(10,951,698)
OTHER FINANCING SOURCES (USES)				
Proceeds of LT Debt	27,665,000	-	-	27,665,000
Proceeds of Refunding LT Debt	8,200,000	-	-	8,200,000
Transfers in	2,769,867	22,000	-	2,791,867
Transfers out	(27,666,893)	(25,000)	(22,000)	(27,713,893)
Total other financing sources (uses)	10,967,974	(3,000)	(22,000)	10,942,974
Net change in fund balances	-	5,268	(13,992)	(8,724)
Fund balances - beginning	-	6,433	25,766	32,199
FUND BALANCES - ENDING	\$ -	\$ 11,701	\$ 11,774	\$ 23,475

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, 2014
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCT. FUND
ASSETS			
Cash and cash equivalents	\$ 241,844	\$ 4,029	\$ 119,208
Investments	461,746	7,693	227,603
Receivables, net			
Due from other governmental units	132,999	-	-
TOTAL ASSETS	\$ 836,589	\$ 11,722	\$ 346,811
LIABILITIES			
Wages payable	\$ 6,839	\$ 1,071	\$ -
Accounts payable	74,552	-	1,132
TOTAL LIABILITIES	81,391	1,071	1,132
FUND BALANCES			
Assigned	755,198	10,651	345,679
TOTAL FUND BALANCES	755,198	10,651	345,679
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 836,589	\$ 11,722	\$ 346,811

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2014
(Page 2 of 2)**

	354 PARKS CIP 3 CONSTRUCT. FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS		
Cash and cash equivalents	\$ 72,819	\$ 437,900
Investments	139,033	836,075
Receivables, net		
Due from other governmental units	17,392	150,391
TOTAL ASSETS	\$ 229,244	\$ 1,424,366
LIABILITIES		
Wages payable	\$ -	\$ 7,910
Accounts payable	5,517	81,201
TOTAL LIABILITIES	5,517	89,111
FUND BALANCES		
Assigned	223,727	1,335,255
TOTAL FUND BALANCES	223,727	1,335,255
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 229,244	\$ 1,424,366

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Page 1 of 2)**

	303 PUBLIC WORKS IMPROVEMENT PROJECT FUND	308 RIVERFRONT DEVELOPMENT FUND	342 CITY FACILITIES CONSTRUCTION FUND
REVENUES			
Intergovernmental revenues	\$ 1,948,145	\$ -	\$ 144
Other revenues	26,269	175,922	10,710
Total revenues	1,974,414	175,922	10,854
EXPENDITURES			
Current:			
Capital outlay	2,610,025	265,420	56,415
Debt service:			
Interest	8,923	-	-
Total expenditures	2,618,948	265,420	56,415
Excess (deficiency) of revenues over (under) expenditures	(644,534)	(89,498)	(45,561)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,672,434	-	-
Transfers out	(644,706)	(404,408)	(1,338)
Total other financing sources (uses)	1,027,728	(404,408)	(1,338)
Net change in fund balances	383,194	(493,906)	(46,899)
Fund balances - beginning	372,004	504,557	392,578
FUND BALANCES - ENDING	\$ 755,198	\$ 10,651	\$ 345,679

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Page 2 of 2)**

	354 PARKS CIP 3 CONSTRUCT. FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES		
Intergovernmental revenues	\$ 233,314	\$ 2,181,603
Other revenues	2,417	215,318
Total revenues	235,731	2,396,921
EXPENDITURES		
Current:		
Capital outlay	361,307	3,293,167
Debt service:		
Interest	-	8,923
Total expenditures	361,307	3,302,090
Excess (deficiency) of revenues over (under) expenditures	(125,576)	(905,169)
OTHER FINANCING SOURCES (USES)		
Transfers in	271,021	1,943,455
Transfers out	(282)	(1,050,734)
Total other financing sources (uses)	270,739	892,721
Net change in fund balances	145,163	(12,448)
Fund balances - beginning	78,564	1,347,703
FUND BALANCES - ENDING	\$ 223,727	\$ 1,335,255

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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 4,240,383	\$ 3,940,383	\$ 3,940,383	\$ -
Intergovernmental revenues	-	6,000	200	(5,800)
Charges for services	1,316,428	1,316,428	1,350,993	34,565
Other revenues	369,300	369,300	578,426	209,126
Total Revenues	5,926,111	5,632,111	5,870,002	237,891
EXPENDITURES				
Current:				
Culture and recreation	9,076,111	8,790,226	8,470,711	319,515
Capital outlay	350,000	393,214	79,635	313,579
Total Expenditures	9,426,111	9,183,440	8,550,346	633,094
Excess (deficiency) of revenues over (under) expenditures	(3,500,000)	(3,551,329)	(2,680,344)	870,985
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(30,172)	(30,172)
Total other financing sources (uses)	-	-	(30,172)	(30,172)
Net changes in fund balances	(3,500,000)	(3,551,329)	(2,710,516)	840,813
Fund balances - beginning	3,500,000	3,551,329	5,013,125	1,461,796
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,302,609	\$ 2,302,609

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 110 – LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 3,443,208	\$ 3,413,208	\$ 3,413,208	\$ -
Charges for services	20,000	20,000	22,257	2,257
Fines and forfeits	79,500	79,500	77,739	(1,761)
Other revenues	40,000	40,000	131,812	91,812
Total Revenues	3,582,708	3,552,708	3,645,016	92,308
EXPENDITURES				
Current:				
Culture and recreation	4,448,755	4,423,865	4,241,899	181,966
Capital outlay	633,953	633,953	639,994	(6,041)
Total Expenditures	5,082,708	5,057,818	4,881,893	175,925
Excess (deficiency) of revenues over (under) expenditures	(1,500,000)	(1,505,110)	(1,236,877)	268,233
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(1,500,000)	(1,505,110)	(1,236,877)	268,233
Fund balances - beginning	1,500,000	1,505,110	2,356,779	851,669
FUND BALANCES - ENDING	\$ -	\$ -	\$ 1,119,902	\$ 1,119,902

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 112 – COMMUNITY THEATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 725,059	\$ 725,059	\$ 725,059	\$ -
Other revenues	117,744	117,744	171,354	53,610
Total Revenues	842,803	842,803	896,413	53,610
EXPENDITURES				
Current:				
Culture and recreation	967,303	1,053,303	838,005	215,298
Capital outlay	-	135,000	48,642	86,358
Total Expenditures	967,303	1,188,303	886,647	301,656
Excess (deficiency) of revenues over (under) expenditures	(124,500)	(345,500)	9,766	355,266
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	44,500	44,500
Total other financing sources (uses)	-	-	44,500	44,500
Net changes in fund balances	(124,500)	(345,500)	54,266	399,766
Fund balances - beginning	124,500	345,500	426,462	80,962
FUND BALANCES - ENDING	\$ -	\$ -	\$ 480,728	\$ 480,728

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 114 – CONFERENCE CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 122,356	\$ 122,356	\$ 88,968	\$ (33,388)
Total Revenues	122,356	122,356	88,968	(33,388)
EXPENDITURES				
Current:				
Culture and recreation	67,002	67,002	16,043	50,959
Total Expenditures	67,002	67,002	16,043	50,959
Excess (deficiency) of revenues over (under) expenditures	55,354	55,354	72,925	17,571
OTHER FINANCING SOURCES (USES)				
Transfers in	975,696	975,696	991,345	15,649
Transfers out	(1,031,050)	(1,031,050)	(1,042,340)	(11,290)
Total other financing sources (uses)	(55,354)	(55,354)	(50,995)	4,359
Net changes in fund balances	-	-	21,930	21,930
Fund balances - beginning	-	-	60,670	60,670
FUND BALANCES - ENDING	\$ -	\$ -	82,600	82,600

**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, 2014**

	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:				
General government services	-	-	150	(150)
Economic environment	-	69,204	6,273	62,931
Capital outlay	-	134,383	-	134,383
Total Expenditures	-	203,587	6,423	197,164
Excess (deficiency) of revenues over (under) expenditures	-	(203,587)	(653)	202,934
OTHER FINANCING SOURCES (USES)				
Transfers in	-	109,869	274,851	164,982
Transfers out	-	-	(63,716)	(63,716)
Total other financing sources (uses)	-	109,869	211,135	101,266
Net changes in fund balances	-	(93,718)	210,482	304,200
Fund balances - beginning	-	93,718	156,618	62,900
FUND BALANCES - ENDING	\$ -	\$ -	\$ 367,100	\$ 367,100

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 119 – STREET IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 650,000	\$ 650,000	\$ 650,000	\$ -
Intergovernmental revenues	677,242	677,242	691,325	14,083
Charges for services	-	-	3,405	3,405
Other revenues	68,000	68,000	140,753	72,753
Total Revenues	1,395,242	1,395,242	1,485,483	90,241
EXPENDITURES				
Current:				
Transportation	-	-	308,296	(308,296)
Capital outlay	2,778,568	3,329,368	1,725,736	1,603,632
Total Expenditures	2,778,568	3,329,368	2,034,032	1,295,336
Excess (deficiency) of revenues over (under) expenditures	(1,383,326)	(1,934,126)	(548,549)	1,385,577
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	500,685	200,685
Transfers out	-	-	(132,799)	(132,799)
Total other financing sources (uses)	300,000	300,000	367,886	67,886
Net changes in fund balances	(1,083,326)	(1,634,126)	(180,663)	1,453,463
Fund balances - beginning	1,083,326	1,634,126	1,634,170	44
FUND BALANCES - ENDING	\$ -	\$ -	\$ 1,453,507	\$ 1,453,507

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 120 – STREETS FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 254,168	\$ 229,168	\$ 229,168	\$ -
Intergovernmental revenues	1,448,438	1,448,438	1,464,685	16,247
Charges for services	-	-	68,290	68,290
Other revenues	60,300	60,300	159,921	99,621
Total Revenues	1,762,906	1,737,906	1,922,064	184,158
EXPENDITURES				
Current:				
Transportation	2,562,906	2,537,906	2,209,233	328,673
Total Expenditures	2,562,906	2,537,906	2,209,233	328,673
Excess (deficiency) of revenues over (under) expenditures	(800,000)	(800,000)	(287,169)	512,831
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(800,000)	(800,000)	(287,169)	512,831
Fund balances - beginning	800,000	800,000	2,795,360	1,995,360
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,508,191	\$ 2,508,191

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 116,216	\$ 116,216	\$ 349,672	\$ 233,456
Total Revenues	116,216	116,216	349,672	233,456
EXPENDITURES				
Current:				
General government services	250,000	250,000	-	250,000
Security of persons and property	-	-	49	(49)
Physical environment	-	-	238	(238)
Capital outlay	1,288,000	3,036,500	1,643,124	1,393,376
Total Expenditures	1,538,000	3,286,500	1,643,411	1,643,089
Excess (deficiency) of revenues over (under) expenditures	(1,421,784)	(3,170,284)	(1,293,739)	1,876,545
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	40,000	40,000	42,515	2,515
Transfers in	432,281	432,281	1,137,736	705,455
Transfers out	(81,488)	(206,488)	(135,611)	70,877
Total other financing sources (uses)	390,793	265,793	1,044,640	778,847
Net changes in fund balances	(1,030,991)	(2,904,491)	(249,099)	2,655,392
Fund balances - beginning	5,118,564	6,992,064	6,839,180	(152,884)
FUND BALANCES - ENDING	\$ 4,087,573	\$ 4,087,573	\$ 6,590,081	\$ 2,502,508

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 138 – MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 370,000	\$ 370,000	\$ 333,845	\$ (36,155)
Other revenues	8,200	8,200	21,590	13,390
Total Revenues	378,200	378,200	355,435	(22,765)
EXPENDITURES				
Current:				
Culture and recreation	385,000	385,000	322,696	62,304
Debt service:				
Principal retirement	52,311	52,311	52,311	-
Total Expenditures	437,311	437,311	375,007	62,304
Excess (deficiency) of revenues over (under) expenditures	(59,111)	(59,111)	(19,572)	39,539
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(45,072)	(45,072)
Total other financing sources (uses)	-	-	(45,072)	(45,072)
Net changes in fund balances	(59,111)	(59,111)	(64,644)	(5,533)
Fund balances - beginning	378,136	378,136	418,676	40,540
FUND BALANCES - ENDING	\$ 319,025	\$ 319,025	\$ 354,032	\$ 35,007

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 144 – DOWNTOWN IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 52	\$ 52	\$ 32	\$ (20)
Total Revenues	52	52	32	(20)
EXPENDITURES				
Current:				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	52	52	32	(20)
OTHER FINANCING SOURCES (USES)				
Payment to Refunded Debt Escrow Agent	2,106	2,106	-	(2,106)
Total other financing sources (uses)	2,106	2,106	-	(2,106)
Net changes in fund balances	2,158	2,158	32	(2,126)
Fund balances - beginning	2,054	2,054	2,696	642
FUND BALANCES - ENDING	\$ 4,212	\$ 4,212	\$ 2,728	\$ (1,484)

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Other revenues	42,500	42,500	101,781	59,281
Total Revenues	44,000	44,000	101,781	57,781
EXPENDITURES				
Current:				
General government services	48,800	48,800	68,075	(19,275)
Capital outlay	1,570,709	1,570,709	-	1,570,709
Total Expenditures	1,619,509	1,619,509	68,075	1,551,434
Excess (deficiency) of revenues over (under) expenditures	(1,575,509)	(1,575,509)	33,706	1,609,215
OTHER FINANCING SOURCES (USES)				
Disposition of capital assets	-	-	350	350
Total other financing sources (uses)	-	-	350	350
Net changes in fund balances	(1,575,509)	(1,575,509)	34,056	1,609,565
Fund balances - beginning	1,575,509	1,575,509	1,957,736	382,227
FUND BALANCES - ENDING	\$ -	\$ -	\$ 1,991,792	\$ 1,991,792

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 146 – PROPERTY MANAGEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 191,900	\$ 191,900	\$ 129,979	\$ (61,921)
Charges for services	-	-	256,333	256,333
Other revenues	691,865	691,865	867,131	175,266
Total Revenues	883,765	883,765	1,253,443	369,678
EXPENDITURES				
Current:				
General government services	744,965	744,965	996,964	(251,999)
Capital outlay	1,845,600	1,845,600	1,095,867	749,733
Total Expenditures	2,590,565	2,590,565	2,092,831	497,734
Excess (deficiency) of revenues over (under) expenditures	(1,706,800)	(1,706,800)	(839,388)	867,412
OTHER FINANCING SOURCES (USES)				
Transfers in	840,871	840,871	840,871	-
Total other financing sources (uses)	840,871	840,871	840,871	-
Net changes in fund balances	(865,929)	(865,929)	1,483	867,412
Fund balances - beginning	2,973,512	2,973,512	3,641,326	667,814
FUND BALANCES - ENDING	\$ 2,107,583	\$ 2,107,583	\$ 3,642,809	\$ 1,535,226

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 148 – CUMULATIVE RESERVE PARKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 40,540	\$ 40,540	\$ 112,515	\$ 71,975
Total Revenues	40,540	40,540	112,515	71,975
EXPENDITURES				
Current:				
Economic environment	-	-	129,886	(129,886)
Culture and recreation	41,394	41,394	-	41,394
Capital outlay	175,000	175,000	5,823	169,177
Total Expenditures	216,394	216,394	135,709	80,685
Excess (deficiency) of revenues over (under) expenditures	(175,854)	(175,854)	(23,194)	152,660
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	30,172	30,172
Total other financing sources (uses)	-	-	30,172	30,172
Net changes in fund balances	(175,854)	(175,854)	6,978	182,832
Fund balances - beginning	2,151,899	2,151,899	2,263,302	111,403
FUND BALANCES - ENDING	\$ 1,976,045	\$ 1,976,045	\$ 2,270,280	\$ 294,235

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 149 – SENIOR CENTER RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 65,249	\$ 65,249	\$ 43,543	\$ (21,706)
Other revenues	64,077	64,077	36,460	(27,617)
Total Revenues	129,326	129,326	80,003	(49,323)
EXPENDITURES				
Current:				
Mental and Physical Health	111,200	111,200	70,744	40,456
Total Expenditures	111,200	111,200	70,744	40,456
Excess (deficiency) of revenues over (under) expenditures	18,126	18,126	9,259	(8,867)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	389	389
Total other financing sources (uses)	-	-	389	389
Net changes in fund balances	18,126	18,126	9,648	(8,478)
Fund balances - beginning	458,713	458,713	431,913	(26,800)
FUND BALANCES - ENDING	\$ 476,839	\$ 476,839	\$ 441,561	\$ (35,278)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 151 – ANIMALS FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ -	\$ -	5,868	\$ 5,868
Other revenues	57,795	57,795	92,894	35,099
Total Revenues	57,795	57,795	98,762	40,967
EXPENDITURES				
Current:				
Economic environment	85,000	85,000	84,200	800
Total Expenditures	85,000	85,000	84,200	800
Excess (deficiency) of revenues over (under) expenditures	(27,205)	(27,205)	14,562	41,767
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(27,205)	(27,205)	14,562	41,767
Fund balances - beginning	430,983	430,983	416,383	(14,600)
FUND BALANCES - ENDING	\$ 403,778	\$ 403,778	\$ 430,945	\$ 27,167

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 152 – CUMULATIVE RESERVE LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 3,000	\$ 3,000	\$ 2,160	\$ (840)
Other revenues	41,942	56,942	73,070	16,128
Total Revenues	44,942	59,942	75,230	15,288
EXPENDITURES				
Current:				
Culture and recreation	36,709	41,709	48,140	(6,431)
Capital outlay	50,000	60,000	6,840	53,160
Total Expenditures	86,709	101,709	54,980	46,729
Excess (deficiency) of revenues over (under) expenditures	(41,767)	(41,767)	20,250	62,017
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(41,767)	(41,767)	20,250	62,017
Fund balances - beginning	511,208	511,208	134,539	(376,669)
FUND BALANCES - ENDING	\$ 469,441	\$ 469,441	\$ 154,789	\$ (314,652)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 153 – EMERGENCY MEDICAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 5,689,069	\$ 5,689,069	\$ 5,699,289	\$ 10,220
Intergovernmental revenues	1,200	1,200	1,473	273
Charges for services	1,408,127	1,408,127	1,540,567	132,440
Other revenues	13,990	13,990	39,863	25,873
Total Revenues	7,112,386	7,112,386	7,281,192	168,806
EXPENDITURES				
Current:				
Security of persons and property	7,579,805	7,579,805	6,334,654	1,245,151
Capital outlay	-	150,000	62,169	87,831
Debt service:				
Other debt service costs	19,500	19,500	5,362	14,138
Total Expenditures	7,599,305	7,749,305	6,402,185	1,347,120
Excess (deficiency) of revenues over (under) expenditures	(486,919)	(636,919)	879,007	1,515,926
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(486,919)	(636,919)	879,007	1,515,926
Fund balances - beginning	489,297	639,297	366,308	(272,989)
FUND BALANCES - ENDING	\$ 2,378	\$ 2,378	\$ 1,245,315	\$ 1,242,937

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,280,300	\$ 1,280,300	\$ 1,722,005	\$ 441,705
Other revenues	23,039	23,039	94,161	71,122
Total Revenues	1,303,339	1,303,339	1,816,166	512,827
EXPENDITURES				
Debt service:				
Principal retirement	173,924	173,924	167,005	6,919
Interest	-	-	6,920	(6,920)
Total Expenditures	173,924	173,924	173,925	(1)
Excess (deficiency) of revenues over (under) expenditures	1,129,415	1,129,415	1,642,241	512,826
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	282	282
Transfers out	(300,000)	(1,590,784)	(571,021)	1,019,763
Total other financing sources (uses)	(300,000)	(1,590,784)	(570,739)	1,020,045
Net changes in fund balances	829,415	(461,369)	1,071,502	1,532,871
Fund balances - beginning	1,013,847	2,304,631	1,856,216	(448,415)
FUND BALANCES - ENDING	\$ 1,843,262	\$ 1,843,262	\$ 2,927,718	\$ 1,084,456

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 156 – CRIMINAL JUSTICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ 1,358,381	\$ 1,358,381	\$ 1,583,364	\$ 224,983
Intergovernmental revenues	955,473	1,120,157	658,858	(461,299)
Charges for services	322,202	322,202	304,895	(17,307)
Fines and forfeits	9,000	9,000	9,330	330
Other revenues	196,050	196,050	740,757	544,707
Total Revenues	2,841,106	3,005,790	3,297,204	291,414
EXPENDITURES				
Current:				
General government services	554,053	554,023	353,503	200,520
Security of persons and property	2,288,101	4,298,455	1,820,862	2,477,593
Capital outlay	30,000	127,425	7,652	119,773
Total Expenditures	2,872,154	4,979,903	2,182,017	2,797,886
Excess (deficiency) of revenues over (under) expenditures	(31,048)	(1,974,113)	1,115,187	3,089,300
OTHER FINANCING SOURCES (USES)				
Transfers in	41,032	41,032	-	(41,032)
Transfers out	(416,702)	(416,702)	(340,005)	76,697
Total other financing sources (uses)	(375,670)	(375,670)	(340,005)	35,665
Net changes in fund balances	(406,718)	(2,349,783)	775,182	3,124,965
Fund balances - beginning	7,171,326	9,016,996	8,277,822	(739,174)
FUND BALANCES - ENDING	\$ 6,764,608	\$ 6,667,213	\$ 9,053,004	\$ 2,385,791

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 157 – TRAFFIC MITIGATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Charges for services	\$ 150,000	\$ 150,000	\$ 448,129	\$ 298,129
Other revenues	38,000	38,000	132,067	94,067
Total Revenues	188,000	188,000	580,196	392,196
EXPENDITURES				
Capital outlay	1,101,714	1,101,714	-	1,101,714
Total Expenditures	1,101,714	1,101,714	-	1,101,714
Excess (deficiency) of revenues over (under) expenditures	(913,714)	(913,714)	580,196	1,493,910
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	444,021	444,021
Transfers out	(1,000,000)	(1,000,000)	(1,039,634)	(39,634)
Total other financing sources (uses)	(1,000,000)	(1,000,000)	(595,613)	404,387
Net changes in fund balances	(1,913,714)	(1,913,714)	(15,417)	1,898,297
Fund balances - beginning	1,913,714	1,913,714	2,888,594	974,880
FUND BALANCES - ENDING	\$ -	\$ -	\$ 2,873,177	\$ 2,873,177

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 160 – CONTINGENCY RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ -	\$ -	\$ 130,862	\$ 130,862
Total Revenues	-	-	130,862	130,862
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	130,862	130,862
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	130,862	130,862
Fund balances - beginning	4,118,945	4,118,945	3,973,112	(145,833)
FUND BALANCES - ENDING	\$ 4,118,945	\$ 4,118,945	\$ 4,103,974	\$ (14,971)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 170 – EVERETT CDE LLC
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ -	\$ -	\$ 2,500	\$ 2,500
Total Revenues	-	-	2,500	2,500
EXPENDITURES				
Current:				
General government services	-	-	30,738	(30,738)
Total Expenditures	-	-	30,738	(30,738)
Excess (deficiency) of revenues over (under) expenditures	-	-	(28,238)	(28,238)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	(28,238)	(28,238)
Fund balances - beginning	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	(28,238)	\$ (28,238)

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 197 – CHIP LOAN PROGRAM FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 1,100,000	\$ 1,100,000	\$ 508,397	\$ (591,603)
Other revenues	146,500	146,500	193,847	47,347
Total Revenues	1,246,500	1,246,500	702,244	(544,256)
EXPENDITURES				
Current:				
Economic environment	564,942	564,942	430,907	134,035
Total Expenditures	564,942	564,942	430,907	134,035
Excess (deficiency) of revenues over (under) expenditures	681,558	681,558	271,337	(410,221)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	681,558	681,558	271,337	(410,221)
Fund balances - beginning	14,423,287	14,423,287	14,013,220	(410,067)
FUND BALANCES - ENDING	\$ 15,104,845	\$ 15,104,845	\$ 14,284,557	\$ (820,288)

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Intergovernmental revenues	\$ 854,680	\$ 854,680	\$ 882,967	\$ 28,287
Other revenues	-	-	758	758
Total Revenues	854,680	854,680	883,725	29,045
EXPENDITURES				
Current:				
Economic environment	1,254,680	1,254,680	495,549	759,131
Total Expenditures	1,254,680	1,254,680	495,549	759,131
Excess (deficiency) of revenues over (under) expenditures	(400,000)	(400,000)	388,176	788,176
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(400,000)	(400,000)	388,176	788,176
Fund balances - beginning	400,000	400,000	334,825	(65,175)
FUND BALANCES - ENDING	\$ -	\$ -	\$ 723,001	\$ 723,001

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
FUND 210 – BOND REDEMPTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Debt Service:				
Principal retirement	1,400,000	2,240,000	10,440,000	(8,200,000)
Interest	487,340	487,340	527,974	(40,634)
Total Expenditures	1,887,340	2,727,340	10,967,974	(8,240,634)
Excess (deficiency) of revenues over (under) expenditures	(1,887,340)	(2,727,340)	(10,967,974)	(8,240,634)
OTHER FINANCING SOURCES (USES)				
Proceeds of LT Debt	-	-	27,665,000	27,665,000
Proceeds of Refunding LT Debt	-	-	8,200,000	8,200,000
Transfers in	1,927,340	2,727,340	2,769,867	42,527
Transfers Out	-	-	(27,666,893)	(27,666,893)
Total other financing sources (uses)	1,927,340	2,727,340	10,967,974	8,240,634
Net change in fund balances	40,000	-	-	-
Fund Balances - beginning	-	-	-	-
FUND BALANCES - ENDING	\$ 40,000	\$ -	\$ -	-

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other Revenues	\$ 2,000	\$ 2,000	\$ 8,268	\$ 6,268
Total Revenues	2,000	2,000	8,268	6,268
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,000	2,000	8,268	6,268
OTHER FINANCING SOURCES (USES)				
Transfers in	23,368	23,368	22,000	(1,368)
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	(1,632)	(1,632)	(3,000)	(1,368)
Net change in fund balances	368	368	5,268	4,900
Fund Balances - beginning	9,812	9,812	6,433	(3,379)
FUND BALANCES - ENDING	\$ 10,180	\$ 10,180	\$ 11,701	\$ 1,521

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
REVENUES				
Other revenues	\$ 4,000	\$ 4,000	\$ 8,008	\$ 4,008
TOTAL REVENUES	4,000	4,000	8,008	4,008
EXPENDITURES				
Current:				
TOTAL EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	4,000	4,000	8,008	4,008
OTHER FINANCING SOURCES (USES)				
Transfers out	(23,368)	(23,368)	(22,000)	1,368
Total other financing sources (uses)	(23,368)	(23,368)	(22,000)	1,368
Net change in fund balances	(19,368)	(19,368)	(13,992)	5,376
Fund Balances - beginning	19,368	19,368	25,766	6,398
FUND BALANCES - ENDING	\$ -	\$ -	\$ 11,774	\$ 11,774

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, 2014**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 132,072	\$ 893,353	\$ 168,712	\$ 1,194,137
Investments	440,307	1,705,673	322,120	2,468,100
Bond covenant accounts:				
Restricted cash and cash equivalents	98,542	-	-	98,542
Receivables, net				
Customer accounts	272,675	-	8,059	280,734
Interest	3,210	699	1,496	5,405
Due from other governments	19,701	-	-	19,701
Inventory	-	-	130,287	130,287
Total Current Assets	<u>966,507</u>	<u>2,599,725</u>	<u>630,674</u>	<u>4,196,906</u>
NONCURRENT ASSETS				
Land	-	756,141	203,481	959,622
Construction in progress	6,960,649	-	-	6,960,649
Capital assets, net of depreciation (Note 6)	3,972,610	180,183	3,367,083	7,519,876
Total Noncurrent Assets	<u>10,933,259</u>	<u>936,324</u>	<u>3,570,564</u>	<u>15,440,147</u>
TOTAL ASSETS	<u>11,899,766</u>	<u>3,536,049</u>	<u>4,201,238</u>	<u>19,637,053</u>
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES	11,899,766	3,536,049	4,201,238	19,637,053
LIABILITIES				
CURRENT LIABILITIES				
Wages and benefits payable	11,791	-	58,724	70,515
Accounts payable	35,550	2,756	78,969	117,275
Interest payable	15,208	-	-	15,208
Taxes payable	-	-	9,436	9,436
Interfund loans payable	900,200	-	-	900,200
Unearned revenue	-	-	198,937	198,937
Current portion of long-term debt	1,002,012	-	-	1,002,012
Total Current Liabilities	<u>1,964,761</u>	<u>2,756</u>	<u>346,066</u>	<u>2,313,583</u>
NONCURRENT LIABILITIES				
General obligation bonds payable	4,008,888	-	-	4,008,888
Advances from other funds	-	-	7,134,168	7,134,168
Other long-term liabilities	-	-	320,738	320,738
Total Noncurrent Liabilities	<u>4,008,888</u>	<u>-</u>	<u>7,454,906</u>	<u>11,463,794</u>
TOTAL LIABILITIES	<u>5,973,649</u>	<u>2,756</u>	<u>7,800,972</u>	<u>13,777,377</u>
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES	5,973,649	2,756	7,800,972	13,777,377
NET POSITION				
Net investment in capital assets	5,022,159	936,324	3,570,564	9,529,047
Restricted for debt service	98,542	-	-	98,542
Unrestricted	805,416	2,596,969	(7,170,298)	(3,767,913)
TOTAL NET POSITION	<u>\$ 5,926,117</u>	<u>\$ 3,533,293</u>	<u>\$ (3,599,734)</u>	<u>\$ 5,859,676</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	402 SOLID WASTE FUND	430 PARKING GARAGE FUND	440 GOLF FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:				
Admission taxes	\$ -	\$ -	96,429	\$ 96,429
Charges for services	2,333,877	281,602	3,778,165	6,393,644
Total Operating Revenues	2,333,877	281,602	3,874,594	6,490,073
OPERATING EXPENSES:				
Personnel services	61,947	-	1,068,083	1,130,030
Supplies	15,798	1,354	704,211	721,363
Professional services	111,918	211,667	1,425,628	1,749,213
Depreciation and amortization	274,808	42,926	524,856	842,590
Other operating expenses	119,281	18,184	452,632	590,097
Total Operating Expenses	583,752	274,131	4,175,410	5,033,293
Operating Income (Loss)	1,750,125	7,471	(300,816)	1,456,780
NON-OPERATING REVENUES (EXPENSES):				
Intergovernmental revenues	69,164	-	-	69,164
Interest and investment revenue	24,176	123,703	29,616	177,495
Gain (loss) on sale/retirement of assets	-	-	2,359	2,359
Interest expense	(204,915)	-	(137,017)	(341,932)
Total Non-Operating Revenues (Expenses)	(111,575)	123,703	(105,042)	(92,914)
Income (Loss) Before Contributions and Transfers	1,638,550	131,174	(405,858)	1,363,866
Capital contributions	238,362	-	-	238,362
CHANGE IN NET POSITION	1,876,912	131,174	(405,858)	1,602,228
NET POSITION - BEGINNING	4,049,205	3,402,119	(3,193,876)	4,257,448
NET POSITION - ENDING	\$ 5,926,117	\$ 3,533,293	\$ (3,599,734)	\$ 5,859,676

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	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	\$ 2,314,587	\$ 281,602	\$ 3,877,408	\$ 6,473,597
Payments to suppliers	(476,359)	(218,228)	(2,425,505)	(3,120,092)
Payments to employees	(53,423)	-	(1,061,463)	(1,114,886)
Payments for interfund services used	(60,466)	(15,432)	(144,359)	(220,257)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,724,339	47,942	246,081	2,018,362
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipts from non-capital grants	69,164	-	5,821	74,985
Principal paid on interfund loans	-	-	(185,000)	(185,000)
Interest paid on interfund loans	-	-	(137,017)	(137,017)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	69,164	-	(316,196)	(247,032)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	(1,002,012)	-	-	(1,002,012)
Interest paid on capital debt	(207,102)	-	-	(207,102)
Proceeds from interfund loans	(59,000)	-	-	(59,000)
Proceeds from sale of capital assets	-	-	2,359	2,359
Capital contributions	311,183	-	-	311,183
Acquisition and construction of capital assets	(607,716)	-	-	(607,716)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(1,564,647)	-	2,359	(1,562,288)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	-	390,422	135,211	525,633
Purchase of investments	(270,599)	-	-	(270,599)
Investment income	16,798	45,609	11,991	74,398
NET CASH PROVIDED BY INVESTING ACTIVITIES	(253,801)	436,031	147,202	329,432
Net Increase (Decrease) in Cash and Cash Equivalents	(24,945)	483,973	79,446	538,474
Cash and Cash Equivalents, January 1	255,559	409,380	89,266	754,205
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 230,614	\$ 893,353	\$ 168,712	\$ 1,292,679
Current Cash and Cash Equivalents	132,072	893,353	168,712	1,194,137
Restricted Cash and Cash Equivalents	98,542	-	-	98,542
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 230,614	\$ 893,353	\$ 168,712	\$ 1,292,679
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,750,125	\$ 7,471	\$ (300,816)	\$ 1,456,780
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	274,808	42,926	524,856	842,590
Change in Assets and Liabilities:				
(Increase) decrease in inventories	-	-	(3,438)	(3,438)
(Increase) decrease in receivables	(19,290)	-	114	(19,176)
(Increase) decrease in prepaid expenses	-	-	15,297	15,297
Increase (decrease) in accounts and other payables	(281,304)	(2,455)	748	(283,011)
Increase (decrease) in compensated absences	-	-	6,620	6,620
Increase (decrease) in other current liabilities	-	-	2,700	2,700
TOTAL ADJUSTMENTS	(25,786)	40,471	546,897	561,582
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,724,339	\$ 47,942	\$ 246,081	\$ 2,018,362
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Non-Cash Financing, Capital and Investing Activities:				
Increase (decrease) in fair value of investments	4,832	79,562	17,625	\$ 102,019
TOTAL NON-CASH ACTIVITIES	\$ 4,832	\$ 79,562	\$ 17,625	\$ 102,019



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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, 2014
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 369,937	\$ 4,063,973	\$ 465,082
Investments	706,318	7,759,312	887,977
Receivables, net			
Customer accounts	-	-	-
Interest	-	9,995	-
Due from other governments	2,345	-	-
Prepayments	-	267,226	-
Inventory	439,511	-	-
Total Current Assets	<u>1,518,111</u>	<u>12,100,506</u>	<u>1,353,059</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation (Note 6)	260,774	-	971,641
Total Noncurrent Assets	<u>260,774</u>	<u>-</u>	<u>971,641</u>
TOTAL ASSETS	<u>1,778,885</u>	<u>12,100,506</u>	<u>2,324,700</u>
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
	<u>1,778,885</u>	<u>12,100,506</u>	<u>2,324,700</u>
LIABILITIES			
CURRENT LIABILITIES			
Wages and benefits payable	187,202	-	-
Accounts payable	207,652	138,866	264,929
Claims and judgments payable	-	4,794,451	-
Other current liabilities	-	-	-
Total Current Liabilities	<u>394,854</u>	<u>4,933,317</u>	<u>264,929</u>
NONCURRENT LIABILITIES			
Claims and judgments payable	-	6,883,970	-
Other long-term liabilities	60,780	-	-
Total Noncurrent Liabilities	<u>60,780</u>	<u>6,883,970</u>	<u>-</u>
TOTAL LIABILITIES	<u>455,634</u>	<u>11,817,287</u>	<u>264,929</u>
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES			
	<u>455,634</u>	<u>11,817,287</u>	<u>264,929</u>
NET POSITION			
Net investment in capital assets	260,774	-	971,641
Restricted for claims contingency	-	-	-
Unrestricted	1,062,477	283,219	1,088,130
TOTAL NET POSITION	<u>\$ 1,323,251</u>	<u>\$ 283,219</u>	<u>\$ 2,059,771</u>

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 178,581	\$ 1,487,570	\$ 6,565,143
Investments	340,963	2,840,207	12,534,777
Receivables, net			
Customer accounts	-	15,556	15,556
Interest	3,402	-	13,397
Due from other governments	-	-	2,345
Prepayments	-	-	267,226
Inventory	-	-	439,511
Total Current Assets	<u>522,946</u>	<u>4,343,333</u>	<u>19,837,955</u>
NONCURRENT ASSETS			
Capital assets, net of depreciation (Note 6)	<u>358,919</u>	-	<u>1,591,334</u>
Total Noncurrent Assets	<u>358,919</u>	-	<u>1,591,334</u>
TOTAL ASSETS	<u>881,865</u>	<u>4,343,333</u>	<u>21,429,289</u>
COMBINED ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>881,865</u>	<u>4,343,333</u>	<u>21,429,289</u>
LIABILITIES			
CURRENT LIABILITIES			
Wages and benefits payable	36,521	-	223,723
Accounts payable	16,244	-	627,691
Claims and judgments payable	-	2,009,288	6,803,739
Other current liabilities	-	102,887	102,887
Total Current Liabilities	<u>52,765</u>	<u>2,112,175</u>	<u>7,758,040</u>
NONCURRENT LIABILITIES			
Claims and judgments payable	-	-	6,883,970
Other long-term liabilities	16,093	-	76,873
Total Noncurrent Liabilities	<u>16,093</u>	-	<u>6,960,843</u>
TOTAL LIABILITIES	<u>68,858</u>	<u>2,112,175</u>	<u>14,718,883</u>
COMBINED LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>68,858</u>	<u>2,112,175</u>	<u>14,718,883</u>
NET POSITION			
Net investment in capital assets	358,919	-	1,591,334
Restricted for claims contingency	-	2,009,288	2,009,288
Unrestricted	454,088	221,870	3,109,784
TOTAL NET POSITION	<u>\$ 813,007</u>	<u>\$ 2,231,158</u>	<u>\$ 6,710,406</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(PAGE 1 OF 2)**

	501 EQUIPMENT RENTAL FUND	503 SELF- INSURANCE FUND	505 COMPUTER RESERVE FUND
OPERATING REVENUES:			
Charges for services	\$ 7,135,449	\$ 9,363,067	\$ 2,502,967
Other operating revenues	-	-	331
Total Operating Revenues	7,135,449	9,363,067	2,503,298
OPERATING EXPENSES:			
Personnel services	2,138,357	290,494	-
Supplies	4,170,458	-	216,260
Professional services	187,576	2,157,352	-
Depreciation and amortization	22,069	-	225,472
Other operating expenses	446,072	6,335,933	913,196
Total Operating Expenses	6,964,532	8,783,779	1,354,928
Operating Income (Loss)	170,917	579,288	1,148,370
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	34,150	555,797	19,430
Other non-operating revenues	-	-	-
Gain (loss) on sale/retirement of assets	932	-	-
Total Non-Operating Revenues (Expenses)	35,082	555,797	19,430
Income (Loss) Before Contributions and Transfers	205,999	1,135,085	1,167,800
Transfers in	135,611	-	-
Transfers out	(50,004)	-	(21,507)
CHANGE IN NET POSITION	291,606	1,135,085	1,146,293
NET POSITION - BEGINNING	1,031,645	(851,866)	913,478
NET POSITION - ENDING	\$ 1,323,251	\$ 283,219	\$ 2,059,771

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(PAGE 2 OF 2)**

	507 TELE- COMM FUND	508 HEALTH BENEFIT RESERVE FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:			
Charges for services	\$ 1,212,763	\$ 13,662,739	\$ 33,876,985
Other operating revenues	-	-	331
Total Operating Revenues	1,212,763	13,662,739	33,877,316
OPERATING EXPENSES:			
Personnel services	329,271	-	2,758,122
Supplies	27,352	-	4,414,070
Professional services	48,600	12,103,445	14,496,973
Depreciation and amortization	89,065	-	336,606
Other operating expenses	792,573	63,486	8,551,260
Total Operating Expenses	1,286,861	12,166,931	30,557,031
Operating Income (Loss)	(74,098)	1,495,808	3,320,285
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	26,567	126,018	761,962
Other non-operating revenues	-	277,249	277,249
Gain (loss) on sale/retirement of assets	-	-	932
Total Non-Operating Revenues (Expenses)	26,567	403,267	1,040,143
Income (Loss) Before Contributions and Transfers	(47,531)	1,899,075	4,360,428
Transfers in	-	-	135,611
Transfers out	-	-	(71,511)
CHANGE IN NET POSITION	(47,531)	1,899,075	4,424,528
NET POSITION - BEGINNING	860,538	332,083	2,285,878
NET POSITION - ENDING	\$ 813,007	\$ 2,231,158	\$ 6,710,406

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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	\$ 449,471	\$ 6,662,300	\$ -
Receipts from interfund services provided	6,687,311	2,700,767	2,502,967
Payments to suppliers	(4,404,451)	(2,348,808)	(1,188,467)
Payments to employees	(2,112,842)	(290,494)	-
Payments for interfund services used	(307,681)	-	-
Claims paid	-	(6,657,514)	-
Other receipts (payments)	-	-	94,489
NET CASH PROVIDED BY OPERATING ACTIVITIES	311,808	66,251	1,408,989
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(50,004)	-	(21,507)
Transfers from other funds	135,611	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	85,607	-	(21,507)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	932	-	-
Acquisition and construction of capital assets	(135,611)	-	(409,949)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(134,679)	-	(409,949)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	-	1,921,382	-
Purchase of investments	(33,789)	-	(602,507)
Investment income	9,469	185,769	12,085
NET CASH PROVIDED BY INVESTING ACTIVITIES	(24,320)	2,107,151	(590,422)
Net Increase (Decrease) in Cash and Cash Equivalents	238,416	2,173,402	387,111
Cash and Cash Equivalents, January 1	131,521	1,890,571	77,971
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 369,937	\$ 4,063,973	\$ 465,082
Current Cash and Cash Equivalents	369,937	4,063,973	465,082
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 369,937	\$ 4,063,973	\$ 465,082
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 170,917	\$ 579,288	\$ 1,148,370
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	22,069	-	225,472
Other non-operating receipts	-	-	-
Change in Assets and Liabilities:			
(Increase) decrease in inventories	101,729	-	-
(Increase) decrease in receivables	1,333	-	-
(Increase) decrease in prepaid expenses	-	3,250	94,158
Increase (decrease) in accounts and other payables	(13,054)	(516,287)	(59,011)
Increase (decrease) in compensated absences	28,814	-	-
TOTAL ADJUSTMENTS	140,891	(513,037)	260,619
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 311,808	\$ 66,251	\$ 1,408,989
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	24,681	\$ 368,084	\$ 7,345
TOTAL NON-CASH ACTIVITIES	\$ 24,681	\$ 368,084	\$ 7,345

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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	\$ -	\$ 486,732	\$ 7,598,503
Receipts from interfund services provided	1,209,036	13,176,007	26,276,088
Payments to suppliers	(801,667)	(11,943,293)	(20,686,686)
Payments to employees	(317,917)	-	(2,721,253)
Payments for interfund services used	(67,659)	-	(375,340)
Claims paid	-	-	(6,657,514)
Other receipts (payments)	3,727	288,522	386,738
NET CASH PROVIDED BY OPERATING ACTIVITIES	25,520	2,007,968	3,820,536
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	-	-	(71,511)
Transfers from other funds	-	-	135,611
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-	64,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	932
Acquisition and construction of capital assets	(36,159)	-	(581,719)
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	(36,159)	-	(580,787)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	94,969	-	2,016,351
Purchase of investments	-	(951,889)	(1,588,185)
Investment income	9,126	61,282	277,731
NET CASH PROVIDED BY INVESTING ACTIVITIES	104,095	(890,607)	705,897
Net Increase (Decrease) in Cash and Cash Equivalents	93,456	1,117,361	4,009,746
Cash and Cash Equivalents, January 1	85,125	370,209	2,555,397
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 178,581	\$ 1,487,570	\$ 6,565,143
Current Cash and Cash Equivalents	178,581	1,487,570	6,565,143
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 178,581	\$ 1,487,570	\$ 6,565,143
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (74,098)	\$ 1,495,808	\$ 3,320,285
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	89,065	-	336,606
Other non-operating receipts	-	277,249	277,249
Change in Assets and Liabilities:			
(Increase) decrease in inventories	-	-	101,729
(Increase) decrease in receivables	-	11,273	12,606
(Increase) decrease in prepaid expenses	-	-	97,408
Increase (decrease) in accounts and other payables	1,316	223,638	(363,398)
Increase (decrease) in compensated absences	9,237	-	38,051
TOTAL ADJUSTMENTS	99,618	512,160	500,251
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 25,520	\$ 2,007,968	\$ 3,820,536
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non-Cash Financing, Capital and Investing Activities:			
Increase (decrease) in fair value of investments	\$ 16,620	\$ 64,736	\$ 481,466
TOTAL NON-CASH ACTIVITIES	\$ 16,620	\$ 64,736	\$ 481,466

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.

Green Bus Coalition – receipt and disbursement of funds are approved by Washington State Transit Insurance Pool Board.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS
DECEMBER 31, 2014**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ASSETS					
Cash and cash equivalents	\$ 173,713	\$ 13,727	\$ 161,898	\$ 127,306	\$ 476,644
Agency Bonds	2,328,917	11,959,583	9,903,170	18,628,641	42,820,311
Accounts receivable - net	1,645	-	75	-	1,720
Interest receivable	-	-	-	8,379	8,379
TOTAL ASSETS	2,504,275	11,973,310	10,065,143	18,764,326	43,307,054
LIABILITIES					
Accounts payable	-	3,337	-	3,336	6,673
TOTAL LIABILITIES	-	3,337	-	3,336	6,673
NET POSITION					
Restricted for pension benefits and other purposes	\$ 2,504,275	\$ 11,969,973	\$ 10,065,143	\$ 18,760,990	\$ 43,300,381

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2014**

	JOINT PIPELINE	GREEN BUS COALITION	BIA	TOTAL AGENCY FUNDS
ASSETS				
Cash and cash equivalents	\$ 5,000	\$ -	\$ 180,015	\$ 185,015
Accounts receivable - net	-	-	12,985	12,985
Due from Other Governmental Units	25	-	-	25
TOTAL ASSETS	5,025	\$ -	\$ 193,000	198,025
LIABILITIES				
Accounts payable	25	-	-	25
Due to Other Governmental Units	5,000	-	-	5,000
Other current liabilities	-	-	193,000	193,000
Total Current Liabilities	-	-	-	-
TOTAL LIABILITIES	5,025	\$ -	\$ 193,000	198,025

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	637a POLICE PENSION FUND	637b POLICE HEALTHCARE FUND	638a FIRE PENSION FUND	638b FIRE HEALTHCARE FUND	TOTAL TRUST FUNDS
ADDITIONS:					
Contributions					
Employer	\$ -	\$ 51,219	\$ -	\$ 51,219	\$ 102,438
State	-	-	170,627	-	170,627
Total contributions	-	51,219	170,627	51,219	273,065
Investment income					
Interest	32,392	211,896	165,305	308,396	717,989
Net appreciation (depreciation) in fair value	254,228	888,659	346,165	1,892,564	3,381,616
Net investment income	286,620	1,100,555	511,470	2,200,960	4,099,605
TOTAL ADDITIONS	286,620	1,151,773	682,097	2,252,179	4,372,669
DEDUCTIONS:					
Benefits	375,942	900,834	903,309	1,453,481	3,633,566
Administrative expense	125	17,512	625	19,303	37,565
TOTAL DEDUCTIONS	376,067	918,346	903,934	1,472,784	3,671,131
CHANGE IN NET POSITION					
Pension benefits	(89,447)		(221,837)		(311,284)
Postemployment healthcare benefits		233,427		779,395	1,012,822
NET POSITION RESTRICTED FOR EMPLOYEES' PENSION BENEFITS					
Employees' pension benefits, January 1	2,593,722		10,286,980		12,880,702
NET POSITION RESTRICTED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS					
Postemployment healthcare benefits, January 1		11,736,546		17,981,595	29,718,141
NET POSITION - ENDING	\$ 2,504,275	\$ 11,969,973	\$ 10,065,143	\$ 18,760,990	\$ 43,300,381

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	BALANCE JANUARY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2014
<u>SNOPAC</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 14,292,128	\$ 14,292,128	\$ -
TOTAL ASSETS	\$ -	\$ 14,292,128	\$ 14,292,128	\$ -
LIABILITIES				
Other current liabilities	\$ -	\$ 14,292,128	\$ 14,292,128	\$ -
TOTAL LIABILITIES	\$ -	\$ 14,292,128	\$ 14,292,128	\$ -
<u>JOINT PIPELINE</u>				
ASSETS				
Cash and cash equivalents	\$ 3,136	\$ 826,769	\$ 824,905	\$ 5,000
Due from Other Governmental Units	-	25	-	25
TOTAL ASSETS	\$ 3,136	\$ 826,794	\$ 824,905	\$ 5,025
LIABILITIES				
Accounts payable	\$ 1,574	\$ 823,331	\$ 824,905	\$ -
Other current liabilities	1,562	25	1,562	25
Due to Other Governmental Units	-	5,000	-	5,000
TOTAL LIABILITIES	\$ 3,136	\$ 828,356	\$ 826,467	\$ 5,025
<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	\$ -
TOTAL LIABILITIES	\$ 10,884	\$ -	\$ 10,884	\$ -
<u>BIA</u>				
ASSETS				
Cash and cash equivalents	\$ 161,739	\$ 217,527	\$ 199,252	\$ 180,014
Accounts receivable - net	29,783	123,141	139,939	12,985
TOTAL ASSETS	\$ 191,522	\$ 340,668	\$ 339,191	\$ 192,999
LIABILITIES				
Accounts payable	\$ -	\$ 199,243	\$ 199,243	\$ -
Other current liabilities	191,522	200,986	199,509	192,999
TOTAL LIABILITIES	\$ 191,522	\$ 400,229	\$ 398,752	\$ 192,999
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 175,759	\$ 15,336,424	\$ 15,327,169	\$ 185,014
Accounts receivable - net	29,783	123,141	139,939	12,985
Due from Other Governmental Units	-	25	-	25
TOTAL ASSETS	\$ 205,542	\$ 15,459,590	\$ 15,467,108	\$ 198,024
LIABILITIES				
Accounts payable	\$ 12,458	\$ 1,022,574	\$ 1,035,032	\$ -
Due to Other Governmental Units	-	5,000	-	5,000
Other current liabilities	193,084	14,493,139	14,493,199	193,024
TOTAL LIABILITIES	\$ 205,542	\$ 15,520,713	\$ 15,528,231	\$ 198,024



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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

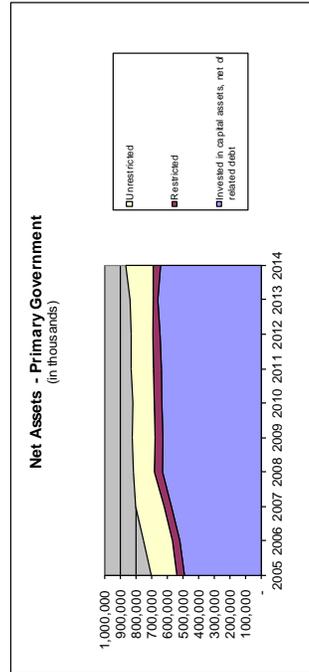
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the city provides and the activities it performs.

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in capital assets, net of related debt	\$ 228,673,168	\$ 245,383,110	\$ 258,985,622	\$ 275,153,868	\$ 276,175,060	\$ 277,363,758	\$ 280,262,109	\$ 291,590,152	\$ 301,733,296	\$ 276,688,477
Restricted	44,056,332	42,928,160	42,707,673	41,472,115	38,886,183	37,310,156	35,681,667	30,927,056	16,297,575	34,185,045
Unrestricted	78,838,473	88,036,357	98,933,648	92,207,372	95,940,505	93,484,426	93,461,072	79,629,469	86,184,395	106,663,418
Total governmental activities net position	\$ 351,567,973	\$ 376,347,627	\$ 400,627,143	\$ 408,833,355	\$ 411,001,748	\$ 408,158,340	\$ 409,414,848	\$ 402,346,677	\$ 404,215,266	\$ 417,546,940
Business-type activities										
Invested in capital assets, net of related debt	\$ 265,441,844	\$ 278,234,596	\$ 318,744,209	\$ 359,012,990	\$ 355,349,336	\$ 361,029,457	\$ 361,058,019	\$ 358,377,880	\$ 362,485,744	\$ 369,639,059
Restricted	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	13,258,812
Unrestricted	84,348,066	96,116,653	82,681,069	41,146,246	49,442,120	42,626,741	48,627,569	58,359,805	61,194,391	68,262,936
Total business-type activities net position	\$ 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	\$ 451,160,807
Primary Government										
Invested in capital assets, net of related debt	\$ 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	\$ 646,327,536
Restricted	48,560,865	47,172,215	46,271,659	52,136,706	50,368,753	48,477,455	50,875,941	45,821,667	29,588,667	47,453,857
Unrestricted	163,186,539	184,153,010	181,614,917	133,353,618	145,382,625	136,111,167	142,088,641	138,189,274	147,378,786	174,926,354
Total primary government net position	\$ 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	\$ 868,707,747



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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental activities:										
General government services	\$ 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	\$ 17,962,330
Police	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	35,788,822
Fire	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	29,620,688
Engineering & construction services	4,198,930	4,519,461	5,075,607	3,652,585	3,966,662	4,466,466	3,511,333	3,591,335	3,786,687	3,757,024
Transportation	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	7,907,706
Community services	5,136,497	5,102,700	5,324,631	7,585,711	7,583,871	8,189,488	7,296,739	7,574,308	7,659,733	7,309,980
Library	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	5,383,869
Culture and recreation	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	13,062,126
Interest on long-term debt	1,696,360	1,543,492	1,463,898	1,059,120	842,830	818,660	864,371	812,493	402,235	513,261
Total governmental activities expenses	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	121,305,806
Business-type activities:										
Water	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	28,924,524
Sewer	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	31,985,659
Solid Waste	844,386	648,671	715,465	1,052,565	3,264,327	3,688,722	1,067,260	793,631	986,840	788,668
Parking	290,899	346,166	275,780	305,455	272,951	295,887	251,889	282,917	287,032	274,131
Transit	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	23,748,870
Golf	3,881,307	4,053,021	4,049,797	4,287,155	4,577,928	4,139,684	4,012,376	4,146,486	4,370,102	4,312,427
Total business-type activities expenses	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	90,034,279
Total primary government expenses	\$ 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	\$ 211,340,085

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government services	\$ 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	\$ 1,806,774
Police	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	2,560,454
Fire	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	1,848,449
Engineering & construction services	1,311,866	1,221,872	1,278,370	569,772	522,080	512,461	505,982	451,906	459,583	876,340
Transportation	2,414,007	1,686,520	982,364	780,000	1,206,445	795,234	201,283	209,838	497,878	625,648
Community services	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	3,689,741
Library	95,927	101,624	109,525	108,290	122,702	107,017	113,221	102,272	99,250	113,547
Culture and recreation	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	1,873,454
Operating grants and contributions	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	2,387,960
Capital grants and contributions	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	2,441,564
Total governmental activities program revenues	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	18,223,931
Business-type activities:										
Charges for services:										
Water	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	35,591,782
Sewer	24,569,332	27,529,319	28,246,136	28,007,586	28,522,334	29,307,878	31,568,714	32,879,290	34,502,663	36,294,976
Solid Waste	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	2,333,877
Parking	290,572	310,719	349,912	378,727	374,764	317,457	292,891	264,049	264,095	281,602
Transit	2,529,018	2,153,335	2,352,649	2,453,835	2,126,900	2,266,491	2,465,498	2,554,691	2,876,207	2,698,730
Golf	3,175,287	3,311,833	3,389,321	3,565,686	3,746,275	3,763,272	3,614,179	3,793,021	3,785,114	3,780,524
Operating grants and contributions	495,191	3,690,068	616,999	21,182	3,779,924	1,436,645	1,486,898	1,855,835	1,521,658	1,302,652
Capital grants and contributions	4,752,643	7,228,016	6,166,713	2,947,684	5,025,507	2,470,223	5,573,861	4,426,220	9,320,558	4,095,153
Total business-type activities program revenues	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	86,379,296
Total primary government program revenues	\$ 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	\$ 104,603,227
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (103,081,875)
Business-type activities	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)	(3,654,983)
Total primary government net expense	\$ (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)	\$ (106,736,858)

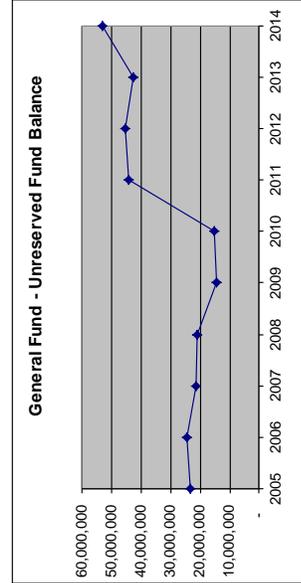
**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	\$ 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	\$ 39,154,983
Sales	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	27,025,637
Business	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	31,980,853
Other	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	5,554,740
Miscellaneous	-	-	-	-	-	4,861,570	4,542,695	4,660,972	4,086,888	3,567,586
Interest and investment earnings	3,259,336	5,241,290	6,983,803	5,943,180	2,399,689	4,112,868	4,664,927	2,405,516	(2,901,849)	4,772,730
Special items	-	-	-	(7,439,172)	-	-	-	-	-	-
Transfers	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	4,357,020
Total governmental activities	97,545,134	106,292,625	114,706,390	102,253,867	101,347,577	102,275,318	105,727,292	107,762,668	104,446,126	116,413,549
Business-type activities:										
Taxes										
Sales	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	17,315,413
Business	85,293	86,340	91,199	90,421	95,784	98,269	92,086	99,994	98,650	96,429
Miscellaneous	-	-	-	66,477	173,633	242,899	250,089	239,412	235,158	239,716
Interest and investment earnings	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)	4,580,025
Special items	(2,926,700)	(2,649,118)	(2,902,836)	(7,111,395)	-	-	-	-	-	-
Transfers	13,657,958	19,663,440	22,178,806	11,284,782	9,901,020	15,183,636	13,222,914	13,755,981	9,302,193	17,874,563
Total business-type activities	13,657,958	19,663,440	22,178,806	11,284,782	9,901,020	15,183,636	13,222,914	13,755,981	9,302,193	17,874,563
Total primary government general revenues & other changes in net position										
	\$ 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	\$ 134,288,112
CHANGE IN NET POSITION										
Governmental activities	\$ 34,778,457	\$ 25,623,159	\$ 24,958,157	\$ 8,206,212	\$ 2,168,393	\$ (2,843,408)	\$ 1,256,508	\$ (7,068,171)	\$ 2,046,592	\$ 13,331,674
Business-type activities	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	14,219,580
Total primary government	\$ 52,164,395	\$ 49,924,020	\$ 51,352,117	\$ 14,074,148	\$ 7,835,092	\$ (4,293,937)	\$ 12,735,165	\$ (305,737)	\$ 9,099,650	\$ 27,551,254

STAT 03

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,797,563	\$ 9,617,592	\$ 9,376,820	\$ 36,951,411
Committed	-	-	-	-	-	-	467,553	254,608	158,569	137,648
Reserved Total	-	-	-	-	-	-	9,265,106	9,872,200	9,535,389	36,089,059
Unassigned	-	-	-	-	-	-	44,134,896	45,329,693	42,654,161	53,214,762
Unreserved Total	23,276,536	24,421,840	21,446,823	21,146,458	14,339,097	15,229,144	44,134,896	45,329,693	42,654,161	53,214,762
Total general fund	\$ 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	\$ 89,303,841
All other governmental funds										
Capital Improvement Reserve fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,224,561	\$ 472,452	\$ -	\$ -
Assigned	-	-	-	-	-	-	22,893,618	17,910,076	16,503,700	16,012,751
Total	24,459,175	26,440,411	26,667,764	23,356,244	22,480,222	23,943,481	25,118,179	18,382,528	16,503,700	16,012,751
Special Revenue funds										
Nonspendable	-	-	-	-	-	-	13,282,625	13,584,940	434,160	-
Restricted	-	-	-	-	-	-	21,822,078	16,869,664	29,467,274	32,185,757
Assigned	-	-	-	-	-	-	5,400,843	6,171,702	5,597,316	6,092,759
Unassigned	-	-	-	-	-	-	(290,716)	(234,862)	(99,335)	(28,238)
Total	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	38,250,278
Debt Service funds										
Assigned	-	-	-	-	-	-	104,223	66,779	32,199	23,475
Unassigned	-	-	-	-	-	-	(5,000)	-	-	-
Total	1,244,315	1,111,465	784,293	514,368	182,572	141,447	99,223	66,779	32,199	23,475
Capital Projects funds										
Restricted	-	-	-	-	-	-	586,964	-	-	-
Assigned	-	-	-	-	-	-	1,827,797	1,464,244	1,347,703	1,335,255
Unassigned	-	-	-	-	-	-	(73,379)	-	-	-
Total	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	1,335,255
Total all other governmental funds	\$ 82,053,331	\$ 87,697,329	\$ 93,027,713	\$ 86,335,871	\$ 97,331,438	\$ 95,495,572	\$ 67,773,614	\$ 56,304,995	\$ 53,283,017	\$ 55,621,759



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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes (see STAT 05)	\$ 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	\$ 102,209,927
Licenses and permits	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	1,893,008
Intergovernmental revenues	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	9,322,322
Charges for services	10,943,164	10,169,950	10,973,480	11,111,058	11,617,508	11,366,835	10,300,666	10,713,543	10,887,103	13,015,660
Fines and forfeits	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	1,941,355
Other revenues	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)	7,016,585
Total revenues	115,045,605	119,162,295	129,597,080	137,001,142	123,316,170	122,156,937	123,782,053	125,179,745	126,358,590	135,398,857
EXPENDITURES										
General government services	\$ 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	\$ 23,281,469
Security of persons and property	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	63,935,921
Physical environment	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	238
Transportation	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	6,479,364
Economic environment	5,171,774	5,206,800	5,471,561	6,132,699	5,966,209	6,774,540	5,886,619	6,130,190	6,822,836	6,421,104
Mental and physical health	22,239	21,233	18,138	23,324	36,022	20,341	25,117	26,659	925,972	957,605
Culture and recreation	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	15,154,251
Capital outlay	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	8,708,162
Debt service:										
Principal	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	10,659,316
Interest	1,765,365	1,949,970	1,833,568	1,427,968	1,076,646	819,205	806,751	1,079,100	526,252	489,641
Other debt service costs	67,274	64,360	50,610	48,255	50,179	45,267	91,968	39,648	12,118	59,538
Total expenditures	120,726,579	115,284,695	127,348,568	150,291,625	136,583,284	127,259,402	126,327,992	139,018,230	136,672,645	136,146,609
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(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)	(747,752)
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	-	250,000	-	-	-	-	-	-	-	27,665,000
Refunding debt issued	-	-	-	-	-	-	-	14,990,718	-	8,200,000
Payments to debt escrow agent	-	-	-	-	-	-	-	(14,800,000)	-	-
Disposition of capital assets	190,039	2,838,549	831,352	561,174	1,596,399	81,031	161,718	7,853	18,678	42,865
Transfers in	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	39,613,074
Transfers out	(17,869,758)	(17,748,295)	(23,202,762)	(23,349,132)	(17,140,074)	(20,155,854)	(8,303,299)	(31,068,283)	(8,761,408)	(35,320,154)
Total other financing sources (uses)	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	40,200,785
Special items	-	-	-	4,862,704	13,692,128	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(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)	39,453,033
Debt service as percentage of noncapital expenditures *	8.86%	5.82%	5.31%	3.42%	5.29%	2.22%	1.07%	2.61%	1.17%	8.87%

* 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

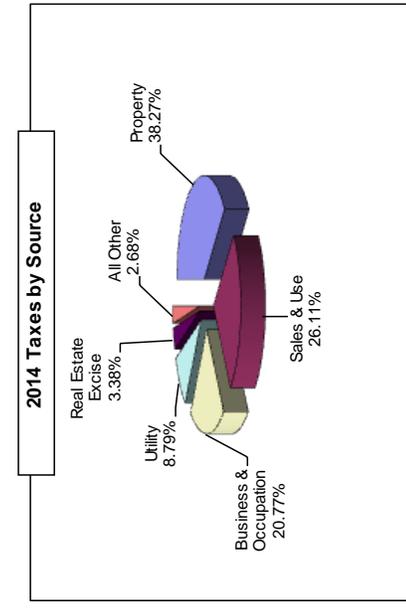
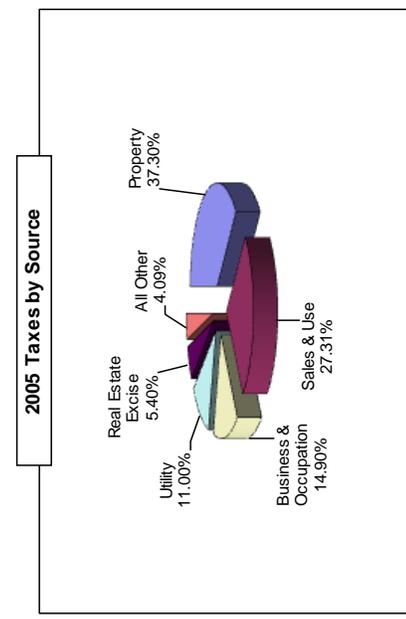
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

Fiscal Year	Property *	Sales & Use **	Hotel/Motel	Business & Occupation	Admissions	Utility	Cable Franchise	Leasehold	Real Estate Excise	Gambling	Other	Total
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	36,373,048	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
2014	39,114,443	26,691,791	333,845	21,232,363	351,989	8,984,618	1,403,311	361,968	3,444,007	291,592	-	102,209,927

% Change	2005 - 2014	21.08%	12.83%	69.24%	64.51%	-49.66%	-5.73%	69.82%	9.06%	-26.35%	-80.27%	-100.00%	18.00%
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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.



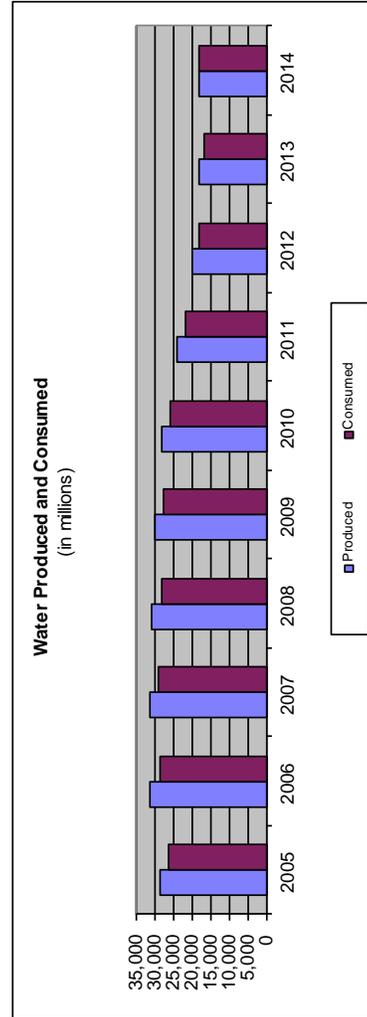
The graphs above combine Hotel/Motel, Admissions, Cable Franchise, Leasehold, Gambling, and Other taxes into the "All Other" category.

STAT 6a

WATER PRODUCED AND CONSUMED
and WASTEWATER TREATED
LAST TEN FISCAL YEARS

Year	Gallons of Water				Average Percent Unbilled	Gallons of Wastewater		Total Direct Rates			
	Produced	Consumed	Unbilled	Treated		Produced	Treated	Water Base Rate ¹	Water Usage Rate	Sewer Base Rate	Sewer Usage Rate
2005	28,432	26,157	2,275	6,818	8.00%	6,818	10.26	1.71	34.15	3.79	
2006	30,927	28,453	2,474	7,000	8.00%	7,000	11.25	1.87	38.40	4.27	
2007	31,287	28,785	2,502	6,513	8.00%	6,513	11.82	1.97	38.40	4.27	
2008	30,470	28,031	2,439	6,805	8.00%	6,805	12.42	2.07	38.40	4.27	
2009	29,894	27,503	2,391	6,706	8.00%	6,706	13.20	2.20	40.30	4.48	
2010	28,036	25,791	2,245	7,056	8.01%	7,056	14.10	2.35	42.40	4.71	
2011	23,676	21,782	1,894	7,145	8.00%	7,145	15.06	2.51	44.50	4.94	
2012	19,920	17,747	1,543	7,609	7.75%	7,609	16.02	2.67	46.70	5.19	
2013	18,062	16,763	1,399	6,455	7.75%	6,455	15.13	3.02	48.00	5.33	
2014	18,110	17,747	363	7,310	2.00%	7,310	16.92	3.38	49.50	5.50	

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



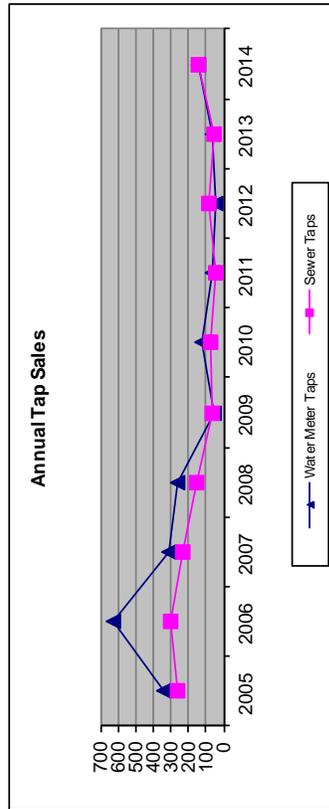
Source: City of Everett Water/Sewer Utility Department

STAT 6b

**ANNUAL TAP SALES
LAST TEN FISCAL YEARS**

Year	Water Meter Taps Sold *		Sewer Taps Sold		Total Taps
	Sold *	Sold	Sold	Sold	
2005	344	257	257	601	
2006	630	305	305	935	
2007	308	233	233	541	
2008	266	155	155	421	
2009	54	67	67	121	
2010	122	70	70	192	
2011	62	41	41	103	
2012	49	85	85	134	
2013	66	54	54	120	
2014	142	147	147	289	

* 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 2009.

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					
	Residential	Commercial	Industrial	Other	Total	Residential	Commercial	Industrial	Other	Total
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
2014	24,030	2,928	41	538	27,537	21,429	1,852	33	150	23,464

Source: City of Everett Water/Sewer Utility Department

STAT 6d

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
WATER RATES										
Base rate (meter size)										
Flat rate	\$17.10	\$18.75	\$19.70	\$20.70	\$22.00	\$23.50	\$25.10	\$26.10	\$30.24	\$33.83
3/4"	10.26	11.25	11.82	12.42	13.20	14.10	15.06	16.02	15.13	16.92
1"	17.10	18.75	19.70	20.70	22.00	23.50	25.10	26.70	30.24	33.83
2"	20.52	22.50	23.64	24.84	26.40	28.20	30.12	32.04	36.29	40.61
Over 2"	27.36	30.00	31.52	33.12	35.20	37.60	40.16	42.72	48.39	54.14
Usage rate (per CCF)	\$1.71	\$1.87	\$1.97	\$2.07	\$2.20	\$2.35	\$2.51	\$2.67	\$3.02	\$3.38

SEWER RATES

Flat rate	\$34.15	\$38.40	\$38.40	\$38.40	\$40.30	\$42.40	\$44.50	\$46.70	\$48.00	\$49.50
Usage rate (per CCF)	3.79	4.27	4.27	4.27	4.48	4.71	4.94	5.19	5.33	5.50

Source: City of Everett Water/Sewer Utility Department

STAT 6e

LARGEST WATER and SEWER CUSTOMERS
CURRENT YEAR AND TEN YEARS AGO

Customer	2005 Water Revenue			2014 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 9,361,832	1	27.50%	\$ 17,922,254	1	76.86%
Alderwood Water District	7,563,177	2	22.21%	9,094,277	2	39.00%
Lake Stevens PUD	1,268,501	4	3.73%	2,051,282	3	8.80%
City of Marysville	941,277	6	2.76%	1,981,350	4	8.50%
City of Monroe	599,487	7	1.76%	1,285,560	5	5.51%
Mukilteo Water District	1,110,304	5	3.26%	373,273	6	1.60%
City of Snohomish	116,458	9	0.34%	318,449	7	1.37%
Silver Lake Water District	411,926	8	1.21%	262,657	8	1.13%
Kimberly Clark**	1,497,917	3	4.40%	-	9	0.00%
Subtotal	22,870,879		67.17%	33,289,102		142.77%
Balance from other customers	446,175		1.91%	758,512		2.23%
Grand total	\$ 23,317,054		69.09%	\$ 34,047,614		144.99%

Customer	2005 Sewer Revenue			2014 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
City of Everett	\$ 14,856,544	1	51.23%	\$ 22,130,941	1	107.82%
Silver Lake Water District	3,405,164	2	11.74%	4,818,445	2	23.48%
Alderwood Water District	1,555,016	3	5.36%	1,439,023	3	7.01%
Mukilteo Water District	693,697	4	2.39%	598,713	4	2.92%
City of Snohomish	14,449	5	0.05%	13,050	5	0.06%
Grand total	\$ 20,524,870		70.77%	\$ 29,000,172		141.29%

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

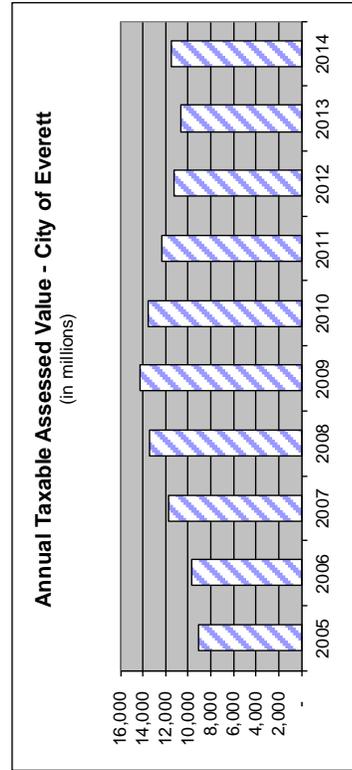
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Multi-Family Property	Other Property	Personal Property	State Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ²
2005	4,565,991,700	3,214,149,234	1,079,908,157	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)	9,701,398,133	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)	11,719,014,102	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)	13,421,441,112	2.643
2009	6,183,791,200	5,076,738,700	1,416,851,000	17,658,800	1,950,129,800	408,719,700	1,289,759,368	224,083,430	(2,976,597,235)	14,261,787,954	2.502
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	1,558,869,320	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
2013	4,723,071,200	4,554,718,200	1,488,254,587	15,112,600	1,607,530,000	291,666,300	1,406,093,783	179,594,462	(2,754,504,427)	11,511,536,705	3.431

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.

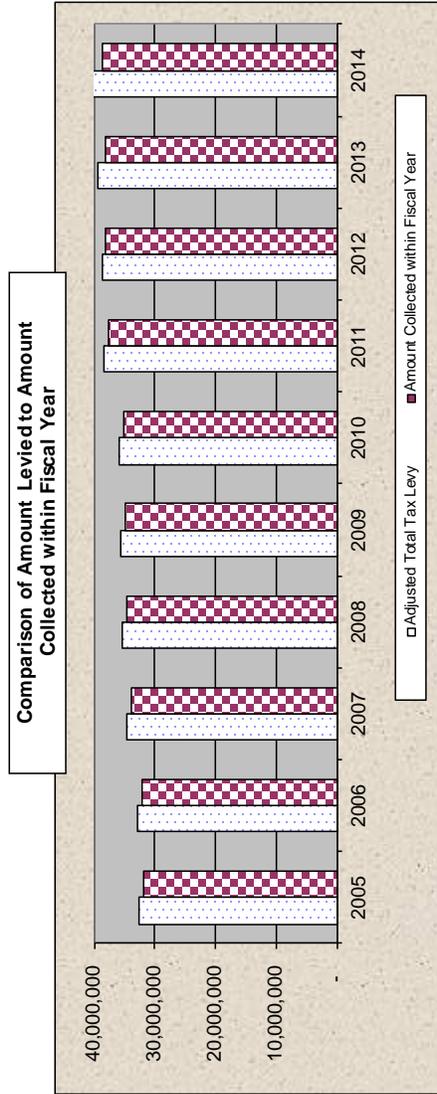


Source: Snohomish County Assessor's Office.

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 Amount	Percentage of Adjusted Levy	Collections in Subsequent Years	Total Collections to Date Amount	Percentage of Adjusted Levy
2005	32,474,466	(51,272)	32,423,194	31,741,124	97.9%	681,601	32,422,725	100.0%
2006	33,028,740	(255,708)	32,773,032	32,160,647	98.1%	611,602	32,772,249	100.0%
2007	34,712,808	(197,708)	34,515,101	33,814,845	98.0%	697,382	34,512,227	100.0%
2008	35,442,101	(257,005)	35,185,096	34,613,826	98.4%	573,234	35,187,060	100.0%
2009	35,678,786	(270,132)	35,408,654	34,804,805	98.3%	576,609	35,381,415	99.9%
2010	36,088,548	(222,034)	35,866,514	35,170,678	98.1%	565,452	35,736,130	99.6%
2011	38,420,299	(86,298)	38,334,002	37,596,649	98.1%	684,315	38,280,964	99.9%
2012	38,612,025	(27,945)	38,584,080	38,084,348	98.7%	514,601	38,598,948	100.0%
2013	39,497,033	(131,424)	39,365,608	38,046,225	96.6%	213,600	38,259,825	97.2%
2014	40,662,855	-	40,662,855	38,705,330	95.2%	-	38,705,330	95.2%

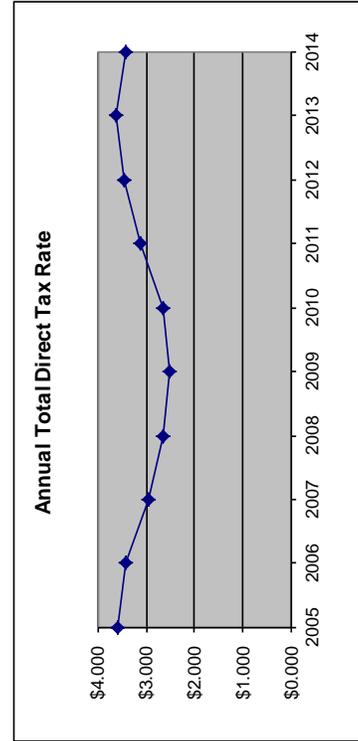


Source: Snohomish County Assessor's Office.

STAT 07c

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Direct Rates:										
Regular	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197	\$2.331	\$2.608	\$2.955	\$3.133	\$2.931
Subtotal-Regular Levy	\$3.101	\$2.934	\$2.557	\$2.280	\$2.197	\$2.331	\$2.608	\$2.955	\$3.133	\$2.931
Emergency Medical	\$0.431	\$0.408	\$0.355	\$0.317	\$0.305	\$0.324	\$0.500	\$0.500	\$0.500	\$0.500
82 G.O. Housing Bond	0.014	0.013	0.011	0.010	0.000	0.000	0.000	0.000	0.000	0.000
88 G.O. Housing Bond	0.052	0.049	0.041	0.036	0.000	0.000	0.000	0.000	0.000	0.000
City Total	\$3.598	\$3.404	\$2.964	\$2.643	\$2.502	\$2.655	\$3.108	\$3.455	\$3.633	\$3.431
Overlapping Taxes:										
County	\$1.098	\$0.999	\$0.840	\$0.723	\$0.717	\$0.782	\$0.868	\$0.982	\$1.077	\$1.079
State School	2.789	2.532	2.165	1.906	1.909	1.993	2.206	2.379	2.433	2.384
Local School	5.015	4.733	4.349	4.000	4.128	4.626	5.438	6.168	6.549	5.974
Port of Everett	0.353	0.330	0.310	0.276	0.267	0.285	0.285	0.345	0.290	0.353
Grand Total	\$12.853	\$11.998	\$10.628	\$9.548	\$9.523	\$10.341	\$11.905	\$13.329	\$13.982	\$13.221



Source: Snohomish County Assessor's Office.

STAT 07d

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2005			2014		
		Taxable Assessed Valuation (AV) ²	Rank	% of Total City Taxable AV	Taxable Assessed Valuation (AV) ¹	Rank	% of Total City Taxable AV
The Boeing Co	Aerospace	\$ 1,204,851,274	1	12.41%	\$ 2,105,082,163	1	18.29%
Fluke Electronics Corp	Electronics	83,645,316	4	0.86%	88,094,888	2	0.77%
Frontier Communications NW (Verizon)	Telecommunications	163,402,572	3	1.68%	78,602,104	3	0.68%
Everett Mall LLC	Development				66,442,100	4	0.58%
Kimberly-Clark World Wide, Inc	Pulp and Paper				54,397,900	5	0.47%
Stockpot Inc	Consumer Food Mfg	218,957,703	2	2.26%	53,006,942	6	0.46%
Millington Apartments LLC	Apartments				45,932,000	7	0.40%
ERGS XV REO Owner LLC	Development				45,698,500	8	0.40%
CP III Waterford LLC	Development				44,847,778	9	0.39%
Achilles USA Inc	Manufacturing				42,323,402	10	0.37%
Puget Sound Energy	Energy Services	28,987,667	8	0.30%			
Steadfast Properties & Development	Development	41,555,762	5	0.43%			
GRE Fulton's Landing	Development	41,011,800	6	0.42%			
Providence General Medical Center	Medical	34,713,800	7	0.36%			
JER/FSC Covington	Apartments	24,514,100	9	0.25%			
		24,148,000	10	0.25%			
		<u>\$ 1,865,787,994</u>		<u>19.22%</u>	<u>\$ 2,624,427,777</u>		<u>22.81%</u>

¹ 2014 total assessed value - \$11,511,536,706

² 2005 total assessed value - \$9,708,398,133

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				
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	
2014	48,260,000	772,960	-	-	-		5,000,000	142,965,000	34,564,395	86,283	40,298	231,688,936	0.66%	2,209	

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
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
2014	53,260,000	0.43%	508

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.

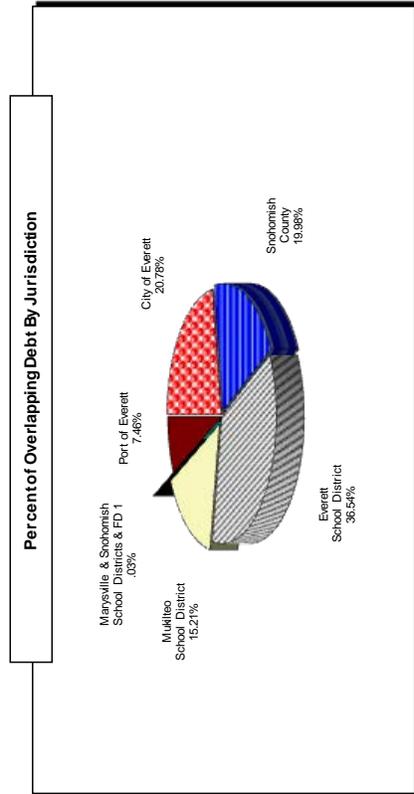
STAT 10

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Snohomish County	\$ 332,338,492	14.18%	\$ 47,140,134
Everett School District No. 2	179,615,000	48.01%	86,227,263
Mukilteo School District No. 6	89,995,000	39.89%	35,901,602
Snohomish School District No. 201	331,770,000	0.01%	30,368
Marysville School District No. 25	81,865,000	0.05%	43,958
Port of Everett	20,315,000	80.11%	16,273,758
Other debt			
Snohomish County - Assessment Debt	135,000	14.18%	19,149
Port of Everett - Notes Payable	1,662,252	80.11%	1,331,582
Subtotal, overlapping debt			186,967,814
City direct debt			54,032,960
Total direct and overlapping debt			<u>\$ 241,000,774</u>

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

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 2014

	Non-voted debt limit (1.5% of assessed value)	Voted debt limit (1.0% of assessed value)
Assessed Value	12,519,157,882	12,519,157,882
Debt limit	187,787,368	125,191,579
Debt applicable to limit:		
Total general obligation debt	54,032,960	0
Less: Amount set aside for repayment of GO debt	0	0
Total net debt applicable to limit	54,032,960	0
Legal debt margin	133,754,408	125,191,579

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Non-voted debt limit *	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	187,787,368
Total net debt applicable to limit	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	54,032,960
Legal debt margin	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	133,754,408
Total net debt applicable to the limit as a % of debt limit	38.64%	33.61%	21.83%	17.50%	13.96%	18.37%	19.32%	18.84%	25.18%	28.77%
Voted debt limit *	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	125,191,579
Total net debt applicable to limit	1,540,449	1,030,917	490,618	0	0	0	0	0	0	0
Legal debt margin	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	125,191,579
Total net debt applicable to the limit as a % of debt limit	1.70%	1.06%	0.42%	0.00%	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

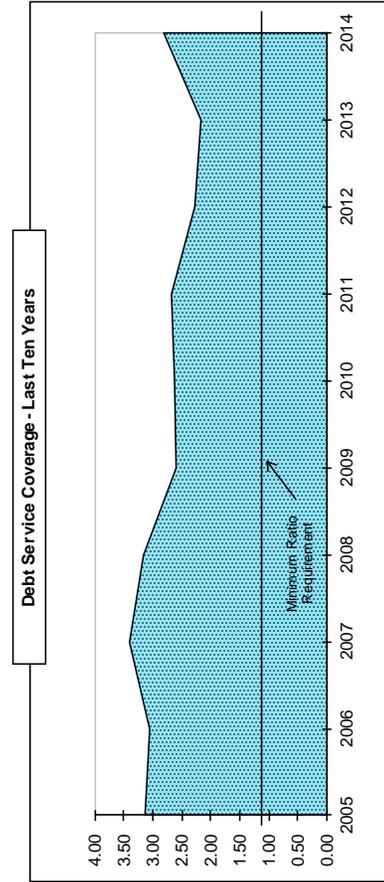
PLEGDED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

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
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
2014	76,242,508	43,490,544	32,751,964	4,915,000	6,620,650	11,535,650	2.84

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

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



Ratio required by covenants 1.25

STAT 13
Page 1 of 2

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

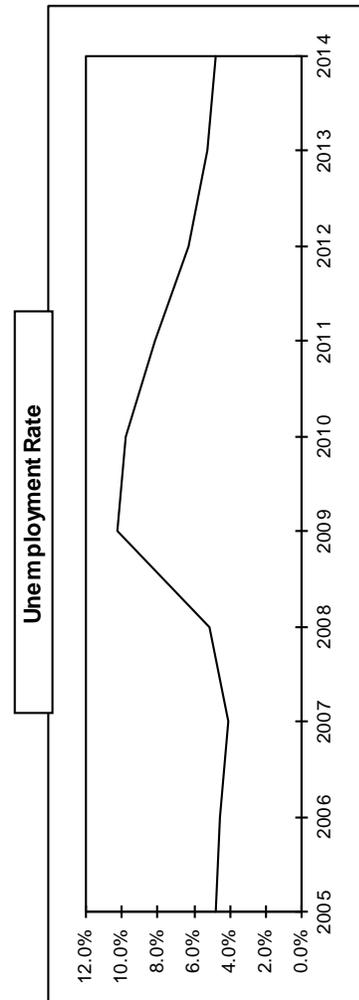
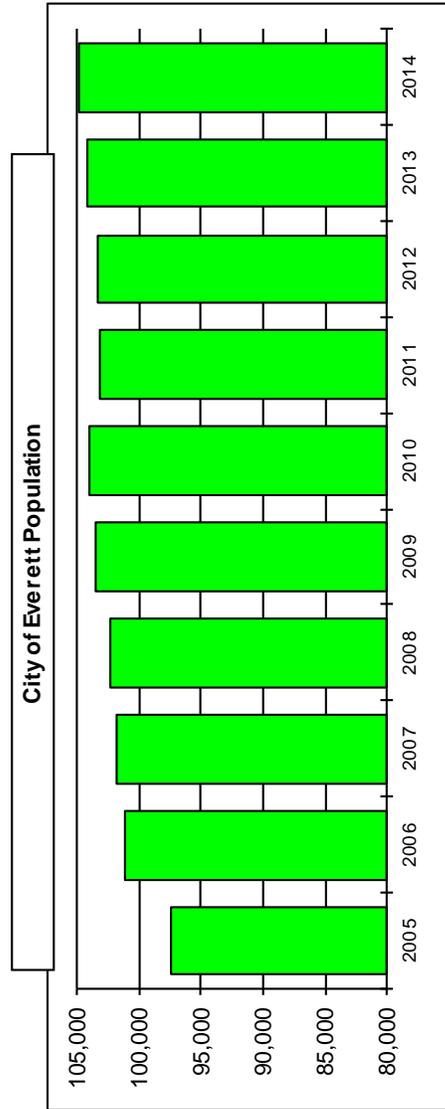
Year	City of Everett Population ⁽¹⁾	Personal		Unemployment Rate ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾
		Income ⁽²⁾ (thousands of dollars)	Per Capita Personal Income ⁽²⁾			
2005	97,500	22,746,131	34,963	4.8%	35.6	17,893
2006	101,100	24,666,204	37,115	4.5%	35.7	18,786
2007	101,800	27,179,614	40,302	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
2014	104,900	34,858,553	46,733	4.8%	38.3	19,157

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.

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



STAT 14

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2005			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Boeing Company	23,000	1	28.75%	40,000	1	36.85%
Naval Station Everett	6,110	2	7.64%	6,350	2	5.85%
State of Washington	3,239	3	4.05%	5,400	3	4.97%
Providence Everett Medical Center	2,653	5	3.32%	3,500	4	3.22%
Snohomish County Government	3,100	4	3.88%	2,700	5	2.49%
The Everett Clinic	1,252	10	1.57%	2,500	6	2.30%
Everett School District	2,000	6	2.50%	2,025	7	1.87%
Fluke Corporation	1,600	8	2.00%	1,200	8	1.11%
City of Everett	1,400	9	1.75%	1,136	9	1.05%
Aviation Technical Services	1,760	7	2.20%	1,000	10	0.92%
Rinker Materials NW						
Verizon NW						
Goodrich Corp (Aerospace)						
	<u>46,114</u>		<u>57.64%</u>	<u>65,811</u>		<u>60.63%</u>

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 *									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General government services	136.90	137.40	140.50	145.50	147.60	149.10	145.30	145.43	143.43	143.13
Council	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Legal	15.50	15.50	16.50	18.50	18.50	20.00	19.00	19.00	18.00	18.00
Administration	7.40	7.40	7.40	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Economic development	1.50	1.50	1.50	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Municipal court	13.60	13.60	13.60	14.60	14.65	14.65	14.65	14.65	14.65	14.65
Probation	3.30	3.80	3.90	5.40	5.45	5.45	5.45	5.45	5.45	5.45
HR	12.00	12.00	12.00	13.50	13.50	13.50	13.50	13.50	13.63	13.63
Finance	20.80	20.80	20.80	20.80	20.80	20.80	20.00	20.00	20.00	20.00
IT	14.80	14.80	15.80	15.80	16.80	16.80	16.80	16.80	16.80	17.00
Facilities	40.00	40.00	41.00	41.00	41.00	41.00	39.00	39.00	38.00	38.00
Police	220.00	220.00	240.00	242.00	246.00	246.00	244.00	244.00	244.00	244.00
Civilian	39.00	39.00	44.00	44.00	47.00	45.00	43.00	43.00	43.00	43.00
Uniformed	181.00	181.00	196.00	198.00	199.00	201.00	201.00	201.00	201.00	201.00
Fire/EMS	190.00	191.00	192.00	191.80	190.80	186.00	186.00	186.00	186.00	186.00
Fire	152.00	142.00	143.00	142.80	142.80	143.00	143.00	143.00	143.00	143.00
Emergency medical services	38.00	49.00	49.00	49.00	48.00	43.00	43.00	43.00	43.00	43.00
Engineering & construction services	50.80	51.80	52.80	52.20	52.15	47.65	47.55	47.05	44.05	44.05
Transportation	24.50	24.60	24.60	26.60	26.55	26.55	26.55	26.55	26.55	26.55
Community services	39.00	40.00	43.00	44.00	46.00	43.00	41.00	41.00	39.00	39.00
Planning	18.50	18.50	15.50	16.50	16.50	16.50	15.50	16.00	15.00	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	10.00	16.00	16.00	18.00	15.00	14.00	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community housing	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.00	4.00	4.00
Library	42.20	42.20	43.00	43.00	43.00	42.20	41.20	40.80	40.80	40.80
Culture and recreation	55.10	55.10	58.10	61.10	61.10	61.10	61.10	61.10	58.10	58.10
Parks	55.00	54.00	57.00	60.00	60.00	60.00	60.00	60.00	57.00	57.00
Theater	0.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Total FTEs governmental activities ¹	758.50	762.10	794.00	806.20	813.20	801.60	792.70	791.93	761.93	761.63
Business-Type Activities:										
Water/Sewer	182.90	186.90	196.90	200.90	213.85	215.20	218.30	219.80	222.80	223.30
Solid waste	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Transit	117.70	125.00	131.00	135.60	143.60	144.00	144.00	144.00	144.87	144.87
Golf	10.00	10.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Total FTEs business-type activities ²	311.20	322.50	336.50	345.10	366.05	367.80	370.90	372.40	376.27	376.77
Internal Service:										
Motor vehicle department	26.30	26.00	26.00	26.00	26.00	26.00	24.00	24.00	22.13	22.13
Telecommunications	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total FTEs internal services	28.30	28.00	29.00	29.00	29.00	29.00	27.00	27.00	25.13	25.13
Total City FTEs	1,088.00	1,112.60	1,153.50	1,180.30	1,208.25	1,188.40	1,190.60	1,191.33	1,163.33	1,183.53
Annual percent change total city	2.50%	1.33%	4.22%	1.79%	2.37%	-0.82%	-0.65%	0.06%	-0.67%	0.02%

* 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 In 2005, the Facilities department (included in general government services) took over management of the Everett Station, formally 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. In 2009, Water/Sewer Utilities (included in business-type activities) added 13 FTEs to support increased maintenance requirements and increased construction projects. The general government labor budget was reduced by 6.4 FTEs (2010), 8.9 FTEs (2011), and 7 FTEs (2013), largely through attrition and elimination of vacant positions, as the Administration continued to manage vacant positions and redistribute workload.

² The Transit department has added several employees between 2004 and 2010 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimate 2014
General government services										
Municipal Court										
Total filings (infraction, parking, criminal)	25,230	24,800	32,130	40,742	43,529	41,969	36,044	26,811	23,833	26,969
Finance										
Active business license accounts	8,408	9,295	8,480	9,100	10,000	8,449	8,075	8,477	8,273	8,745
Public information requests	444	539	471	534	550	703	750	836	836	864
Police										
Case Reports Written	26,826	28,866	30,165	27,560	25,821	26,874	26,874	25,516	26,010	26,124
Traffic violations	7,474	6,408	8,409	10,799	10,291	13,082	13,082	10,787	10,745	11,709
Parking violations	14,546	15,819	15,604	23,922	27,000	22,215	22,215	12,242	9,660	12,248
Auto thefts	1,586	1,506	1,850	1,175	678	1,141	1,141	990	1,034	1,089
Financial crimes investigated	1,252	1,397	1,386	1,527	1,530	1,266	1,266	1,120	1,198	987
Computer forensics	32	40	22	23	33	36	38	30	35	17
Fire/EMS										
Fire/EMS alarm totals	17,195	18,468	18,775	18,203	18,381	17,733	17,851	18,682	19,537	21,000
Structure fires	114	142	118	87	92	101	88	109	100	100
Mobile vehicle/property fires	109	115	79	65	82	63	58	51	51	60
Outdoor and other fires	149	136	230	225	210	227	228	249	212	232
Inspections	4,700	4,708	4,055	3,519	1,556	1,993	1,993	2,017	2,504	2,500
Engineering & construction services										
Permits issued	5,500	6,400	7,100	5,100	4,500	4,400	4,041	3,800	5,553	5,500
Inspections	11,400	13,600	15,200	14,000	12,000	9,800	9,600	9,100	8,900	9,500
Transportation										
Street patching/paving (in sq ft)	242,030	212,860	214,680	464,219	255,312	137,600	176,280	157,280	349,280	400,000
Curbs and gutters replaced (in lineal ft)	4,984	18,460	4,807	2,755	5,000	4,106	5,189	5,114	8,850	12,102
Sidewalk/streets replaced (in sq ft)	90,082	69,578	77,856	69,353	89,000	80,618	84,334	101,698	192,210	221,018

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimate 2014
Community services										
Planning	1,312	1,328	1,028	1,200	1,800	1,180	1,016	926	926	976
Code enforcement actions										
Senior Center	25,967	23,838	24,296	23,968	22,626	16,833	18,152	17,389	15,257	15,626
Animal Services	2,372	2,470	2,464	2,037	1,995	2,160	2,046	1,583	1,391	1,704
Adoptions	4,544	4,439	4,730	3,903	2,939	2,874	2,407	1,926	1,874	1,677
Owner releases										
Library	996,639	948,997	893,455	989,626	1,060,000	1,088,624	1,069,841	1,071,800	1,021,143	1,008,079
Total number of materials circulated	66,128	66,945	65,949	76,105	72,622	77,113	56,822	65,792	64,978	61,212
Number of reference questions asked										
Culture and recreation										
Athletic program participants	33,400	32,600	34,000	34,500	35,340	30,159	32,340	30,910	32,723	32,908
Recreational swim participants	84,100	82,100	85,000	82,000	74,278	74,886	61,515	63,300	59,897	52,647
Jetty Island visitors	27,200	28,700	29,500	34,216	47,792	45,497	45,497	46,549	43,753	39,777
Theater attendance	68,071	80,433	75,350	81,000	82,500	82,279	78,620	68,387	66,061	67,234
Water/Sewer										
Water										
New connections	344	630	308	155	59	109	**1,247	41	125	152
Water main breaks	29	18	16	32	21	14	39	16	27	21
Average daily consumption (mgd) - finished water	50.8	55.5	52.9	52.4	54.4	48.7	48.8	49.0	49.4	49.6
Peak daily consumption (mgd) - finished water	90.3	110.0	102.2	94.5	115.0	88.0	75.0	77.0	82.4	85.0
Treated water delivered (mg)	16,872	19,026	19,332	19,193	19,850	17,255	17,065	17,111	18,031	18,110
Untreated water delivered (mg)	9,285	9,427	9,778	10,061	10,044	10,781	6,611	2,179	0	0
Water customers served by system	505,000	516,000	528,000	551,000	557,000	557,000	557,000	557,000	560,000	566,000
Sewer										
Average daily sewage treated (mg)	19	19	18	19	18	19	19	21	18	18
Sewage treated (mg)	6,818	7,000	6,513	6,805	6,706	7,056	7,145	7,609	6,455	7,310
Number of sanitary sewer customers within city	22,162	22,670	22,822	23,159	23,211	23,185	23,269	23,303	23,337	23,464

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

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimate 2014
Parking (Everpark Garage)										
Average monthly parkers	405	381	456	495	480	409	353	348	357	350
Average daily parkers	429	428	422	410	518	209	253	300	166	157
Transit										
Fixed route unlinked passenger trips (per svc hr)	21.0	21.0	21.4	22.5	20.9	17.6	19.2	20.3	20.0	19.9
Paratransit unlinked passenger trips (per svc hr)	2.7	2.7	2.4	2.5	2.5	2.6	2.4	2.4	2.4	2.3
Total fixed route miles	1,093,744	1,265,534	1,442,420	1,378,016	1,590,849	1,798,223	1,662,047	1,550,866	1,345,855	1,340,148
Fixed route passengers	1,957,478	2,112,866	2,228,193	2,517,200	2,495,005	2,289,587	2,334,798	2,285,985	2,004,062	1,971,113
Paratransit passengers	91,366	95,169	103,302	111,674	108,952	113,581	119,232	108,846	113,008	120,739
Golf										
Total rounds at Walter E. Hall course	65,971	67,224	62,440	66,372	65,369	64,269	56,587	57,555	56,196	59,052
Total rounds at Legion Memorial course	56,162	59,531	58,732	62,287	63,013	61,952	57,024	59,993	59,466	59,615

Sources: Various city departments and the City Budget.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Police stations	2	2	2	2	2	2	2	2	2	2
Police vehicles	145	144	157	144	169	178	180	177	177	177
Harbor patrol boats	3	3	3	3	3	3	3	3	3	3
Fire/EMS										
Fire stations	7	7	7	6	6	6	6	6	6	6
Fire engines (pumpers)	11	11	11	11	11	7	7	7	9	9
Aerial ladder trucks	3	3	3	2	2	2	2	1	3	3
Emergency Medical Units	7	9	9	9	9	9	9	3	4	4
Transportation										
Paved streets (in miles)	314	314	321	321	321	321	337	337	337	337
Other improved streets (in miles)	28	28	28	28	28	28	28	28	28	28
Signalized intersections	161	162	169	172	177	178	180	183	183	176
Street lights	6,485	6,511	6,511	6,511	6,511	6,511	6,511	6,540	6,540	6,900
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	58	58	58	48	48	48	48	48	48	44
Total acreage owned/managed by City	1,213	1,213	1,213	1,600	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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water/Sewer										
Water										
Water mains (miles)	465	468	473	480	480	494	496	496	496	496
Fire hydrants	2,875	2,956	3,045	3,091	3,119	3,278	3,279	3,279	3,279	3,328
Water storage capacity (within city)(in mg)	85	85	85	85	85	78	78	78	78	54
Sewer										
Sanitary sewers (miles)	317	322	326	330	330	334	334	334	334	336
Storm sewers (miles)	231	243	246	254	254	259	290	290	290	292
Treatment capacity (mgd)	31	31	31	36	36	35	35	35	35	36
Parking										
Everpark parking garage	1	1	1	1	1	1	1	1	1	1
Transit										
Number of Buses	40	46	49	49	49	49	49	49	49	47
Number of Paratransit vehicles	18	18	24	22	22	22	22	26	28	28
Transit stations	1	2	2	3	3	3	3	3	3	3
Golf										
Municipal golf courses	2	2	2	2	2	2	2	2	2	2

Sources: Various city departments and the City Budget.



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SCHEDULE 16
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2014

MCAG NO. 0664

Federal Agency	Pass-Through Agency	Federal Prog Name	CFDA Number	Other ID Number	From Pass-Through Award	From Direct Award	Total
US Dept of Agriculture	WA Dept of Natural Resources	SNAP Partnership Grant	10.577		-	251	251
US Dept of Agriculture	WA Dept of Natural Resources	Cooperative Forestry Assistance	10.664		200	-	200
US Dept of HUD		Community Development Block Grants/Entitlement Grants	14.218			334,929	
US Dept of HUD		Community Development Block Grants/Entitlement Grants	14.218	Program Income		173,789	Note 3a
US Dept of HUD		Community Development Block Grants/Entitlement Grants	14.218	Program Income		778,119	Note 3a
US Dept of HUD		Community Development Block Grants/Entitlement Grants	14.218	Sub-Total	-	535	Note 3a
						1,287,372	1,287,372
US Dept of HUD	SnoCo Human Services	Home Investment Partnership Program	14.239		114,320		Note 3a
US Dept of HUD	SnoCo Human Services	Home Investment Partnership Program	14.239	Program Income	204,409		
				Sub-Total	318,729		318,729
US Dept of Interior	WA Dept of Archae & Hist Presst	Historic Preservation Fund Grants-In-Aid	15.904	FY14-61014-004			
US Dept of Justice	SnoCo Sheriff	Edward Byrne Memorial Formula Grant Program	16.579	F97-374-017	22,347		22,347
US Dept of Justice	WA Dept of Commerce	ARRA - Violence Against Women Formula Grants	16.588	F13-31103-060	31,272		31,272
US Dept of Justice		Bullet Proof Vest Partnership Program	16.607			6,422	
US Dept of Justice		Bullet Proof Vest Partnership Program	16.607			7,092	
				Sub-Total	-	13,514	13,514
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2383		3,806	Note 3b
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	Program Income		30	
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0342		12,507	Note 3b
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	Program Income		330	Note 3b
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0208		16,341	Note 3b
US Dept of Justice		Edward Byrne Memorial Justice Assistance Grant Program	16.738	Program Income		696	Note 3b
				Sub-Total	-	33,710	33,710
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	CM-STPE-2799(001) Congestion Mitigation	78,350		Note 5a
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	STP-UL-2588(001) Surface Transportation	3,301		Note 5a
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	HSIP-000S(240) Highway Safety Improvement	2,080		Note 5a
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	CM-0099(04) SR 99/Evergreen Way	144		Note 5b
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	STP-D-BRM-2715(009) Broadway Bridge	471,602		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	STP-UL-9931(012) 41st St to W Mainne View Dr	126,120		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	HSIP-000S(330) City Ct Safety Improv'mt	5,781		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	HSIP(000S(331) Pacific Ave & Broadway	6,045		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	SPTS-0420(021) Hawthorne Elementary	18,081		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	HSIP-2791(005) Evergreen & Pecks Dr	266,209		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	HSIP-000S(372) Everett Citywide Guadrail	467,731		
US DOT FHWA	WA DOT	Highway Planning and Construction	20.205	CM-STPE-0420(0180) 36th St/BNSF Rail	2,261		
				Sub-Total	1,449,705		1,449,705
US DOT FTA		Federal Transit Capital Investment Grant	20.500			12,692	12,692
US DOT FTA		Federal Transit-Formula Grants	20.507			16,000	
US DOT FTA		Federal Transit-Formula Grants	20.507			182,789	
US DOT FTA		Federal Transit-Formula Grants	20.507			509,717	
				Sub-Total		708,506	708,506

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

SCHEDULE 16
(Page 2 of 2)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2014

MCAG NO. 0664

Federal Agency	Pass-Through Agency	Federal Prog Name	CFDA Number	Other ID Number	From Pass-Through Award	From Direct Award	Total
US DOT	WA Traffic Safety Comm	State and Community Highway Safety	20.600		1,473		
US DOT	WA Traffic Safety Comm	State and Community Highway Safety	20.600		2,509		
US DOT	WA Traffic Safety Comm	State and Community Highway Safety	20.600		463		
		Sub-Total			4,445	-	4,445
US DOT	WA Traffic Safety Comm	Occupant Protection Incentive Grants	20.602		1,565	-	1,565
US DOT	WA Traffic Safety Comm	National Priority Safety Programs	20.616		9,784	-	9,784
US EPA		Brownfields Assmt & Cleanup Co-op Agr	66.818	BF-00J79301-0	-	110,839	110,839
US Dept of Homeland Security	WA Parks & Rec Comm	Boating Safety Financial Assistance	97.012	LE000-010	18,712	-	18,712
US Dept of Homeland Security	WA Military Department	Disaster Grants - Public Assistance	97.036	D12-141	54,551	-	54,551
US Dept of Homeland Security	WA Military Department	Hazard Mitigation Grant	97.039	D15-002	1,186	-	1,186
US Dept of Homeland Security	WA Military Department	Emergency Management Performance Grants (EMPG)	97.042	E14-135	49,571	-	49,571
US Dept of Homeland Security	WA Military Department	Emergency Management Performance Grants (EMPG)	97.042	E15-137	7,046	-	7,046
		Sub-Total			56,617	-	56,617
US Dept of Homeland Security	WA Military Department	Pre-Disaster Mitigation	97.047	E11-135	144	-	144
US Dept of Homeland Security	City of Seattle	Port Security Grant Program	97.056		230	-	230
US Dept of Homeland Security	Snohomish County	Homeland Security Grant Program	97.067	E12-203	32,366		
US Dept of Homeland Security	Snohomish County	Homeland Security Grant Program	97.067	E12-203	4,286		
US Dept of Homeland Security	Snohomish County	Homeland Security Grant Program	97.067	E13-152	13,219		
US Dept of Homeland Security	City of Seattle	Homeland Security Grant Program	97.067	E11-220	21,909		
US Dept of Homeland Security	City of Seattle	Homeland Security Grant Program	97.067	E14-093	19,578		
		Sub-Total			91,358	-	91,358
					2,089,898	2,166,884	4,256,782

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, 2014

SCHEDULE 15
(Page 1 of 1)

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	152,608
<u>Total WA State Transportation Improvement Board</u>		<u>152,608</u>
WA Traffic Safety Commission:		
School Zone Flashing Beacon/Lighting Project		7,500
<u>Total WA Traffic Safety Commission</u>		<u>7,500</u>
WA State Department of Transportation:		
Horizon Elementary School Walk Safety	HLP-SR09(016)	11,499
Pedestrian and Bicycle Safety: Evergreen Way	HLP-PB11(014)	19,761
Pedestrian and Bicycle Safety: North Everett	HLP-PB11(018)	320,039
Transportation Demand Management Implementation	GCB1571	89,476
Paratransit/Special Needs Transit Formula	GCB1603	285,763
Public Transportation Grant Program	GCA6899	206,883
<u>Total WA State Department of Transportation</u>		<u>933,421</u>
WA State Dept of Commerce		
Henry M Jackson Park Renovation	SWV0000348-00	148,831
2012 Energy Efficiency Grants for Local Governments	13-93222-047	129,979
<u>Total WA State Dept of Commerce</u>		<u>278,810</u>
WA State Department of Ecology:		
2012 Statewide Stormwater Grant Program	G1200541	188,135
2012 Statewide Stormwater Grant Program	G1200552	19,507
2012 Statewide Stormwater Grant Program	G1200574	19,675
2013-15 Stormwater Capacity Grant	G1400279	145,597
Local Toxics Control	G0900083	238,362
2011 Stormwater Retrofit & LID Competitive Grant	G1100274	128,595
Waste 2 Resources	G1400343	69,164
<u>Total WA State Department of Ecology</u>		<u>809,035</u>
WA Military Department:		
Hazard Mitigation Grant	D15-002	198
Disaster Grants - Public Assistance	D12-141	9,092
<u>Total WA Military Department</u>		<u>9,290</u>
WA Recreation and Conservation Office		
Washington Outdoor Recreation Account	RCO121085D	41,349
<u>Total WA Recreation and Conservation Office</u>		<u>41,349</u>
WA State Department of Health:		
Trauma Grant		1,473
<u>Total WA State Department of Health</u>		<u>1,473</u>
WA Association of Sheriffs and Police Chiefs (WASPC)		
Reg. Sex Offender Verification Program	N/A	41,926
Reg. Sex Offender Verification Program	N/A	57,691
<u>Total WA Association of Sheriffs and Police Chiefs (WASPC)</u>		<u>99,617</u>
WA State Administrative Office of the Courts (AOC)		
Court Interpreter Service	IAA14200	4,015
<u>Total WA State AOC</u>		<u>4,015</u>
		<u>2,337,118</u>
<u>TOTAL STATE ASSISTANCE</u>		
Snohomish County		
Snohomish County	A-14-75-04-198	10,999
	AHTF	58,011
<u>TOTAL LOCAL ASSISTANCE</u>		<u>69,010</u>
		<u>2,406,128</u>
<u>TOTAL STATE AND LOCAL ASSISTANCE</u>		

Note 5c

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE AND LOCAL FINANCIAL ASSISTANCE**NOTE 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.

NOTE 4 – NONCASH AWARDS- EQUIPMENT

The City received equipment and supplies that were purchased with federal Homeland Security funds by the Snohomish County and 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.

NOTE 5 –AWARD FOR PRIOR YEAR EXPENDITURE

- a) The City received additional award after the program was completed and grantor performed an administrative review. The amount represents prior years' expenditure and was not included in 2013's SEFA.
- b) An amendment was made to 2013 final billing to the grantor. Subsequently, the City received \$191,085 in 2014 for 2013's expenditure. This amount was not included in 2013's SEFA.
- c) An amendment was made to 2013 final billing to the grantor. Subsequently, the City received \$159,310 in 2014 for 2013's expenditure. This amount was not included in 2013's SEFA.