

# THE CITY OF MARYSVILLE, WASHINGTON COMPREHENSIVE ANNUAL FINANCIAL REPORT

(For the Year Ending December 31, 2013)



*“Experience Marysville—Live, Work, Play”*

Comprehensive Annual Financial Report  
For the Fiscal Year Ending  
December 31, 2013



Prepared by:  
Financial Planning Manager  
Denise Gritton

Administrative Services/Finance Director  
Sandy Langdon, CPA

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**Sandy Langdon**  
**Administrative Services/Finance Director**

1049 State Avenue  
Marysville, WA 98270

25 June 2014

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

This correspondence will formally transmit the Comprehensive Annual Financial Report (CAFR) of the City of Marysville for the year ended December 31, 2013. This submittal is in accordance with Washington State Statutes and Marysville code provisions. This report of the financial condition of the City also provides full financial disclosure in accordance with generally accepted accounting principles (GAAP).

Responsibility for the accuracy of the data, the completeness and reliability of all information presented in this report rests with management. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework 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). To the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the State Auditor's Office. The City's financial statements have been audited by the Washington State Auditor's office. The goal of an independent audit is to provide reasonable assurance that City financial statements for the fiscal year ended December 31, 2013 are free of material misstatements. The State Auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Marysville's statements are fairly presented in conformity with GAAP. The State Auditor's report is presented at the first component of the financial section of this report.

As the recipient of federal, state, and county financial assistance if the annual receipts exceed \$500,000 the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, Budget Circular A-133, Audits of State and Local Governments. This audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. During this reporting period the receipt of federal financial assistance exceeded the threshold, so the City was subject to a single audit.

GAAP requires that the City provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a "Management's Discussion and Analysis" (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Governmental Profile

The City of Marysville is located 35 miles north of downtown Seattle and 4 miles north of Everett in Snohomish County. To the west of the City are Interstate 5 and the Tulalip Indian Reservation and to the east lie the city of Lake Stevens and the foothills of the Cascade Mountains. The City and the immediate area is primarily suburban and rural residential with supporting retail and commercial enterprises. Light industrial and manufacturing business are located in the northern portion of the City. On December 30, 2009, Marysville became the second largest City in the county with a current population of 62,100 when the City annexed in the remaining Urban Growth Area. Incorporated in 1891, Marysville has developed into an ideally located economic center, one that offers residents

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

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

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

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

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

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

#### Factors Affecting Financial Condition

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

For 2014, the City continues to face challenging times ahead and recovery has not been as quick as we had hoped, but we are definitely starting to turn a corner. With cautious optimism we are moving ahead with several initiatives that were put on hold due to the economy. In 2014, the City will be establishing a capital reserve for future capital improvements, re-establishing a pavement preservation program, a facility replacement fund, and updating critical information technology needs. The City will be investing in the revitalization of the core downtown area as the City seeks to create a downtown and waterfront area that is a more vibrant, attractive and pedestrian-friendly place for visitors and shoppers. All of these things are being done while still maintaining and actually building the cash reserves in the General Fund. We are moving forward with an approach that is customer-focused and reflects the vision and priorities of our community. The City also feels it's important to look past 2014 and create a spending plan that fosters financial stability for the long term through cost controls, replenishing depleted reserves and paying off our debt more aggressively in the future.

#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marysville for its comprehensive annual financial report for the fiscal year ended December 31, 2012. The City has received the award each year starting in 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted account principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. Thank you to our department heads for understanding the importance of the financial status of this organization and as such, worked diligently to provide quality service within our financial means. It is to their credit that the citizens of the City of Marysville can rely on this report as the definitive discussion of all City financial operations.

Respectively Submitted:

*Sandy Langdon*

Sandy Langdon  
Administrative Services/Finance Director



Government Finance Officers Association

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

Presented to

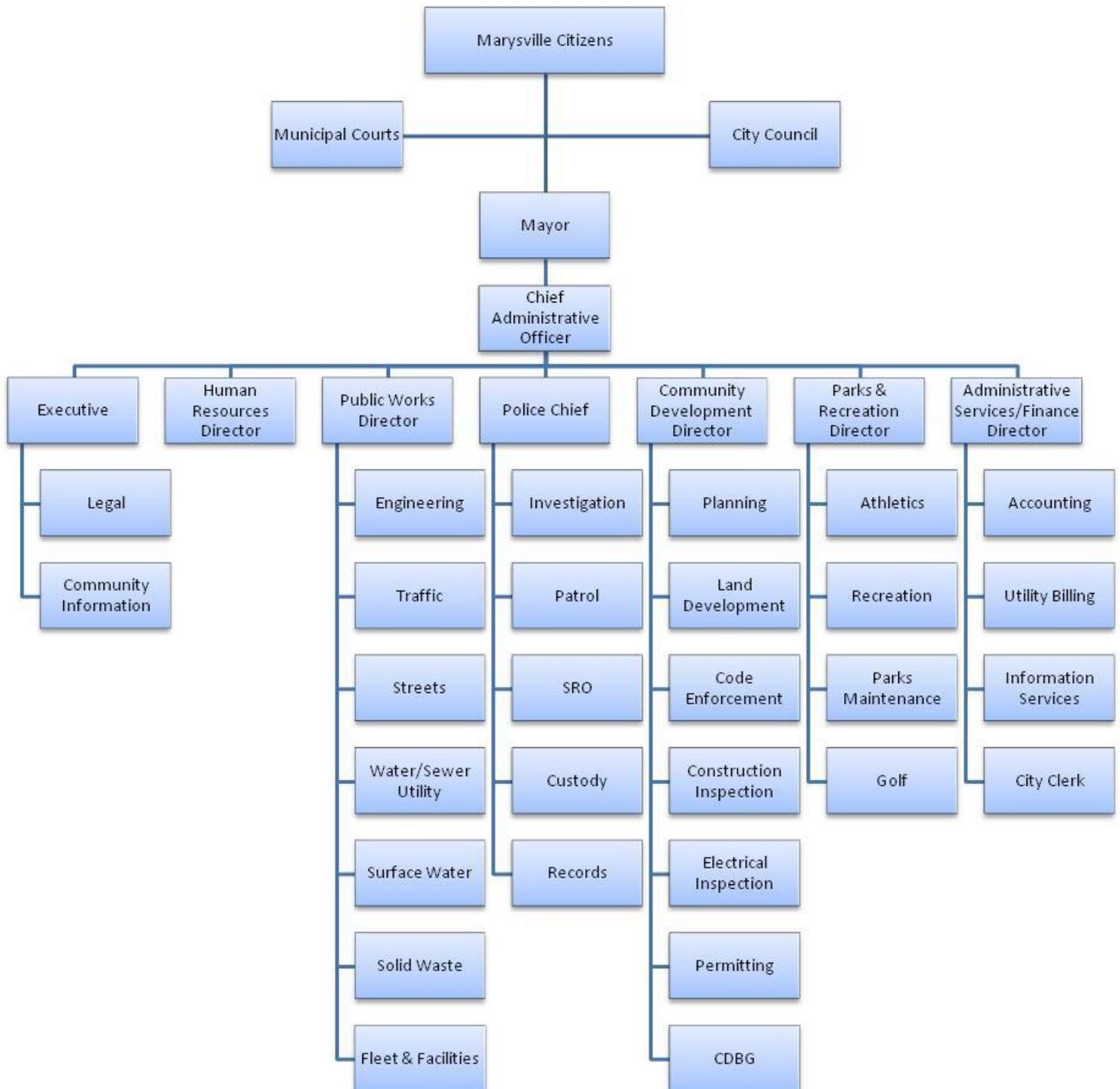
**City of Marysville  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

# CITY OF MARYSVILLE ORGANIZATIONAL CHART



**CITY OF MARYSVILLE  
PRINCIPAL OFFICIALS  
AS OF DECEMBER 31, 2013**

**ELECTED OFFICIALS**

Jon Nehring	Mayor	12/31/15
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**CITY COUNCIL**

Jeff Vaughan	Position 1	12/31/13
Donna Wright	Position 2	12/31/13
Jeff Seibert	Position 3	12/31/13
Michael Stevens	Position 4	12/31/13
Rob Toyer	Position 5	12/31/15
Steve Muller	Position 6	12/31/15
Kamille Norton	Position 7	12/31/13

**JUDGE**

Fred Gillings		12/31/13
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**ADMINISTRATIVE STAFF**

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



# Washington State Auditor Troy Kelley

## INDEPENDENT AUDITOR'S REPORT

June 25, 2014

Mayor and City Council  
City of Marysville  
Marysville, Washington

### ***REPORT ON FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marysville, Snohomish County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marysville, Snohomish County, Washington, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Matters of Emphasis***

As described in Note 1, during the year ended December 31, 2013, the City has implemented the Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 63 through 91 is presented for purposes of additional analysis and is not a required part of the basic financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we will also issue our report dated June 24, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Marysville presents this discussion and analysis of its financial performance to provide an overview of the City's financial activities for fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the associated notes.

### FINANCIAL HIGHLIGHTS

- Assets of the City of Marysville exceed its liabilities at the close of December 31, 2013 by approximately \$ 284 million. Of this amount approximately \$ 31 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's overall financial position increased compared to 2012. In 2013, the City's total net position increased \$ 7.2 million. Governmental activities increased by \$ 4.1 million and business-type activities increased by \$ 3.1 million.
- As of December 31, 2013, the City's governmental funds reported a combined ending fund balance of \$ 8.2 million, an increase of \$12.6 million from 2012.
- As of December 31, 2013, unassigned fund balance in the General Fund was \$ 12.4 million, or 36% of total General Fund expenditures.
- The City's total debt increased by \$ 3.8 million during calendar year 2013. The decrease of \$ 3.6 million of Business-type debt is associated with the annual debt service payments. The net increase of \$7.5 in governmental activities debt is less the annual debt service payments, plus the issuance of \$ 9.0 million in LTGO bonds. Additional detail on the latest bond issue is provided in note 10 of this report.

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

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred in regards to interfund activity, payable and receivables.

The Fund Financial Statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report assets and liabilities, and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

### OVERVIEW OF THE FINANCIAL STATEMENTS

#### Government-Wide Financial Statements

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

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

In the Statement of Net Position and the Statement of Activities, we separate the City activities as follows:

**Governmental Activities** – most of the City’s basic services are reported in this category, including General Government, Municipal Court, Police, Fire, Engineering, Parks/Recreation, Community Development, Street Maintenance, and General Government Debt Service. Property and sales taxes, user fees, interest income, franchise fees, and state and federal shared revenues and grants generally finance these activities.

**Business-Type Activities** – The City’s Waterworks Utility, Solid Waste, and Golf Course Funds are reported in this category. These types of activities are funded by the City charging a fee to customers to cover all or most of the cost of certain services it provides.

## FUND FINANCIAL STATEMENTS

The City, like other state and local governments, uses fund accounting to account for a number of funding sources and activities. In general, fund accounting provides a mechanism for separately accounting for a variety of different funding sources, and enables the City to demonstrate compliance with legal and/or contractual requirements that may be associated with these funds. Thus, the accompanying fund financial statements present individual funds, organized into one of three groups based on the nature of the activities and the purpose: Governmental, Proprietary or Fiduciary Funds. Note that the fund financial statements also include “other governmental funds” on the governmental funds, and “other enterprise funds” on the proprietary funds. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the Government-Wide Financial Statements. This is designed to explain the difference created by the integrated approach.

**Governmental Funds** – Most of the City’s basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides to its citizens. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences between the results shown in the Governmental fund financial statements and those shown in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental Fund financial statement.

**Proprietary Funds** – When the City charges customers for the service it provides, whether to outside City customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds include two components 1) enterprise funds and 2) internal service funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the City’s enterprise funds are the same as the business-type activities reported in the governmental-wide statement, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds are used to report activities that provide supplies and services for the City’s other programs and activities – such as fleet maintenance, facility maintenance, and computer maintenance funds. Because these funds largely benefit government rather than business-type functions, they are reported with governmental activities in the government-wide financial statements.

**Fiduciary Fund** – The City is the trustee, or fiduciary, for certain funds held on behalf of various third parties. The City’s fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. These type of activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Notes to the Financial Statements

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the financial statements immediately follow the basic financial statements in this report.

## Other Information

The combining statements in connection with non-major governmental funds and internal service funds can be found on pages 63-89 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

In evaluating the financial position of any entity the status of the entity’s assets is a very useful indicator. The same is true for the City of Marysville the Statement of Net Position can be used as a financial indicator. The City’s net position as of December 31, 2013 totaled \$ 284 million. The following is a condensed version of the government-wide statement of net position:

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

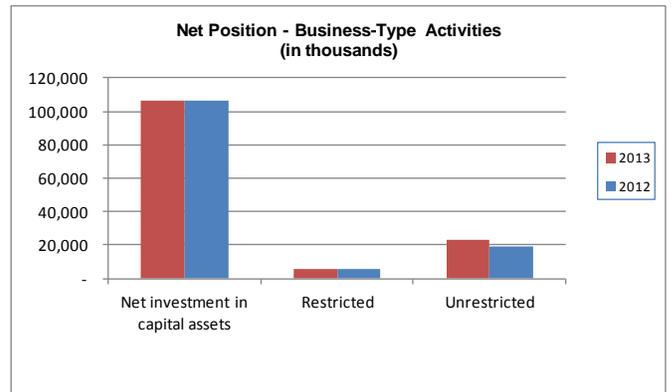
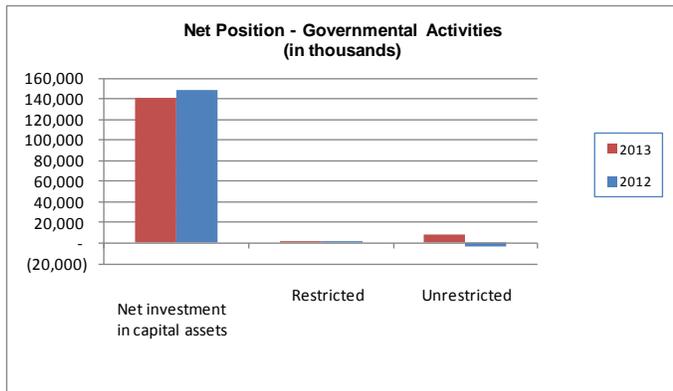
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Curent and other assets	18,001	14,038	32,986	34,731	50,987	48,770
Capital assets (net of accumulated depreciation)	167,604	167,860	166,158	164,781	333,762	332,641
<b>TOTAL ASSETS</b>	<b>\$ 185,605</b>	<b>\$ 181,898</b>	<b>\$ 199,144</b>	<b>\$ 199,512</b>	<b>\$ 384,749</b>	<b>\$ 381,411</b>
Deferred outflows	224	-	42	-	266	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>185,829</b>	<b>181,898</b>	<b>199,186</b>	<b>199,512</b>	<b>385,014</b>	<b>381,411</b>
<b>LIABILITIES</b>						
Current and other liabilities	6,107	14,600	1,570	847	7,677	15,446
Long-term liabilities	29,927	21,620	63,145	67,307	93,072	88,927
<b>TOTAL LIABILITIES</b>	<b>\$ 36,034</b>	<b>\$ 36,219</b>	<b>\$ 64,715</b>	<b>\$ 68,154</b>	<b>\$ 100,749</b>	<b>\$ 104,373</b>
<b>NET POSITION</b>						
Net Investment in capital assets	141,355	148,250	106,095	106,816	247,450	255,066
Restricted	77	70	5,544	5,530	5,621	5,600
Unrestricted	8,363	(2,641)	22,831	19,013	31,195	16,372
<b>TOTAL NET POSITION</b>	<b>\$ 149,795</b>	<b>\$ 145,679</b>	<b>\$ 134,470</b>	<b>\$ 131,359</b>	<b>\$ 284,265</b>	<b>\$ 277,037</b>

With the implementation of GASB 65 this year a new section – deferred outflow of resources was added and resulting activity reclassified.

The City’s largest portion of net assets, \$ 247 million or 87%, is our investment in capital assets such as land, buildings, infrastructure and equipment, less any related outstanding debt issued to purchase those assets. These assets are used to provide necessary services to citizens and are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, these capital assets cannot be used to repay the debt. Other resources are needed to liquidate the debt.

An additional portion of the City of Marysville’s net position, \$ 5.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 31.2 million may be used to meet the government’s ongoing obligations to citizens and creditors.

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



**Statement of Activities**

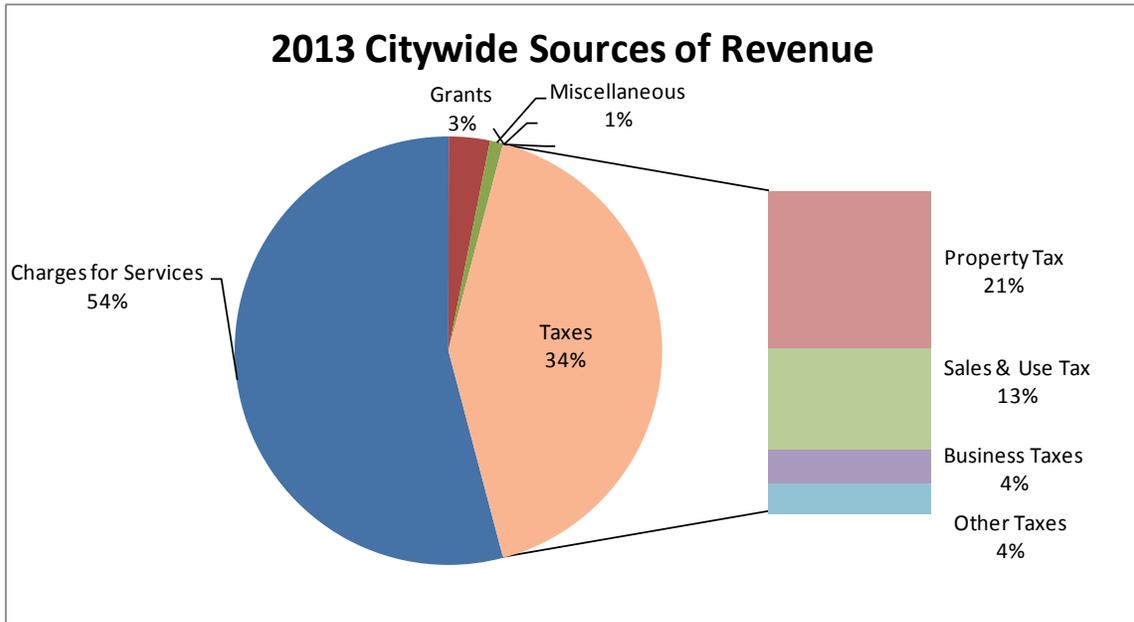
As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time. The Statement of Activities provides details on how net position changed from the beginning of the year to the end of the year and whether net position increased or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

Figure 2: Condensed Statement of Activities  
 For Year Ended December 31, 2013  
 (in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
<b>Program Revenue:</b>						
Charges for Services	\$ 7,068	\$ 6,252	\$ 33,073	\$ 31,321	\$ 40,140	\$ 37,573
Operating Grants and Contributions	1,895	1,661	1,018	-	2,912	1,661
Capital Grants and Contributions	-	-	406	680	406	680
<b>General Revenues:</b>						
Property Taxes	15,230	15,424	-	-	15,230	15,424
Sales Taxes	9,784	8,812	-	-	9,784	8,812
Other Taxes	5,928	5,887	-	-	5,928	5,887
Interest and Investment Earnings	155	93	124	114	278	207
<b>Total Revenue</b>	<b>40,059</b>	<b>38,129</b>	<b>34,620</b>	<b>32,115</b>	<b>74,680</b>	<b>70,244</b>
<b>Program Expenses</b>						
<b>Governmental Activities</b>						
Judicial	1,298	1,362	-	-	1,298	1,362
General Government	3,117	1,949	-	-	3,117	1,949
Public Safety	23,130	23,179	-	-	23,130	23,179
Physical Environment	1,083	984	-	-	1,083	984
Transportation	5,380	8,200	-	-	5,380	8,200
Economic Environment	1,905	1,831	-	-	1,905	1,831
Health	27	16	-	-	27	16
Culture & Recreation	2,479	2,371	-	-	2,479	2,371
Interest on Long-term Debt	899	909	-	-	899	909
<b>Business-Type Activities</b>						
Water/Sewer/Surface Water	-	-	23,324	21,096	23,324	21,096
Garbage & Solid Waste	-	-	4,492	4,387	4,492	4,387
Golf Course	-	-	1,090	1,138	1,090	1,138
<b>Total Expenses</b>	<b>39,318</b>	<b>40,800</b>	<b>28,907</b>	<b>26,621</b>	<b>68,225</b>	<b>67,423</b>
Increase in Net Position Before Transfers	741	(2,672)	5,714	5,494	6,454	2,822
Transfers	3,056	2,837	(3,056)	(2,837)	-	-
<b>Increase in Net Position</b>	<b>3,797</b>	<b>166</b>	<b>2,657</b>	<b>2,657</b>	<b>6,454</b>	<b>2,822</b>
Net Position - Beginning of Year	145,679	145,513	131,359	128,702	277,037	274,216
Prior Period Adjustment	319	-	455	-	774	-
<b>Net Position - End of Year</b>	<b>\$ 149,795</b>	<b>\$ 145,679</b>	<b>\$ 134,470</b>	<b>\$ 131,359</b>	<b>\$ 284,265</b>	<b>\$ 277,038</b>

As shown in the chart below, charges for services made up 54% of the total revenue received by the city as a whole in 2013. Thirty-four percent of the revenue sources were made up of taxes. Of the 34%, 21% is from property taxes, 13% from sales taxes, and the remaining from business and excise taxes.

The following chart compares the functional expenses of the City. Public Safety and the Water/Sewer Utility Fund make up two-thirds of the total City expenses.

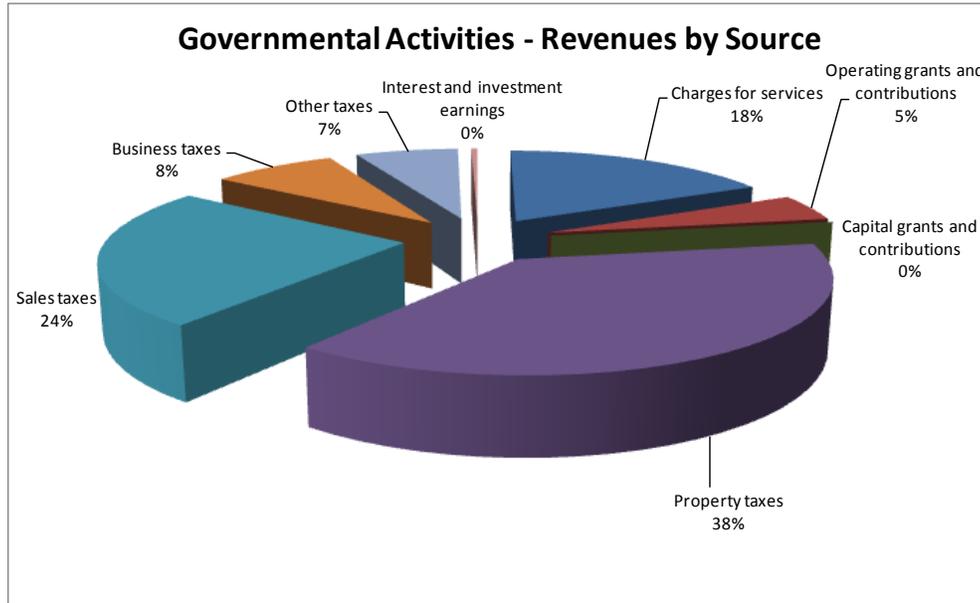


**GOVERNMENTAL ACTIVITIES ANALYSIS**

As shown in the Statement of Activities, the total cost of all governmental activities in 2013 was \$ 39.3 million. Of this amount \$ 9.0 million was paid either by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The net expense (total expenses less program revenues) of \$ 30.3 million was the cost of governmental activity services paid primarily by city taxpayers.

**Revenues**

Total governmental activity revenue (excluding transfers) increased by \$ 1.9 million or 5.0%. As the chart below depicts, the majority of governmental activity revenue, 77%, is from taxes. Combined taxes were up \$ .8 million, or 2.7% from 2012.

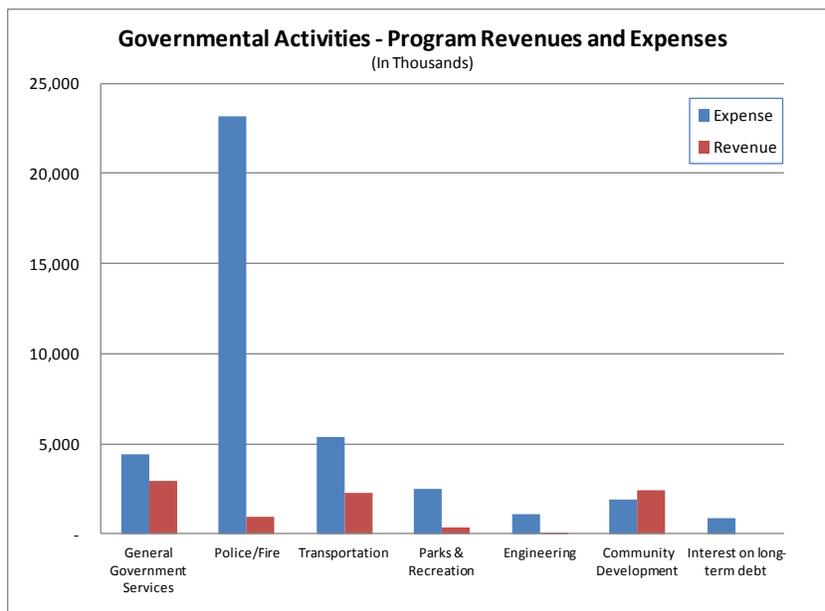


Sales tax increased by \$ 1.0 million or 11% from 2012 demonstrating signs of the economy stabilizing. Other taxes increased by 0.7% from 2012. This category includes utility taxes assessed on utilities, such as telephone, electric and natural gas for services sold within the city limits. The increase in utility tax is the result of rate increases imposed by the utility companies. Property taxes decreased by \$ .2 million or 1.3%. A decrease of \$ .2 million or 21% in state tax allocations as a result of recent initiatives that changed the distribution of the liquor taxes. The state did not distribute any liquor taxes in 2013, but will begin distributing again in 2014.

**Expenses**

Total governmental activity expenses decreased by \$ 1.5 million or 3.6%, compared to 2012. The largest decrease was in transportation down \$ 2.8 million. The decrease was offset by an increase in governmental activities.

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



**BUSINESS-TYPE ACTIVITIES ANALYSIS**

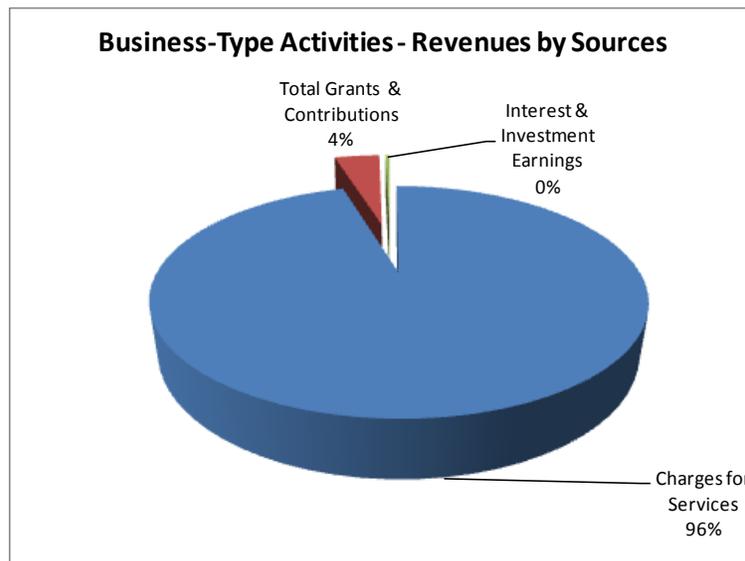
Total expenses of business-type activities in 2013 were \$ 28.9 million. Program revenue covered \$ 34.5 million, with \$ 3.1 million in transfers resulting in a net gain of \$ 2.7 million.

**Revenues**

Total revenues were up \$ 2.5 million or 7.8% from the prior year. As shown in the chart below, the majority of business-type activity revenue is from charges for services. Charges for services increased \$ 1.7 million from 2012, due to the annual rate increase on water/sewer/surface water fees.

Capital grants and contributions are made up of infrastructure constructed by the developer and then turned over to the City. Business-type capital contributions were down \$ .3 million or 40% from 2012 which was offset by a \$ 1.0 million increase grants.

In 2013, interest earnings on investments increased 8.7% in 2013. Even though interest rates remained low, the City had more cash to invest.



**Expenses**

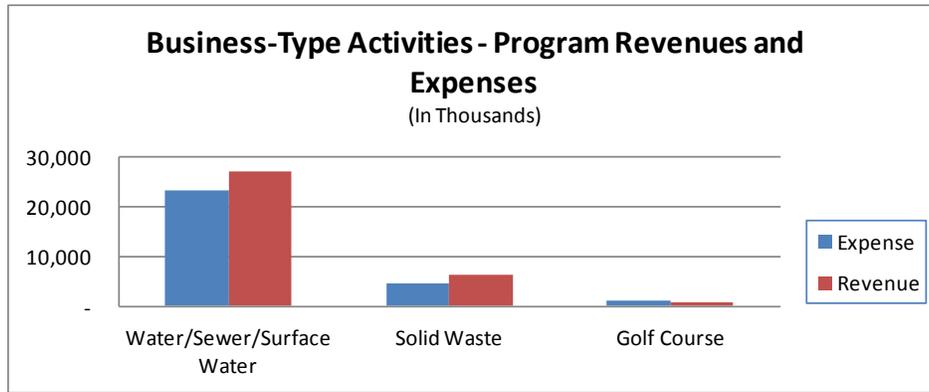
Total business-type expenses were up \$ 2.3 million or 8.6% from 2012.

Water/Sewer activity expenses were up \$ 2.2 million or 10.6%. Part of the increase (\$ 1.4 million) is due to the purchase of waterlines and customer account in an area previously serviced by the Snohomish County Public Utility District. Only the portion of the purchase not associated with the waterlines and infrastructure were recorded as a current period expense. Also contributing to the increase is the rising cost of purchased water and other permitting fees.

In 2013, the Solid Waste activity expenses increased by \$ .1 million or 2.4%. The increase is a result of higher tipping fees charged by the county for use of the county landfill.

The golf course expenses decreased by \$ 49,000 or 4.3%. Management continues to work hard to reduce expenses in an effort to reduce and/or eliminate the need for subsistence from the General Fund.

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



**FUND-LEVEL FINANCIAL ANALYSIS**

As discussed earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City’s governmental funds is to provide information on near-term revenues/financial resources and expenditures. This information helps determine the City’s financing requirements in the near future. In particular, unassigned fund balance measures the City’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the City’s governmental funds reported a combined ending fund balance of \$ 8.2 million an increase of \$ 12.6 million from 2012. The majority of that increase is the result of \$9.0 million in LTGO bonds that were issued in 2013 and used to pay off the short term financing.

Revenues for the governmental funds in 2013 were \$ 44.3 million up \$ 1.9 million or 5.0% from 2012 and expenditures were \$ 41.8 million down \$ 1.5 million or 3.6%

*General Fund* - The general fund is the main operating fund of the City through which all receipts and payments of ordinary City operations are processed, unless legally required to be accounted for in another fund. Taxes are the major revenue source. At the end of 2013, the fund balance of the General Fund was \$ 12.4 million up \$ 3.6 million from 2012. As a measure of fund’s liquidity, the ending fund balance is 36% of the fund’s 2013 expenditures. As of December 31, 2013, total revenue was \$ 39.9 million an increase of \$ 1.2 million or 3.0% and total expenditures were \$ 34.2 million an increase of \$ .7 million or 2.0%, resulting in an increase to the ending fund balance of \$ 3.6 million. Of the \$ 12.4 fund balance, \$ 12.4 million is unassigned which is available for discretionary spending. Even though the economy is starting to show signs of recovery, and the City is starting to stabilize, the City remains committed to managing costs and balancing current year revenue and expenses to ensure the financial security of the City.

*Streets Capital Improvement Fund* – The Street Capital Improvement Fund accounts for the construction of transportation within the city, such as roads, streets, park and rides, and bridges. The fund reported an increase of \$ 8.7 million in fund balance which is the result of \$ 9.7 million dollar reduction in expenditures. Also in 2013, the City issued \$ 9.0 million in LTGO bonds used to pay off a portion of the short term financing used in the construction of the 156<sup>th</sup> Street Overcrossing and the Break-in-Access projects.

*Other Governmental Funds* – The City has eight other special revenue funds, three other debt service funds and one non-major construction fund. In previous years, the City chose to report both the Street Construction Fund and Park Construction Fund as major funds whether they met the major fund criteria or not. However, from here forward, only the Street Construction Fund will be reported as a major fund.

Combined, the Other Governmental Funds reported total assets of \$ 1.1 million, total liabilities of \$ .2 million and a combined fund balance of \$ .9 million. This is an increase of \$ .3 million from 2012. The largest increase in fund balance of \$ .2 million was in the City Street Fund.

Revenue for the Other Government Funds in 2013 was \$ 3.6 million up \$ .3 million from 2012. Increases were in real estate excise taxes and state shared motor vehicle fuel taxes.

Expenditures for the Other Government Funds in 2013 were \$ 5.8 million an increase of \$ .5 million. The increase is due to the purchase of capital equipment by the Street Maintenance department.

### Proprietary Funds

The City's proprietary fund statements are similar regarding the information found in the government-wide financial statements, but more detail is provided due to the assortment of activities. These funds include the Waterworks Utility and Solid Waste as the major funds for the purpose of this report. As a result, all statements related to the enterprise funds are presented at the entity-wide level. The Cedarcrest Golf Course is the only enterprise fund that is not considered a major fund. The City does have Internal Service funds which are reported in the fund statements.

*Waterworks Utility Fund* – The Waterworks Utility Fund accounts for the operations, maintenance, and construction of activities related to the supplying of water, sewer, and storm drainage/surface water services to the community. The fund reported total assets of \$ 192.6 million, total liabilities of \$62.6 million, and net assets of \$ 130.3 million, an increase of \$ 1.1 million or .8% increase from the prior year.

*Solid Waste Fund* – The Solid Waste Fund accounts for the operations and maintenance of providing solid waste services to citizens within the city limits. The fund reported total assets of \$ 5.6 million, total liabilities of \$ 26,967 and net assets of \$ 5.6 million, an increase of \$ 1.0 million or 22% from the prior year.

*Other Enterprise Funds* – The City's other enterprise fund includes only one activity and that is the Cedarcrest Golf Course. The fund reported total assets of \$ 2.1 million, total liabilities of \$ 2.5 million, and net assets of a \$ .4 million deficit a decrease in the deficit value of \$ 1.0 million. The improvement in the fund balance was due to the partial payoff of the interfund loan between the Golf Course and the Waterworks Utilities reducing the liabilities in the fund. The remaining outstanding balance will be paid off in 2014. Also contributing to the deficit reduction is a \$ .5 million prior period adjustment. During the implementation of GASB 65, it was discovered that the transactions associated with the 2007 LTGO refunding were not posted correctly. The transactions did not take into account additional equity that the City providing on the refunding which resulted in the deferred amount on refunding to be calculated wrong. The corrections have been made and a prior period adjustment recorded.

### General Fund Budgetary Highlights

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

Appropriation of operating funds are reviewed and amended as needed by the City Council. During 2013 the budget was amended three times. The final General Fund expenditure budget was \$ .3 million higher from the original budget. The amendment was to account for grants that were awarded after the budget was adopted, the addition of 3 police officers and equipment, improvements to the police evidence storage facility and additional funding to Streets for overlays. Revenues were amended to reflect the grant reimbursement and increased sales tax revenue.

### Actual results compared to final budget

General Fund revenues exceeded the amended budget by \$ 2.6 million or 7.0%. All revenues in the General Fund came in over budget, the largest being taxes which came in \$ 1.7 million over budget.

General Fund expenditures were under the final amended budget by \$ .9 million or 2.5%. The most significant under run of \$ .8 in General Government is due to tight budget controls in all areas of the general government.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

The City's investment in capital assets, including construction in progress, for its governmental and business-type activities as of December 31, 2013 amounts to \$ 334 million (net of accumulated depreciation) an increase of \$ 1.1 million from 2012.



facilities, and 2.5% for utilities. Non-voted general purpose indebtedness is limited to 1.5% of assessed valuation and the combination of voted and non-voted general purpose indebtedness cannot exceed 2.5% of assessed valuation.

The City's assessed valuation for determining debt capacity available is \$ 4.5 billion and the total amount of debt the City may issue is \$ 307 million.

Additional information on 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**

The City of Marysville Council voted not to increase the regular property tax levy rate by 1% allowed under initiative 747 in 2013. Assesses values (AV) for 2014 are estimated to increase, which is the first time since 2010. Prior to this AV was falling at an average rate of 9% per year. The levy rate for 2014 is \$2.7168 per \$1,000 of assessed valuation, a decrease of 7.0% from the prior year of \$2.9056. The 2014 EMS levy rate decreased from \$ .50 per \$1,000 of AV to \$ .47.

Total General Fund revenues for 2014 were estimated to increase by \$ 2.6 million from the revised 2013 budget before transfers and the total General Fund expenditures were estimated to increase by \$ 1.9 million from the revised 2013 budget before transfers. For 2014, the City continues to recover from the financial challenges in recent years, but is finally in a position to start reinvesting the community. The City is moving forward with strategic investments necessary to lay the groundwork for a prosperous future. However, the City approaches the coming year with caution, conservative in its financial outlook. Revenues and expenses will continue to be monitored on a monthly basis and corrective actions taken as needed.

### **Requests for Information**

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

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash & cash equivalents	6,617,372	12,833,605	19,450,977
Investments	8,293,085	9,884,336	18,177,421
Receivables (net)	1,611,498	5,529,229	7,140,727
Internal Balances	926,365	(926,365)	-
Inventories	129,002	120,821	249,823
Restricted Cash & Investments:			
Investments	-	5,544,027	5,544,027
Investment in joint venture	423,721	-	423,721
Capital Assets			
Land	26,145,812	11,827,652	37,973,464
Depreciable assets (net)	141,250,426	146,788,095	288,038,521
Construction in progress	207,454	7,542,530	7,749,984
<b>TOTAL ASSETS</b>	<b>185,604,735</b>	<b>199,143,930</b>	<b>384,748,665</b>
Deferred outflow of resources:			
Debt refunding	223,913	41,593	265,506
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>185,828,648</b>	<b>199,185,523</b>	<b>385,014,171</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	102,800	1,383,299	1,486,099
Unearned revenue	-	25,000	25,000
Other current liabilities	6,003,960	162,007	6,165,967
<i>Non-Current Liabilities (see Note 12)</i>			
Due within one year	1,766,315	3,886,903	5,653,218
Due in more than one year	28,160,868	59,257,917	87,418,785
<b>Total Liabilities</b>	<b>36,033,943</b>	<b>64,715,126</b>	<b>100,749,069</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>36,033,943</b>	<b>64,715,126</b>	<b>100,749,069</b>
<b>NET POSITION</b>			
Net investments in capital assets	141,355,210	106,095,062	247,450,272
Restricted for:			
Debt service	77,059	5,544,027	5,621,086
Unrestricted	8,362,436	22,831,308	31,193,744
<b>TOTAL NET POSITION</b>	<b>149,794,705</b>	<b>134,470,397</b>	<b>284,265,102</b>

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Grants & Contributions		Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating			
<i>Governmental Activities:</i>						
Judicial	1,297,685	620,473	45,588	-	(631,624)	(631,624)
General Government	3,116,991	2,282,519	-	-	(834,472)	(834,472)
Public Safety	23,130,412	816,528	117,843	-	(22,196,041)	(22,196,041)
Physical Environment	1,083,953	750	-	-	(1,083,203)	(1,083,203)
Transportation	5,379,629	814,950	1,445,374	-	(3,119,305)	(3,119,305)
Economic Environment	1,904,920	2,173,887	259,923	-	528,890	528,890
Health	27,342	-	-	-	(27,342)	(27,342)
Culture & Recreation	2,479,042	358,802	26,008	-	(2,094,232)	(2,094,232)
Interest on long-term debt	898,610	-	-	-	(898,610)	(898,610)
<b>Total Governmental</b>	<b>39,318,584</b>	<b>7,067,909</b>	<b>1,894,736</b>	<b>-</b>	<b>(30,355,939)</b>	<b>(30,355,939)</b>
<i>Business-type Activities:</i>						
Water/Sewer/Surface Water	23,324,404	25,882,491	968,960	406,274	-	3,933,321
Solid Waste	4,492,323	6,232,260	48,736	-	-	1,788,673
Golf Course	1,090,135	957,912	-	-	(132,223)	(132,223)
<b>Total Business-type</b>	<b>28,906,862</b>	<b>33,072,663</b>	<b>1,017,696</b>	<b>406,274</b>	<b>-</b>	<b>5,589,771</b>
<b>Total Government</b>	<b>68,225,446</b>	<b>40,140,572</b>	<b>2,912,432</b>	<b>406,274</b>	<b>(30,355,939)</b>	<b>(24,766,168)</b>
<b>General Revenues</b>						
Property Taxes				15,229,774	-	15,229,774
Sales Taxes				9,783,742	-	9,783,742
Utility Taxes				3,243,740	-	3,243,740
Excise Taxes				1,833,106	-	1,833,106
Other Taxes				851,094	-	851,094
Investment Earnings				155,017	123,861	278,878
Transfers				3,056,457	(3,056,457)	-
<b>Total General Revenues &amp; Transfers</b>				<b>34,152,930</b>	<b>(2,932,596)</b>	<b>31,220,334</b>
<b>Change in Net Position</b>				<b>3,796,991</b>	<b>2,657,175</b>	<b>6,454,166</b>
Net Position - Beginning				145,678,731	131,358,677	277,037,408
Prior Period Adjustment (Note 17)				318,983	454,545	773,528
<b>Net Position - Ending</b>				<b>149,794,705</b>	<b>134,470,397</b>	<b>284,265,102</b>

The accompanying notes are an integral part of this statement

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

	GENERAL FUND	STREETS CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & cash equivalents	\$ 5,435,600	\$ 455,018	\$ 474,383	\$ 6,365,001
Investments	7,167,674	149,434	637,064	7,954,172
Receivables (net)	1,591,256	-	4,110	1,595,366
Total Current Assets	14,194,530	604,452	1,115,557	15,914,539
<b>TOTAL ASSETS</b>	<b>\$ 14,194,530</b>	<b>\$ 604,452</b>	<b>\$ 1,115,557</b>	<b>\$ 15,914,539</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued exp.	\$ 91,108	\$ 1,738	\$ 7,592	\$ 100,438
Unearned revenue	1,559,107	-	-	1,559,107
Deposits payable	137,795	3,787	215,578	357,160
Other current liabilities	-	5,646,800	-	5,646,800
Total Current Liabilities	1,788,010	5,652,325	223,170	7,663,505
<b>TOTAL LIABILITIES</b>	<b>\$ 1,788,010</b>	<b>\$ 5,652,325</b>	<b>\$ 223,170</b>	<b>\$ 7,663,505</b>
<b>FUND BALANCE</b>				
<i>Restricted For:</i>				
Law Enforcement	-	-	50,620	50,620
Tourism	-	-	35,219	35,219
Technology Infrastructure	-	-	49,622	49,622
REET	-	-	423,628	423,628
<i>Committed to:</i>				
Law Enforcement	-	-	100,951	100,951
Community Center	-	-	12,197	12,197
<i>Assigned to:</i>				
Street Maintenance	-	-	32,104	32,104
Parks Construction Projects	-	-	110,987	110,987
Debt Service	-	-	77,059	77,059
<i>Unassigned</i>	12,406,520	(5,047,873)	-	7,358,647
<b>TOTAL FUND BALANCES</b>	<b>12,406,520</b>	<b>(5,047,873)</b>	<b>892,387</b>	<b>8,251,034</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,194,530</b>	<b>\$ 604,452</b>	<b>\$ 1,115,557</b>	<b>\$ 15,914,539</b>

The accompanying notes are an integral part of this statement

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

Total governmental fund balance		\$ 8,251,034
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not current period financial resources and therefore are not reported in the funds.		164,139,253
<p>These assets consist of:</p>		
Land	\$ 26,145,812	
Depreciable Assets (including Infrastructure)	163,336,765	
Construction in Progress	207,454	
Less: Accumulated Depreciation	(25,550,778)	
The investment in joint ventures is not reported at the fund financial reporting level but is reported on the statement of net position.		423,721
Other long term assets used in governmental activities are not current period financial resources and therefore are not reported in the funds		1,559,107
Property Taxes	202,756	
Court Receivable	1,356,351	
Deferred outflow on refunding		223,913
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(29,856,720)
Compensated Absences	(1,078,233)	
General Obligation/Special Assessment Bonds	(28,243,797)	
Net Pension Obligation	(534,690)	
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the statement of net position.		5,054,397
Internal service funds-total fund position	\$ 4,128,032	
Add back: amount allocated to internal balances - business-type activities	926,365	
Net position of governmental activities		\$ 149,794,705

The accompanying notes are an integral part of this statement

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

	GENERAL FUND	STREETS CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes	\$ 30,913,722	\$ -	\$ 1,680,419	\$ 32,594,141
Licenses & Permits	2,103,420	-	98,603	2,202,023
Intergovernmental	1,085,533	107,039	1,553,258	2,745,830
Charges for Services	4,816,006	716,347	194,216	5,726,569
Fines & Forfeitures	522,250	-	15,832	538,082
Investment Earnings	144,648	1,501	5,968	152,117
Rents & Leases	213,649	-	29,677	243,326
Miscellaneous Revenues	85,695	16	41,163	126,874
<b>Total Revenues</b>	<b>39,884,923</b>	<b>824,903</b>	<b>3,619,136</b>	<b>44,328,962</b>
<b>EXPENDITURES</b>				
Current:				
Judicial	1,315,034	-	-	1,315,034
General Government	4,516,256	-	104,132	4,620,388
Public Safety	23,227,928	-	39,524	23,267,452
Physical Environment	1,101,277	-	-	1,101,277
Transportation	-	81,797	3,156,984	3,238,781
Health & Human Services	27,342	-	-	27,342
Economic Environment	1,804,146	-	111,341	1,915,487
Culture & Recreation	2,196,703	-	99,219	2,295,922
Capital Outlay				
Transportation	-	1,509,970	366,555	1,876,525
Culture & Recreation	16,809	-	-	16,809
Debt Service				
Principal	-	-	1,018,560	1,018,560
Interest & fiscal charges	-	226,189	896,334	1,122,523
<b>Total Expenditures</b>	<b>34,205,495</b>	<b>1,817,956</b>	<b>5,792,649</b>	<b>41,816,100</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>5,679,428</b>	<b>(993,053)</b>	<b>(2,173,513)</b>	<b>2,512,862</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	832,604	1,350,000	3,973,763	6,156,367
Transfers out	(2,910,608)	(1,092,577)	(1,698,347)	(5,701,532)
Debt proceeds	-	9,428,439	-	9,428,439
Payment to refunding bond escrow agent	-	-	(6,777,263)	(6,777,263)
Refunding bonds issued	-	-	7,001,176	7,001,176
<b>Total other financing sources (uses)</b>	<b>(2,078,004)</b>	<b>9,685,862</b>	<b>2,499,329</b>	<b>10,107,187</b>
Net change in fund balances	3,601,424	8,692,809	325,816	12,620,049
Fund balances--beginning	8,805,096	(13,740,682)	566,571	(4,369,015)
<b>FUND BALANCES - ENDING</b>	<b>\$ 12,406,520</b>	<b>\$ (5,047,873)</b>	<b>\$ 892,387</b>	<b>\$ 8,251,034</b>

The accompanying notes are an integral part of this statement

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

Net changes in fund balances for governmental funds \$ 12,620,049

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlays plus adjustments exceeded depreciation in the current period. (730,238)

This is comprised of:

Capital Outlays	\$ 1,893,334
Depreciation	(2,623,572)

Governmental funds do not report the change in the investment in the joint venture the change is reported on the statement of activity (5,555)

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

This is comprised of:

Property Taxes	(23,800)
Special Assessment	(26,040)
Court Receivables	(89,606)

Repayment of long-term debt is an expenditure in the governmental funds, yet the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.

This is comprised of:

Debt of general obligation bonds	(9,428,439)
Refunding proceeds	(7,001,176)
GO debt retired	1,018,560
Payment to escrow agent	6,777,263
Accrued Interest	132,362
Other debt issuance expense	91,551

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

This is comprised of:

Accrued Compensated Absences	388,057
Net Pension Obligation	(68,973)

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

This is comprised of:

Interest revenue allocated from internal service funds to governmental activities	\$ 2,900	142,976
Net expense allocated from internal service funds to governmental activities	18,433	
Transfer Out	121,643	

Change in net position of governmental activities \$ 3,796,991

The accompanying notes are an integral part of this statement

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 28,930,583	\$ 29,180,583	\$ 30,913,722	\$ 1,733,139
Licenses & Permits	1,583,027	1,683,027	2,103,420	420,393
Intergovernmental	1,016,627	1,038,027	1,085,533	47,506
Charges for Services	4,502,967	4,502,967	4,816,006	313,039
Fines & Forfeitures	573,232	573,232	522,250	(50,982)
Investment Earnings	66,800	66,800	144,648	77,848
Rents & Leases	176,000	176,000	213,649	37,649
Miscellaneous Revenues	33,900	33,900	85,695	51,795
<b>Total Revenues</b>	<b>36,883,136</b>	<b>37,254,536</b>	<b>39,884,923</b>	<b>2,630,387</b>
<b>EXPENDITURES</b>				
Current:				
Judicial	1,338,414	1,341,562	1,315,034	26,528
General Government	5,099,764	5,232,137	4,516,256	715,881
Public Safety	23,034,605	23,159,707	23,227,928	(68,221)
Physical Environ	1,158,310	1,178,310	1,101,277	77,033
Health & Human Services	35,100	35,100	27,342	7,758
Economic Environment	1,962,531	1,964,118	1,804,146	159,972
Culture & Recreation	2,174,170	2,190,379	2,196,703	(6,324)
Capital Outlay				
Culture & recreation	15,803	15,803	16,809	(1,006)
<b>Total Expenditures</b>	<b>34,818,697</b>	<b>35,117,116</b>	<b>34,205,495</b>	<b>911,621</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>2,064,439</b>	<b>2,137,420</b>	<b>5,679,428</b>	<b>3,542,008</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	821,210	821,210	832,604	11,394
Transfers out	(4,054,788)	(4,103,757)	(2,910,608)	1,193,149
<b>Total other financing sources (uses)</b>	<b>(3,233,578)</b>	<b>(3,282,547)</b>	<b>(2,078,004)</b>	<b>1,204,543</b>
Net change in fund balances	(1,169,139)	(1,145,127)	3,601,424	4,746,551
Fund balances--beginning	5,771,511	5,771,511	8,805,096	3,033,585
<b>FUND BALANCES - ENDING</b>	<b>\$ 4,602,372</b>	<b>\$ 4,626,384</b>	<b>\$ 12,406,520</b>	<b>\$ 7,780,136</b>

The accompanying notes are an integral part of this statement

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2013

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF	TOTAL ENTERPRISE FUNDS	
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash & cash equivalents	\$ 10,952,926	\$ 1,877,875	\$ 2,804	\$ 12,833,605	\$ 252,371
Investments	7,362,484	2,521,852	-	9,884,336	338,913
Receivables (net)	4,349,875	1,179,034	320	5,529,229	16,132
Due from other funds	398,000	-	-	398,000	-
Inventories	74,498	-	46,323	120,821	129,002
Total Current Assets	23,137,783	5,578,761	49,447	28,765,991	736,418
NONCURRENT ASSETS					
Restricted Cash & Investments:					
Investments	5,544,027	-	-	5,544,027	-
Capital Assets					
Land	11,009,640	-	818,012	11,827,652	-
Depreciable assets (net)	145,616,344	-	1,171,751	146,788,095	3,464,439
Construction in progress	7,542,530	-	-	7,542,530	-
Total Noncurrent Assets	169,712,541	-	1,989,763	171,702,304	3,464,439
<b>TOTAL ASSETS</b>	<b>\$ 192,850,324</b>	<b>\$ 5,578,761</b>	<b>\$ 2,039,210</b>	<b>\$ 200,468,295</b>	<b>\$ 4,200,857</b>
Deferred outflow of resources:					
Debt refunding	-	-	41,593	41,593	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 192,850,324</b>	<b>\$ 5,578,761</b>	<b>\$ 2,080,803</b>	<b>\$ 200,509,888</b>	<b>\$ 4,200,857</b>
<b>LIABILITIES</b>					
CURRENT LIABILITIES					
Accounts payable and accrued exp.	\$ 166,114	\$ -	\$ 5,923	\$ 172,037	\$ 2,362
Due to other funds	-	-	398,000	398,000	-
Accrued interest payable	1,176,468	-	34,794	1,211,262	-
Compensated absences	103,702	13,483	12,797	129,982	35,232
Bonds, notes, loans payable	3,475,757	-	281,164	3,756,921	-
Unearned revenue	25,000	-	-	25,000	-
Deposits payable	34,950	-	3,500	38,450	-
Other current liabilities	58,733	-	64,824	123,557	-
Total Current Liabilities	5,040,724	13,483	801,002	5,855,209	37,594
NONCURRENT LIABILITIES:					
Bonds, notes, loans payable (net)	57,412,338	-	1,715,595	59,127,933	-
Compensated absences	103,702	13,484	12,798	129,984	35,231
Total Noncurrent Liabilities	57,516,040	13,484	1,728,393	59,257,917	35,231
<b>TOTAL LIABILITIES</b>	<b>62,556,764</b>	<b>26,967</b>	<b>2,529,395</b>	<b>65,113,126</b>	<b>72,825</b>
<b>NET POSITION</b>					
Net investment in capital assets	106,068,189	-	26,873	106,095,062	3,464,439
Restricted for debt service	5,544,027	-	-	5,544,027	-
Unrestricted	18,681,344	5,551,794	(475,465)	23,757,673	663,593
<b>TOTAL NET POSITION</b>	<b>\$ 130,293,560</b>	<b>\$ 5,551,794</b>	<b>\$ (448,592)</b>	<b>\$ 135,396,762</b>	<b>\$ 4,128,032</b>

The net effect of activities allocated from internal service funds is presented as an internal balance on the statement of net position (926,365)

**Net position of business-type activities** **\$ 134,470,397**

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, 2013

	BUSINESS TYPE ACTIVITIES				TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF			
<b>OPERATING REVENUES:</b>						
<i>Charges for Services:</i>						
Water/Sewer/Surface Water	\$ 23,076,545	\$ -	\$ -	\$ 23,076,545	\$ -	
Golf	-	-	946,340	946,340	-	
Garbage & Solid Waste	-	6,230,971	-	6,230,971	-	
Other Services	-	-	-	-	2,350,858	
<b>Total Operating Revenues</b>	<b>23,076,545</b>	<b>6,230,971</b>	<b>946,340</b>	<b>30,253,856</b>	<b>2,350,858</b>	
<b>OPERATING EXPENSES:</b>						
Maintenance & operations	13,288,036	4,215,663	853,136	18,356,835	1,857,634	
Taxes	2,481,188	1,083,749	4,380	3,569,317	-	
Depreciation	5,997,759	-	66,049	6,063,808	509,093	
<b>Total Operating Expenses</b>	<b>21,766,983</b>	<b>5,299,412</b>	<b>923,565</b>	<b>27,989,960</b>	<b>2,366,727</b>	
Operating income (loss)	1,309,562	931,559	22,775	2,263,896	(15,869)	
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental	968,960	48,736	-	1,017,696	-	
Investment earnings	105,764	18,049	48	123,861	2,900	
Miscellaneous nonoperating revenue	2,805,946	1,289	11,572	2,818,807	59,171	
Interest expense	(3,000,787)	-	(166,941)	(3,167,728)	-	
Gain (loss) on disposition of assets	-	-	-	-	(7,983)	
Miscellaneous nonoperating expenses	(246,039)	-	-	(246,039)	-	
<b>Total Non-Operating Revenues (Expenses)</b>	<b>633,844</b>	<b>68,074</b>	<b>(155,321)</b>	<b>546,597</b>	<b>54,088</b>	
Income (Loss) Before Capital Contributions & Transfers	1,943,406	999,633	(132,546)	2,810,493	38,219	
Capital contributions	406,274	-	-	406,274	-	
Transfers in	-	2,115	722,694	724,809	121,643	
Transfers (out)	(1,295,097)	(6,190)	-	(1,301,287)	-	
	(888,823)	(4,075)	722,694	(170,204)	121,643	
<b>CHANGE IN NET POSITION</b>	<b>1,054,583</b>	<b>995,558</b>	<b>590,148</b>	<b>2,640,289</b>	<b>159,862</b>	
NET POSITION-BEGINNING	129,238,977	4,556,236	(1,493,285)	132,301,928	3,968,170	
Prior Period Adjustments (See Note 17)	-	-	454,545	454,545	-	
<b>NET POSITION-ENDING</b>	<b>\$ 130,293,560</b>	<b>\$ 5,551,794</b>	<b>\$ (448,592)</b>	<b>\$ 135,396,762</b>	<b>\$ 4,128,032</b>	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: 16,886

**Change in net position of business-type activities** \$ 2,657,175

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BUSINESS-TYPE ACTIVITIES				TOTAL	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF			
<b>Cash Flows From Operating Activities:</b>						
Receipts from customers and users	\$ 22,834,379	\$ 6,196,064	\$ 950,487	\$ 29,980,930	\$ 2,350,858	
Payments to suppliers	(7,753,017)	(3,408,656)	(328,909)	(11,490,582)	(736,083)	
Payment to employees	(5,426,045)	(808,505)	(530,823)	(6,765,373)	(1,140,136)	
Payments for taxes	(2,481,188)	(1,083,749)	(4,380)	(3,569,317)	-	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 7,174,129</b>	<b>\$ 895,154</b>	<b>\$ 86,375</b>	<b>\$ 8,155,658</b>	<b>\$ 474,639</b>	
<b>Cash Flows From Non-Capital Financing Activities:</b>						
Other Receipts (Payments)	3,496,382	1,289	11,572	3,509,243	59,171	
Receipts from Non-Capital Grants	-	48,736	-	48,736	-	
Interfund Loans Received/(Retired)	443,000	-	(443,000)	-	-	
Transfer in from other funds	-	2,115	722,694	724,809	121,643	
Transfer (out) to other funds	(1,295,097)	(6,190)	-	(1,301,287)	-	
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>\$ 2,644,285</b>	<b>\$ 45,950</b>	<b>\$ 291,266</b>	<b>\$ 2,981,501</b>	<b>\$ 180,814</b>	
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Acquisition/Construction-capital	(7,034,573)	-	-	(7,034,573)	(672,297)	
Payments on debt principal	(3,390,757)	-	(257,936)	(3,648,693)	-	
Payment on debt interest	(2,391,045)	-	(118,549)	(2,509,594)	-	
<b>NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES</b>	<b>\$ (12,816,375)</b>	<b>\$ -</b>	<b>\$ (376,485)</b>	<b>\$ (13,192,860)</b>	<b>\$ (672,297)</b>	
<b>Cash Flows From Investing Activities:</b>						
Purchase of Investments	(14,169)	(597,743)	-	(611,912)	(23,939)	
Proceeds from Sale of Investments	1,432,923	-	-	1,432,923	12,662	
Interest on Investments	138,426	18,049	48	156,523	2,900	
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>\$ 1,557,180</b>	<b>\$ (579,694)</b>	<b>\$ 48</b>	<b>\$ 977,534</b>	<b>\$ (8,377)</b>	
Net Increase (Decrease) in Cash & Equivalents	(1,440,781)	361,410	1,204	(1,078,167)	(25,221)	
Cash and Equivalents January 1, 2013	12,393,707	1,516,465	1,600	13,911,772	277,592	
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 10,952,926</b>	<b>\$ 1,877,875</b>	<b>\$ 2,804</b>	<b>\$ 12,833,605</b>	<b>\$ 252,371</b>	
Unrestricted cash and cash equivalents	10,952,926	1,877,875	2,804	12,833,605	252,371	
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 10,952,926</b>	<b>\$ 1,877,875</b>	<b>\$ 2,804</b>	<b>\$ 12,833,605</b>	<b>\$ 252,371</b>	

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BUSINESS-TYPE ACTIVITIES				TOTAL	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	WATERWORKS UTILITY	SOLID WASTE	NONMAJOR ENTERPRISE GOLF			
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>						
Operating Income (Loss)	\$ 1,309,562	\$ 931,559	\$ 22,775	\$ 2,263,896	\$	(15,869)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities						
Depreciation and Amortization	5,997,759	-	66,049	6,063,808		509,093
Changes in Assets and Liabilities:						
(Increase)/Decrease in Inventories	328	-	(7,795)	(7,467)		5,154
(Increase)/Decrease in Receivables	(251,195)	(34,907)	-	(286,102)		(16,132)
Increase (Decrease) in Accounts Payable	117,675	(1,498)	2,018	118,195		(7,607)
Increase (Decrease) in Other Current Liabilities	-	-	3,328	3,328		-
<b>TOTAL ADJUSTMENTS</b>	<b>5,864,567</b>	<b>(36,405)</b>	<b>63,600</b>	<b>5,891,762</b>		<b>490,508</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 7,174,129</b>	<b>\$ 895,154</b>	<b>\$ 86,375</b>	<b>\$ 8,155,658</b>	<b>\$</b>	<b>474,639</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Capital assets contributed by private developers	406,274	-	-	406,274		-
Gain (losses) on sale of capital asset (NBV)	-	-	-	-		(9,689)
Increase (decrease) in fair value of investments	(82,142)	-	-	(82,142)		-
<b>TOTAL NON-CASH ACTIVITIES</b>	<b>\$ 324,132</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 324,132</b>	<b>\$</b>	<b>(9,689)</b>

The accompanying notes are an integral part of this statement

Page 2 of 2

STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2013

	AGENCY FUNDS
<b>ASSETS</b>	
Cash & cash equivalents	\$ 8,122,389
<b>Total Assets</b>	<b>\$ 8,122,389</b>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 8,122,389
<b>Total Liabilities</b>	<b>\$ 8,122,389</b>

The accompanying notes are an integral part of this statement

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to

pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The city reports the following major government funds:

- The general fund is the city's operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The street capital improvement fund accounts for the design and construction of the city's infrastructure.

The city reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The city has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks Utility Fund, Solid Waste Fund, Golf Fund, and the internal service funds are charges to customers for sales and services. Operating expenses for the

enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available to use, it is the City of Marysville's policy to use restricted resources first, and then unrestricted resources as needed.

### **New Accounting Standards**

In March 2012, the GASB issued Statement of Government Accounting Standard No. 65 "*Items Previously Reported as Assets and Liabilities*." This statement further defines deferred inflows of resources and deferred outflow of resources as introduced by GASB Statement No. 63. The requirements of this Statement are effective for financial statements for period beginning after December 15, 2012.

## **D. Budgetary Information**

### **Scope of Budget**

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

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

Appropriations for all funds lapse at year-end.

### **Amending the Budget**

The City Administrative Officer is authorized to transfer appropriations between programs within any fund; however, any revisions that alter the total expenditures of a fund must be approved by the City Council. When City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a simple majority. The budget was amended by ordinance three (3) times during 2013. The budget amounts shown in the financial statements and schedules are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

## **E. Assets, Liabilities, Fund Balance and Net Position**

### **Cash and Cash Equivalents**

The City of Marysville invests all short-term cash surpluses. Monies from all City funds are internally pooled for investment purposes. The interest earned from the pooled investments is prorated to individual funds at the end of each month based on the cash balance in each fund at the end of the month. The City considers all highly-liquid assets, including investment in the Washington State's Local Government Investment Pool, and short-term investments with a maturity of three months or less when purchased to be cash equivalents.

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

### **Investments (see note 4)**

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

**Receivables**

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

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consists of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

**Amounts Due to and from Other Funds; Interfund Loans and Advances Receivable**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Separate schedules of interfund loans, amounts due to and from other funds and advances are furnished in Note 14.

**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**

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

**Restricted Assets and Liabilities**

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

**Capital Assets (see note 6)**

GASB Statement No. 34 established new financial reporting standards including the reporting of infrastructure assets of the general government as capital assets. The City began prospective reporting of general infrastructure assets in January 1, 2005 and incorporated the retrospective values in 2007.

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. Infrastructure assets are capitalized when cost equals or exceeds \$300,000. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

<b>ESTIMATED SERVICE LIFE</b>	
Buildings & Structures	25-50 Years
Infrastructure	13-100 Years
Improvement Other Than Buildings	5-50 Years
Machinery & Equipment	2-20 Years

**Other Post-Employment Benefits** (see note 7)

Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contributions is reported in the Statement of Net Position. Actual medical costs are reported as expenditures in the general fund in the year they are incurred.

**Compensated Absences**

Employees may accumulate up to 180 days of sick leave. However, since the city does not have a policy to pay any amounts when employees separate from service with the government, there is no liability recorded for unpaid accumulated sick leave. Sick leave pay is recorded as an expense/expenditure upon usage.

Eligible employees accumulate 10 to 25 days of vacation annually depending upon the employee’s length of service, but may not accumulate more than two full years of earned accrual.

At the time of retirement or separation from the City, employees will be compensated for any unpaid accumulated vacation leave up to 240 hours.

**Deferred Outflow of Resources**

Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government’s controls. Deferred outflows of resources presented in this manner on the accompanying financial statements are related to outstanding debt.

**Long-term Debt** (see note 12)

Liabilities for long-term debt are recorded in the government-wide statement of net position and in the proprietary funds balance sheet. The liabilities include bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

For governmental funds financial statements, bond issuance costs are expended at the time of issuance. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as a debt service expenditures. The nature of debt in the governmental activity is specific to a program and, therefore; debt service costs are not an allocated expenditure.

**Deferred Inflow of Resources**

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a new decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred inflow of resources presented in this manner on the accompanying financial statements are related to outstanding debt.

**Net Position and Fund Balance**

Net Position is segregated into three categories on the government-wide statement of net position: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. The flow assumption of the City is to use restricted assets before unrestricted assets. Restricted assets are usually set aside in a separate fund, specifically used for the purpose of debt service or capital.

Fund balances, with the implementation of GASB 54, presented in the governmental fund financial statements represent the difference between assets and liabilities reported within the government fund. Fund balance is classified into the following categories:

Non-spendable – items that cannot be spent due to form; inventories, prepaid amounts, long-term loan receivables, or amounts that must be maintained intact legally.

Spendable - amounts are further segregated into categories based on the degree to which the uses of resources are constrained. When an expenditure is incurred for which restricted and unrestricted amounts are available, the City considers restricted amounts to be used first, followed by committed, then assigned, and lastly, unassigned amounts.

Restricted – amounts constrained for specific purposes imposed by external parties, such as those resulting from federal and state legislation, grant awards, bond covenants, and inter-local service agreements.

Committed – fund balance constrained by ordinance or resolution is adopted by City council and requires the same action to remove the constraint. In Washington State, ordinances and resolutions carry the same force of law.

Assigned – constraints that are neither restricted or committed, are considered assigned. Assignments are adopted by City Council through the budget ordinance. Special revenue funds typically report the majority of assigned fund balance and are created through ordinance by City Council. Fund balance in special revenue funds that are intended to be used for specific purposes, but are neither restricted or committed, include transfers from other funds, investment interest not constrained by contract or covenant, fees for services and rents.

Unassigned – any remaining fund balance in the general fund not classified as non-spendable, restricted, committed or assigned is considered unassigned. Also negative fund balance in any other governmental fund is unassigned. Also, the City's financial policies require a minimum of 10% of General Funds budgeted revenues (less beginning fund balance) be held in reserve. The reserves can be used for anything that council feels is necessary and therefore is reported as unassigned. Any and all expenditures from the reserve require a super majority vote by the entire City Council.

**NOTE 2 – RECONCILIATION OF GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS****A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position.**

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net assets-government activities as reported in the government-wide statement of net position. Certain reconciling items are a combination of transactions at net. The details are presented in the Reconciliation of Balance Sheet of Governmental funds on page 1-26.

**B. Explanation of Certain Differences Between the Governmental Funds 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 changes in net assets of governmental activities as reported in the government-wide statement of activities. The details are presented in the reconciliation of Statement of Revenues, Expenditures and Changes in fund Balance on page 1-28.

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**Deposits**

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

**Investments**

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

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

*Credit Risk* - Safety of principal is the foremost objective of the City’s investment program. City investments are undertaken in a conservative manner that seeks to ensure the preservation of the portfolio’s capital. The City holds investments in government agencies all of which hold AAA ratings from Standard & Poor’s and Aaa from Moody’s Investor Services. The City does not have a specific credit risk policy.

*Custodial Credit Risk* is the risk that in the event of a bank failure, the City’s investments may not be recovered. All City securities are held for safekeeping by US Bank. The City does not have a specific custodial credit risk policy.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. Safety of the principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City does not have a specific concentration of risk policy.

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

	Fair Value	Weighted Avg Maturity (in years)
<b>Investments:</b>		
FHLMC	\$ 3,512,647	
FNMA	11,369,274	
FICO STRIP CPN-1	3,894,713	
FFCB	4,944,814	
<b>Total Investments</b>	<b>\$ 23,721,448</b>	<b>2.79</b>
<b>Deposits:</b>		
Certificate of Deposit Bank of America	\$ 11,617	
Deposit Account - Cascade Bank	5,107,081	
State Pool	2,021,138	
State Pool #1	5,458,700	
<b>Total Deposits</b>	<b>\$ 12,598,536</b>	
<b>TOTAL INVESTMENTS &amp; DEPOSITS</b>	<b>\$ 36,319,984</b>	

**NOTE 5 - PROPERTY TAXES:**

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at/after the end of each month. Properties listed on the County tax rolls as of May 31 are included in the annual tax levy January 1. New construction through August 31 is included in the annual tax levy the following January 1.

Property Tax Calendar	
January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments is due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second installment is due

Property tax revenues are recognized in the year levied. At year-end, property tax revenues are recognized for collections to be distributed by the County Treasurer within sixty days and an adjustment to taxes receivable and deferred revenue is made to account for delinquent taxes. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

- a. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction.
- b. The Washington State Constitution limits the total regular property taxes to 1 percent of all assessed valuation of \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The City's regular levy for 2013 was \$2.9056 per \$1,000 on an assessed valuation of \$4,476,525,057. 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	2.9056	\$ 13,006,996
Emergency Medical Service (EMS)	.5000	2,238,263
<b>Total City Levy</b>	<b>3.4056</b>	<b>\$ 15,245,259</b>

**NOTE 6 - CAPITAL ASSETS AND DEPRECIATION**

A summary of changes in governmental capital assets follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE 1/01/13	ADDITIONS	DELETIONS	ENDING BALANCE 12/31/2013
Capital assets, not being depreciated:				
Land	26,064,252	81,560	-	26,145,812
Construction in progress	14,204,259	916,500	(14,913,305)	207,454
Total capital assets not being depreciated	<u>40,268,511</u>	<u>998,060</u>	<u>(14,913,305)</u>	<u>26,353,266</u>
Capital assets, being depreciated:				
Buildings and Structures	12,879,019	-	-	12,879,019
Improvements other than buildings	26,082,084	-	-	26,082,084
Infrastructure	107,730,808	16,101,478	-	123,832,286
Machinery and Equipment	10,584,024	700,084	(94,117)	11,189,991
	<u>157,275,935</u>	<u>16,801,562</u>	<u>(94,117)</u>	<u>173,983,380</u>
Less accumulated depreciation for:				
Buildings	(3,576,710)	(245,083)	-	(3,821,793)
Improvements other than buildings	(1,893,183)	(261,303)	-	(2,154,486)
Infrastructure	(17,084,598)	(2,100,658)	-	(19,185,256)
Machinery and Equipment	(7,130,226)	(525,621)	84,428	(7,571,419)
Total accumulated depreciation	<u>(29,684,717)</u>	<u>(3,132,665)</u>	<u>84,428</u>	<u>(32,732,954)</u>
Total assets being depreciated, net	<u>127,591,218</u>	<u>13,668,897</u>	<u>(9,689)</u>	<u>141,250,426</u>
Governmental activities capital assets, net	<u>167,859,729</u>	<u>14,666,957</u>	<u>(14,922,994)</u>	<u>167,603,692</u>

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

BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE 01/01/13	ADDITIONS	DELETIONS	ENDING BALANCE 12/31/13
Capital assets, not being depreciated:				
Land	11,827,652	-	-	11,827,652
Construction in progress	5,745,994	3,916,161	(2,119,625)	7,542,530
Total capital assets not being depreciated	<u>17,573,646</u>	<u>3,916,161</u>	<u>(2,119,625)</u>	<u>19,370,182</u>
Capital assets, being depreciated:				
Buildings and Structures	9,072,491	-	-	9,072,491
Improvements other than buildings	210,083,146	5,600,169	-	215,683,315
Machinery and Equipment	4,054,623	44,141	(34,874)	4,063,890
	<u>223,210,260</u>	<u>5,644,310</u>	<u>(34,874)</u>	<u>228,819,696</u>
Less accumulated depreciation for:				
Buildings	(2,878,293)	(164,147)	-	(3,042,440)
Improvements other than buildings	(70,512,389)	(5,686,278)	-	(76,198,667)
Machinery and Equipment	(2,611,985)	(213,383)	34,874	(2,790,494)
Total accumulated depreciation	<u>(76,002,667)</u>	<u>(6,063,808)</u>	<u>34,874</u>	<u>(82,031,601)</u>
Total assets being depreciated, net	<u>147,207,593</u>	<u>(419,498)</u>	<u>-</u>	<u>146,788,095</u>
Business-type activities capital assets, net	<u>\$ 164,781,239</u>	<u>\$ 3,496,663</u>	<u>\$ (2,119,625)</u>	<u>\$ 166,158,277</u>

**Depreciation**

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

<b><u>Governmental Activities</u></b>	
General Government Services	\$ 164,590
Protection of Persons & Property	53,820
Transportation	2,169,825
Culture & Recreation	235,337
Internal Service	<u>509,093</u>
Total Depreciation-Governmental Activities	<u>\$ 3,132,665</u>
 <b><u>Business-type Activities</u></b>	
Waterworks Utility	\$ 5,997,759
Golf	<u>66,049</u>
Total Depreciation-Business-Type Activities	<u>\$ 6,063,808</u>

**Construction Commitments**

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

Project	Expended To Date	Remaining Commitment
Street Construction	\$ 648,116	\$ 245,040
Utility Construction	1,792,313	854,034
<b>Total</b>	<b>\$ 2,440,429</b>	<b>\$ 1,099,074</b>

**NOTE 7 - PENSION PLANS**

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The 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 from the Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2 and 3**

Plan Description

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

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

PERS participants 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 exercise 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 PERS Plan 3. 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 defined benefit plan 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 defined benefit 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 retirement benefits are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement after 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 two 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 two percent of the AFC per years of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on year 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 year 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 of age can retire under one of two provisions, if hired prior to May 1, 2013:

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

PERS Plan 2 member hired on or after May 2, 2013 have the option to retire early by accepting a reduction 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 also 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 five percent to fifteen percent of salaries, based on member choice. Members who do not choose a contribution rate default to a five percent rate. There are currently no requirements for employer contribution 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 investments 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 one 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, 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 credit years earned in PERS Plan 2 prior to 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 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 three 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 five percent for each year before age 65.

PERS Plan 3 defined benefit retirement 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 two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one 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 three 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 estate (or duly designated nominee) of a PERS member who dies in the line of service 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 said member's covered employment, if found eligible by the Department of Labor and Industries.

*Judicial Benefit Multiplier*

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to make a one-time 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 average compensation.

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

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

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

Funding Policy

Each biennium, the state Pension Funding Council adopts 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 six percent for state agencies and local government unit employees, and 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. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

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

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
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:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	11.71%	11.71%	11.71%**
Employer-Local Govt.*	9.21%	9.21%	9.21%**
Employee-State Agency	9.76%	9.80%	7.50%***
Employee-Local Govt.	12.26%	12.30%	7.50%***

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

\*\*Plan 3 defined benefit portion only.

\*\*\*Minimum rate.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	\$ 28,449	\$ 959,006	\$ 78,314
2012	25,922	840,556	70,042
2011	24,290	697,184	77,914

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 & 2**

Plan Description

The Legislature established LEOFF in 1970. Membership in the system 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 prospectively 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, 1997 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 for the LEOFF Plan 2 retirement plan.

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 state 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 age 50.

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

Term of Service	Percent of Final Average
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 ten 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 five percent of FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate (or duly designated nominee) 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 allowance is 50 percent of the FAS plus 5 percent of 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 allowance or service retirement allowance.

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 three 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 three percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is two percent of the FAS for each year of service. Benefits are actuarially reduced to reflect the choice of survivor option and for each year 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 three percent of 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 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 allowance of at least 10 percent of FAS and two 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 estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

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

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

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

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

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

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, LEOFF Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF 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, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and could be changed of statute. For DRS' fiscal year 2013, the state contributed \$54.2 million to LEOFF Plan 2.

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

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31 were:

	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:

	LEOFF Plan 1	LEOFF Plan 2
2013	\$ 0	\$ 309,483
2012	0	297,868
2011	0	286,743

**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 are established in 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 PERS eligibility criteria.

A *covered employer* is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections; Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board; Corrections departments of Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane and Correctional entities formed by PERS employers under the Interlocal Cooperation Act.

To be eligible for PSERS, an employee must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job: OR
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- Have primary responsibility to supervise eligible members who meet the above criteria.

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

PSERS Plan 2 members are vested after the completion of five years of eligible service. PSERS members may retire with a monthly benefit of two 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 three 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 three 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 two percent of the average final compensation (AFC) for each year of service. 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 three 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 estate (or duly designated nominee) of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

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

Retirees and Beneficiaries Receiving Benefits	27
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	60
Active Plan Members Vested	2,083
Active Plan Members Non-vested	2,167
<b>Total</b>	<b>4,337</b>

Funding Policy

Each biennium, the state Pension Funding council adopts PSERS 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 payrolls, as of December 31, 2013, were as follows:

	PSERS Plan 2
Employer*	10.54%
Employee	6.36%

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

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

	PSERS Plan 2
2013	\$ 83,332
2012	70,566
2011	75,158

**Other Post-Employment Medical Benefits**

Plan Description

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for 10 LEOFF 1 retirees. The City provides medical insurance and reimbursements for all necessary hospital, medical, and nursing care expenses not payable by worker’s compensation, social security, insurance provided by another employer, other pension plan, or any other similar source. Medical insurance for the retirees is provided by the City’s employee medical insurance program. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions.

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

Funding Policy

Funding for LEOFF 1 retiree healthcare costs is provided by the City as required by RCW. These medical benefits are funded on a pay-as-you-go basis through the General Fund and paid out of the Police Department budget. Health insurance premiums are paid monthly and long-term care insurance is paid annually. Other medical services are paid as billings are presented for reimbursement. The City reimbursed 100 percent of the amount of validated claims for medical costs incurred by these individuals. Amounts paid from 2011 through 2013 by the City out of the General Fund are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
AWC medical premiums	\$ 106,124	\$ 153,940	\$ 148,883
Reimbursement of other eligible costs	11,568	15,425	4,417
Long-term care insurance premiums	22,587	22,587	26,056
Total	<u>\$ 140,279</u>	<u>\$ 191,952</u>	<u>\$ 179,356</u>
Average cost per retiree	\$ 15,587	\$ 19,195	\$ 17,936

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount calculated using the alternative measurement method in accordance with the parameters of GASB Statement 45 for employers in plans with fewer than one hundred total plan members utilizing the interactive tool developed by the Office of the State Actuary OSA for use by local government. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded accrued actuarial liabilities (UAAL) over a period of twenty years as of December 31, 2013. The following table shows the components of the City's annual OPEB cost for the year, and the amount actually contributed. The net OPEB obligation of \$534,690 is included as a noncurrent liability on the Statement of Net Assets.

	<u>12/31/2013</u>
Annual required contribution	\$ 231,660
Interest on net OPEB obligation	20,957
Adjustment to annual required contribution	<u>(43,365)</u>
Annual OPEB cost (expense)	209,252
Contributions made	<u>(140,279)</u>
Change in NPO	<b>68,973</b>
Net OPEB Obligation - Beginning of Year	<u>465,717</u>
Net OPEB Obligation - End of Year	<b><u>\$ 534,690</u></b>

Funded Status and Funding Progress

The City's funding status based upon the most recent alternative method calculations follows:

Schedule of Funding Progress

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

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2013 and the preceding years were as follows:

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

Actuarial Methods and Assumptions

The City has used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the AAL and normal cost. Retirement, disablement, termination and mortality rates were assumed to follow the LEOFF 1 rates in the June 30, 2009 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2012. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit method. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

The interest rate is 4.5%. The amortization period is 20 years (closed) and the medical inflation factor was plus or minus 1%.

**NOTE 8 – RISK MANAGEMENT**

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 162 members.

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

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

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

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

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

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

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

**NOTE 9 – SHORT-TERM DEBT**

On July 25, 2011, the City Council adopted an ordinance authorizing the issuance of up to \$8,000,000 of registered, tax exempt, bank-qualified, bond anticipation notes (non-revolving line of credit) (the “Note”) to provide interim financing to pay the costs of constructing a freeway overpass. Cashmere Valley Bank is providing the interim financing. The Note will bear interest at a rate of 58% of the Prime rate on the outstanding principle balance. The rate shall not exceed 6% per annum. The total borrowing will mature three years from the date of the initial draw or September 1, 2014. Interest will be paid semiannually on March 1 and September 1, commencing on March 1, 2012. On September 20, 2010 the City Council passed Ordinance No. 2827 establishing Local Improvement District No. 71. The proceeds from the sale of Local Improvement District 71 bonds will be used to retire these bond anticipation notes.

On February 15, 2012, the City Council adopted an ordinance authorizing the issuance of up to \$10,000,000 of Limited Tax General Obligation Bond Anticipation Notes (non-revolving line of credit) (the “Note”) to provide interim financing to fund a portion of costs associated with the 156<sup>th</sup> Street freeway overpass (City’s share) and road improvements on SR9/SR92. Keybank National Association provided the interim financing. In October 2013, the City issued LTGO bonds and used the proceeds to retire this Bond Anticipation Note.

	Outstanding 1/1/2013	Additions	Reductions	Outstanding 12/31/2013
Bond Anticipation Note-LID 71	\$ 4,760,000	\$ 886,800	\$ -	\$ 5,646,800
Bond Anticipation Note-LTGO	9,441,600		(9,441,600)	-
<b>Total Short-Term Debt</b>	<b>\$ 14,201,600</b>	<b>\$ 886,800</b>	<b>\$ (9,441,600)</b>	<b>\$ 5,646,800</b>

**NOTE 10 – LONG-TERM DEBT**

Long-term Debt:

The city issues general obligation bonds to finance the purchase, acquisition, and construction of significant capital assets. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. Federal obligation bonds are direct obligations and pledge the full faith and credit of the government.

On October 16, 2013 the City issued \$ 6,315,000 of LTGO refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$ 6,777,263 on the 2003 LTGO bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$223,913. This amount is being amortized over 10 years. This refunding was undertaken to reduce total debt service payments over the next ten years by \$661,319 and resulted in an economic gain of \$522,873.

On October 16, 2013, the City issued \$9,005,000 of LTGO bonds. The proceeds from this issue were used to pay off the outstanding LTGO Bond Anticipation Note used to fund the construction costs associated with 156<sup>th</sup> Street overpass (City’s share) and road improvements on SR4/SR92.

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

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
<b>Governmental Activities</b>						
LTGO Bonds 2003	07/01/03	12/01/23	3.00-4.125	\$ 7,225,000	\$ 7,225,000	\$ -
LTGO Refunding Bonds 2013	10/16/13	12/01/23	3.00-5.00	6,315,000	-	6,315,000
LTGO Bonds Series 2007A	05/01/07	12/01/27	4.00-5.50	8,045,000	1,705,000	6,340,000
LTGO Bonds 2010	10/01/10	12/01/34	2.00-5.00	4,990,000	-	4,990,000
LTGO Bonds 2013	10/16/13	12/01/30	3.00-5.00	9,005,000	-	9,005,000
<b>Total Governmental Activities</b>				<b>\$ 35,580,000</b>	<b>\$ 8,930,000</b>	<b>\$ 26,650,000</b>
<b>Business Activities</b>						
Golf Course	05/17/07	12/01/17	3.90-5.30	2,120,000	815,000	1,305,000
Pro-Shop/Restaurant Remodel	08/06/03	08/01/18	5.25	1,740,982	1,045,361	695,621
<b>Total Business Activities</b>				<b>3,860,982</b>	<b>1,860,361</b>	<b>2,000,621</b>
<b>TOTAL GENERAL OBLIGATION BONDS</b>				<b>\$ 39,440,982</b>	<b>\$ 10,790,361</b>	<b>\$ 28,650,621</b>

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

YEAR ENDING	GOVERNMENTAL ACTIVITIES			BUSINESS -TYPE ACTIVITIES			
	12/31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2014		1,120,000	1,167,496	2,287,496	281,165	103,352	384,517
2015		1,240,000	1,051,014	2,291,014	288,524	95,992	384,516
2016		1,285,000	1,006,489	2,291,489	296,223	88,292	384,515
2017		1,330,000	958,189	2,288,189	304,465	80,051	384,516
2018		1,595,000	908,089	2,503,089	290,245	40,005	330,250
2019-2023		9,725,000	3,443,774	13,168,774	539,999	113,400	653,399
2024-2028		6,500,000	1,610,800	8,110,800	-	-	-
2029-2033		3,400,000	435,000	3,835,000	-	-	-
2034		455,000	18,200	473,200	-	-	-
<b>TOTAL</b>		<b>\$ 26,650,000</b>	<b>\$ 10,599,051</b>	<b>\$ 37,249,051</b>	<b>\$ 2,000,621</b>	<b>\$ 521,092</b>	<b>\$ 2,521,713</b>

**Business-type Long-Term Debt**

Revenue debt outstanding as of December 31, 2013 is as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
Water Revenue Bonds	05/31/05	04/01/28	3.750-5.125	48,355,000	2,060,000	46,295,000
<b>TOTAL REVENUE BONDS</b>				<b>\$ 48,355,000</b>	<b>\$ 2,060,000</b>	<b>\$ 46,295,000</b>

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

YEAR ENDING	BUSINESS-TYPE ACTIVITY			
	12/31	PRINCIPAL	INTEREST	TOTAL
2014		2,145,000	2,209,825	4,354,825
2015		2,240,000	2,113,906	4,353,906
2016		2,350,000	2,002,138	4,352,138
2017		2,475,000	1,880,106	4,355,106
2018		2,600,000	1,752,050	4,352,050
2019-2023		15,145,000	6,619,875	21,764,875
2024-2028		19,340,000	2,423,588	21,763,588
<b>TOTAL</b>		<b>\$ 46,295,000</b>	<b>\$ 19,001,488</b>	<b>\$ 65,296,488</b>

Other Business-type long term debt outstanding as of December 31, 2013 is as follows:

DESCRIPTION	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE (\$)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
<b>Governmental Activities</b>						
800 MHZ	10/01/99	12/01/19	4.75-6.00	\$ 1,013,033	\$ 528,850	\$ 484,183
PWTFL-Lakewood Triangle	01/15/08	07/01/13	0.50	750,000	750,000	-
<b>Total Governmental Activities</b>				<b>1,763,033</b>	<b>1,278,850</b>	<b>484,183</b>
<b>Other Long Term Obligations</b>						
PWTFL-WWTP	10/22/01	07/01/21	0.50	1,000,000	578,947	421,053
PWTFL-WWTP	02/04/02	07/01/22	0.50	10,000,000	5,235,294	4,764,706
PWTFL-WWTP Phase II	05/13/04	07/01/24	0.50	10,000,000	4,210,526	5,789,474
DWRFL-Stillly Well	12/12/03	10/01/23	1.50	4,080,000	1,856,023	2,223,977
<b>Total Other Long Term Obligations</b>				<b>25,080,000</b>	<b>11,880,790</b>	<b>13,199,210</b>
<b>TOTAL BUSINESS-TYPE LONG TERM OBLIGATIONS</b>				<b>\$ 26,843,033</b>	<b>\$ 13,159,640</b>	<b>\$ 13,683,393</b>

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

YEAR ENDING	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			
	12/31	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2014		71,967	22,451	94,418	1,330,758	88,235	1,418,993
2015		75,155	18,853	94,008	1,330,758	79,358	1,410,116
2016		78,798	15,095	93,893	1,330,758	70,480	1,401,238
2017		82,444	11,155	93,599	1,330,757	61,603	1,392,360
2018		86,088	7,033	93,121	1,330,757	52,725	1,383,482
2019-2023		89,731	3,590	93,321	6,019,101	130,719	6,149,820
2024		-	-	-	526,321	2,632	528,953
<b>TOTAL</b>		<b>\$ 484,183</b>	<b>\$ 78,177</b>	<b>\$ 562,360</b>	<b>\$ 13,199,210</b>	<b>\$ 485,752</b>	<b>\$ 13,684,962</b>

At December 31, 2013, the City has \$ 77,059 available in governmental debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$ 5,544,027 in sinking funds and reserves as required by bond indentures.

**Refunded Debt**

*Prior Years' Defeasance of Debt.* In prior years, the City defeased certain obligations for payment by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the liability for the refunded bonds and related securities and escrow account assets is not included in the accompanying financial statements. On December 31, 2013, \$ 8,077,263 of bonds outstanding is considered defeased.

**NOTE 11 – LEASES**

**Lease Revenue**

The City entered into a lease with option to purchase agreement with the Boys and Girls Club of Snohomish County leasing a portion of the City facility located at 1010 Beach Avenue. The lease agreement began on January 1, 2010 and will terminate on December 31, 2024, with the option to extend an additional five years. The option to purchase the facility cannot be exercised prior to the termination of the lease period. This asset has a cost of \$ 1,777,533, accumulated depreciation of \$52,310 and a carrying value of \$1,725,223. Noncancelable lease provides for minimum annual payment as follows:

Year Ending December 31	Minimum Future Rent
2014	28,611
2015	28,611
2016	28,611
2017	28,611
2018	28,611
2019-2024	171,662
<b>Total</b>	<b>\$ 314,717</b>

**NOTE 12 – CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 18,870,000	\$ 15,320,000	\$ (7,540,000)	\$ 26,650,000	\$ 1,120,000
Plus unamortized amounts					
For issuance premiums	-	1,109,614	-	1,109,614	-
Total bonds Payable	18,870,000	16,429,614	(7,540,000)	27,759,614	1,120,000
Governmental loans	740,006	-	(255,823)	484,183	71,967
Other post-employment benefits	465,717	68,973	-	534,690	-
Compensated absences	1,544,196	1,148,696	(1,544,196)	1,148,696	574,348
Governmental activity long-term liabilities:	\$ 21,619,919	\$ 17,647,283	\$ (9,340,019)	\$ 29,927,183	\$ 1,766,315
<b>Business-Type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,258,557	\$ -	\$ (257,936)	\$ 2,000,621	\$ 281,164
Revenue Bond	48,355,000	-	(2,060,000)	46,295,000	2,145,000
Plus unamortized amounts					
For issuance discounts	(309,632)	(4,827)	20,317	(294,142)	-
For issuance premiums	1,796,442	-	(112,277)	1,684,165	-
Total bonds Payable	52,100,367	(4,827)	(2,409,896)	49,685,644	2,426,164
Governmental loans	14,529,964	-	(1,330,754)	13,199,210	1,330,757
Compensated absences	278,867	259,966	(278,867)	259,966	129,982
Business-type activity long-term liabilities:	\$ 66,909,198	\$ 255,139	\$ (4,019,517)	\$ 63,144,820	\$ 3,886,903

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

Since internal service funds predominantly serve the governmental funds, their long-term liabilities are included as part of the above totals for governmental activities. At year end \$ 70,464 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are generally liquidated by the general fund.

**NOTE 13 - CONTINGENCIES AND LITIGATION**

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

The City of Marysville is the defendant in certain legal actions. At this time the City Attorney is unable to determine the probability of the outcomes in these cases. However, in all cases of legal actions against the city, the City Attorney

believes there are meritorious defenses to the plaintiffs' claims, and that both separately and collectively the alleged damages in these cases are within the coverage limits of the city's insurance policies. Therefore, the city believes that the costs of defending these claims, and any awards, if any, will not be material to the city's financial position.

**NOTE 14 - INTERFUND TRANSACTIONS AND BALANCES**

Loans between funds are classified as interfund loans receivable and payable, or advances to and from other funds depending on the time period for which the loan was made. Advances to other funds are typically loans that are not expected to be repaid within one year from the date of the financial statements.

Interfund loans receivable and payable are used primarily to meet short-term cash flow requirements while waiting for other financing instruments to be put in place.

Interfund loan balances at December 31, 2013 were:

Funds	Interfund Loans Receivable	Interfund Loans Payable
Golf Course Fund		398,000
Waterworks Utility	398,000	
<b>Total</b>	<b>\$ 398,000</b>	<b>\$ 398,000</b>

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

Fund	Total Transfer Out	Transfer In						
		General	Street Construction	Nonmajor Governmental	Waterworks Utility	Solid Waste	Nonmajor Enterprise	Internal Services
General Fund	2,910,608	-	-	2,192,914	-	-	717,694	-
Street Construction	1,092,577	-	-	1,092,577	-	-	-	-
Nonmajor Governmental Funds	1,698,347	94,368	1,350,000	202,482	-	2,115	5,000	44,382
Waterworks Utility	1,295,097	738,236	-	485,790	-	-	-	71,071
Solid Waste	6,190	-	-	-	-	-	-	6,190
<b>Total Transfer In</b>	<b>\$ 7,002,819</b>	<b>\$ 832,604</b>	<b>\$ 1,350,000</b>	<b>\$ 3,973,763</b>	<b>\$ -</b>	<b>\$ 2,115</b>	<b>\$ 722,694</b>	<b>\$ 121,643</b>

**NOTE 15 – RECEIVABLE AND PAYABLE BALANCES**

The receivable and payable balances are easily discernible in the financial statements.

**NOTE 16 – JOINT VENTURE**

Joint Venture: The city, in conjunction with other governmental entities, participates in one joint venture. Using the same criteria applied to the other organizations to determine the reporting entity, this joint venture is not included in the city's annual financial statements.

The **Snohomish County Emergency Radio System (SERS)**, a nonprofit corporation pursuant to chapter 24.06 RCW and IRC 501©(3), was established via an interlocal agreement in 1999 with Snohomish County, SNOCOM, SNOPAC, and the Cities of Brier, Edmonds, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, and Woodway. The purpose of SERS is to design, develop, finance, acquire, install, operate, maintain, repair and replace the county's public safety communications service. The governing board consists of ten directors, one appointed by each City and County member, with the authority to take all actions on behalf of SERS. As of December 31, 2013, an equity interest in the SERS joint venture of \$ 423,721 was recorded in the governmental statement of net position. Separate financial

statements for the joint venture may be obtained from Snohomish County, Finance Department, 3000 Rockefeller Avenue, Everett, WA 98201.

**NOTE 17 – OTHER DISCLOSURES**

**PRIOR PERIOD ADJUSTMENTS**

**Governmental Activities**

Prior period adjustment in government-wide financial statements under governmental activities is due to an adjustment in CWIP on the R0604 156<sup>th</sup> Overpass Project. The design and construction of the 156<sup>th</sup> Street Overpass began in 2006. At the end of 2006, the current expenditures of \$38,996 were recorded and reported in CWIP. At the end of 2007, the project was inadvertently removed from CWIP. The 2006 and 2007 combined expenditures (\$318,983) were recorded as a current year expense in the 2007 CAFR. In 2013, when the asset was being capitalized it was discovered that the carrying value in CWIP was \$318,983 less than the expenditures incurred. The asset was recorded at the correct value and a prior period adjust of \$318,983 is being reported on the Entity Wide Statement of Net Activities.

**Business-type Activities**

Prior period adjustment in the government-wide financial statements under business-type activities is due to an error found when implementing GASB 65. As part of the GASB 65 implementation all deferred amounts on refunding needed to be reclassified from a liability account to a deferred inflow/outflow account. While evaluating what reclassifications needed to occur, it was discovered that the 2007 LTGO refunding in the 420 Golf Course was not posted correctly. As part of the refunding, the City contributed an additional \$1M. The \$1M payment should have been used to reduce the amount of the old debt prior to removing the liability from the Golf Course balance sheet. Since it was not, the deferred amount on the refunding was not calculated correctly. The remaining unamortized deferred amount on refunding has been removed and the new values have been added into the statements as a deferred loss on the refunding. This correction is being reported as a \$454,545 prior period adjustment in the statement of revenues, expenses and changes in fund net position proprietary funds and the entity wide statement of activities under business- type activities.

**NET POSITION RESTATED**

	<b>Governmental Activity</b>	<b>Business Activity</b>
Net Capital Assets	167,603,692	166,158,277
Less Noncurrent Debt	(25,942,216)	(57,737,910)
Less Current Debt Principal	(1,191,967)	(3,756,921)
Add Debt Related Deferred Charges	885,701	1,431,616
Net investments in capital assets	141,355,210	106,095,062

**SUBSEQUENT EVENTS**

The Marysville Transportation Benefit District (MTBD) was established through City ordinance 2938 in January 2014 pursuant to RCW 35.21.225 which grants cities the authority to establish such a district. The MTBD is governed by the Marysville City Council members acting in an ex-officio capacity and maintains no employees. MTBD's sole purpose is to finance the City's transportation improvements and although it is a legally separate entity, the operations of the MTBD are so closely related to those of the City that it will be reported as if it were part of the primary government.

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

# **COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES**

## **GOVERNMENTAL FUNDS**



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

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 393,851	\$ 32,890	\$ 47,642	\$ 474,383
Investments	528,913	44,169	63,982	637,064
Receivables (net)	4,110	-	-	4,110
Total Current Assets	926,874	77,059	111,624	1,115,557
<b>TOTAL ASSETS</b>	<b>\$ 926,874</b>	<b>\$ 77,059</b>	<b>\$ 111,624</b>	<b>\$ 1,115,557</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and accrued exp.	6,955	-	637	7,592
Deposits/Retainage Payable	215,578	-	-	215,578
Total Current Liabilities	222,533	-	637	223,170
<b>TOTAL LIABILITIES</b>	<b>222,533</b>	<b>-</b>	<b>637</b>	<b>223,170</b>
<b>FUND BALANCES</b>				
<b>Restricted for:</b>				
Law Enforcement	50,620	-	-	50,620
Tourism	35,219	-	-	35,219
Technology Infrastructure	49,622	-	-	49,622
REET	423,628	-	-	423,628
<b>Committed to:</b>				
Law Enforcement	100,951	-	-	100,951
Community Center	12,197	-	-	12,197
<b>Assigned to:</b>				
Street Maintenance	32,104	-	-	32,104
Park Construction Projects	-	-	110,987	110,987
Debt Service	-	77,059	-	77,059
TOTAL FUND BALANCES	704,341	77,059	110,987	892,387
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 926,874</b>	<b>\$ 77,059</b>	<b>\$ 111,624</b>	<b>\$ 1,115,557</b>

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

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$ 1,680,419	\$ -	\$ -	\$ 1,680,419
Licenses and Permits	98,603	-	-	98,603
Intergovernmental	1,553,258	-	-	1,553,258
Charges for Services	19,570	-	174,646	194,216
Fines and Forfeits	15,832	-	-	15,832
Investment Interest	3,543	2,084	341	5,968
Rents & Leases	-	-	29,677	29,677
Miscellaneous Revenues	35,103	6,060	-	41,163
<b>TOTAL REVENUES</b>	<b>3,406,328</b>	<b>8,144</b>	<b>204,664</b>	<b>3,619,136</b>
<b>EXPENDITURES</b>				
Current				
General Government	104,132	-	-	104,132
Public Safety	39,524	-	-	39,524
Transportation	3,156,984	-	-	3,156,984
Economic Environment	111,341	-	-	111,341
Culture & Recreation	3,783	-	95,436	99,219
Capital Outlay	366,555	-	-	366,555
Debt Service				
Principal	68,323	950,237	-	1,018,560
Interest & fiscal charges	25,867	870,467	-	896,334
<b>TOTAL EXPENDITURES</b>	<b>3,876,509</b>	<b>1,820,704</b>	<b>95,436</b>	<b>5,792,649</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(470,181)</b>	<b>(1,812,560)</b>	<b>109,228</b>	<b>(2,173,513)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	7,001,176	-	7,001,176
Payment to refunding bond escrow agent	-	(6,777,263)	-	(6,777,263)
Transfers In	2,337,911	1,595,852	40,000	3,973,763
Transfer Out	(1,603,237)	-	(95,110)	(1,698,347)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>734,674</b>	<b>1,819,765</b>	<b>(55,110)</b>	<b>2,499,329</b>
Net change in fund balances	264,493	7,205	54,118	325,816
Fund Balances-Beginning	439,848	69,854	56,869	566,571
<b>FUND BALANCES-ENDING</b>	<b>\$ 704,341</b>	<b>\$ 77,059</b>	<b>\$ 110,987</b>	<b>\$ 892,387</b>

# SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Other restricted resources are accounted for in debt service, and capital projects.

- 101** The *Street Fund* accounts for maintenance and operation of all transportation routes, preparation of streets planned for overlay and maintenance.
- 103** The *Drug Enforcement Fund* accounts for monies forfeited and proceeds of the sale of forfeited property seized as a result of drug activity.
- 104** The *Tribal Gaming Fund* accounts for the receipt and disposition of funds received from the Tulalip Tribes for the mitigation of law enforcement due to gaming activity.
- 105** The *Tourism Development Fund* accounts for programs supported by the Hotel/Motel tax revenue authorized by RCW 67.28.180.
- 106** The *Ken Baxter Senior Community Center Appreciation Fund* accounts for private donations intended to support the senior center. All expenditures from this fund are solely to be used for the benefit of the Baxter Center and/or activities sponsored by the center.
- 108** The *Technology Infrastructure Fund* accounts for funds used to implement and maintain the city's technology infrastructure
- 109** The *Community Development Block Grant 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 light. The financing is from Community Block Grant HUD funds.
- 110** The *GMA REET I Fund* accounts for the revenues and expenditures of the first quarter percent of the real estate excise tax or REET I.
- 111** The *GMA REET II Fund* accounts for the revenues and expenditures of the first quarter percent of the real estate excise tax or REET II.

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013**

	<b>101 CITY STREET</b>	<b>103 DRUG ENFORCEMENT</b>	<b>104 TRIBAL GAMING</b>	<b>105 HOTEL/ MOTEL</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash & Cash Equivalents	\$ 106,929	\$ 21,605	\$ 43,088	\$ 15,032
Investments	143,598	29,015	57,863	20,187
Receivables (net)	4,110	-	-	-
Total Current Assets	254,637	50,620	100,951	35,219
<b>TOTAL ASSETS</b>	<b>\$ 254,637</b>	<b>\$ 50,620</b>	<b>\$ 100,951</b>	<b>\$ 35,219</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued exp.	\$ 6,955	\$ -	\$ -	\$ -
Deposits payable	215,578	-	-	-
Total Current Liabilities	222,533	-	-	-
<b>TOTAL LIABILITIES</b>	<b>222,533</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
<b>Restricted for:</b>				
Law enforcement	-	50,620	-	-
Hotel/Motel	-	-	-	35,219
Technology Infrastructure	-	-	-	-
REET	-	-	-	-
<b>Committed to:</b>				
Law Enforcement	-	-	100,951	-
Community Center	-	-	-	-
<b>Assigned to:</b>				
Street Maintenance	32,104	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>32,104</b>	<b>50,620</b>	<b>100,951</b>	<b>35,219</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 254,637</b>	<b>\$ 50,620</b>	<b>\$ 100,951</b>	<b>\$ 35,219</b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013**

	106 BAXTER CENTER APPRECIATION	108 I/NET FUND	110 GMA- REET I	111 GMA- REET II	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Cash & Cash Equivalents	\$ 5,206	\$ 21,179	\$ 101,558	\$ 79,254	\$ 393,851
Investments	6,991	28,443	136,384	106,432	528,913
Receivables (net)	-	-	-	-	4,110
Total Current Assets	<u>12,197</u>	<u>49,622</u>	<u>237,942</u>	<u>185,686</u>	<u>926,874</u>
	<b>\$ 12,197</b>	<b>\$ 49,622</b>	<b>\$ 237,942</b>	<b>\$ 185,686</b>	<b>\$ 926,874</b>
Accounts payable and accrued exp.	\$ -	\$ -	\$ -	\$ -	\$ 6,955
Deposits payable	-	-	-	-	215,578
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,533</u>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222,533</b>
<b>Restricted for:</b>					
Law enforcement	-	-	-	-	50,620
Hotel/Motel	-	-	-	-	35,219
Technology Infrastructure	-	49,622	-	-	49,622
REET	-	-	237,942	185,686	423,628
<b>Committed to:</b>					
Law Enforcement	-	-	-	-	100,951
Community Center	12,197	-	-	-	12,197
<b>Assigned to:</b>					
Street Maintenance	-	-	-	-	32,104
	<u>12,197</u>	<u>49,622</u>	<u>237,942</u>	<u>185,686</u>	<u>704,341</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,197</b>	<b>\$ 49,622</b>	<b>\$ 237,942</b>	<b>\$ 185,686</b>	<b>\$ 926,874</b>

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

	<b>101 CITY STREET</b>	<b>103 DRUG ENFORCEMENT</b>	<b>104 TRIBAL GAMING</b>	<b>105 HOTEL/ MOTEL</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 89,949
Licenses & Permits	98,603	-	-	-
Intergovernmental	1,338,335	-	-	-
Charges for Services	19,570	-	-	-
Fines & Forfeitures	-	15,832	-	-
Investment Earnings	98	276	428	231
Miscellaneous	34,278	375	-	-
<b>TOTAL REVENUES</b>	<b>1,490,884</b>	<b>16,483</b>	<b>428</b>	<b>90,180</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	13,785	-	-	-
Public Safety	-	21,826	17,698	-
Transportation	3,156,984	-	-	-
Economic Environment	-	-	-	39,645
Culture & Recreation	-	-	-	-
Capital Outlay	366,555	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,537,324</b>	<b>21,826</b>	<b>17,698</b>	<b>39,645</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,046,440)</b>	<b>(5,343)</b>	<b>(17,270)</b>	<b>50,535</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,337,911	-	-	-
Transfers Out	(44,382)	-	-	(65,628)
<b>Total other financing sources (uses)</b>	<b>2,293,529</b>	<b>-</b>	<b>-</b>	<b>(65,628)</b>
Net change in fund balances	247,089	(5,343)	(17,270)	(15,093)
Fund balances - beginning	(214,985)	55,963	118,221	50,312
<b>FUND BALANCES - ENDING</b>	<b>\$ 32,104</b>	<b>\$ 50,620</b>	<b>\$ 100,951</b>	<b>\$ 35,219</b>

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

	106 BAXTER CENTER APPRECIATION	108 I/NET FUND	109 CDBG FUND	110 GMA- REET I
<b>REVENUES:</b>				
Taxes	\$ -	\$ 113,237	\$ -	\$ 738,616
Licenses & Permits	-	-	-	-
Intergovernmental	-	-	214,923	-
Charges for Services	-	-	-	-
Fines & Forfeitures	-	-	-	-
Investment Earnings	55	127	-	1,255
Miscellaneous	450	-	-	-
<b>TOTAL REVENUES</b>	<b>505</b>	<b>113,364</b>	<b>214,923</b>	<b>739,871</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	90,347	-	-
Public Safety	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	-	71,696	-
Culture & Recreation	3,783	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	68,323
Interest	-	-	-	25,867
<b>TOTAL EXPENDITURES</b>	<b>3,783</b>	<b>90,347</b>	<b>71,696</b>	<b>94,190</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,278)</b>	<b>23,017</b>	<b>143,227</b>	<b>645,681</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(143,227)	(600,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(143,227)</b>	<b>(600,000)</b>
Net change in fund balances	(3,278)	23,017	-	45,681
Fund balances - beginning	15,475	26,605	-	192,261
<b>FUND BALANCES - ENDING</b>	<b>\$ 12,197</b>	<b>\$ 49,622</b>	<b>\$ -</b>	<b>\$ 237,942</b>

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

	111 GMA- REET II	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
<b>REVENUES:</b>		
Taxes	\$ 738,617	\$ 1,680,419
Licenses & Permits	-	98,603
Intergovernmental	-	1,553,258
Charges for Services	-	19,570
Fines & Forfeitures	-	15,832
Investment Earnings	1,073	3,543
Miscellaneous	-	35,103
<b>TOTAL REVENUES</b>	<b>739,690</b>	<b>3,406,328</b>
<b>EXPENDITURES:</b>		
Current:		
General Government	-	104,132
Public Safety	-	39,524
Transportation	-	3,156,984
Economic Environment	-	111,341
Culture & Recreation	-	3,783
Capital Outlay	-	366,555
Debt Service		
Principal	-	68,323
Interest	-	25,867
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>3,876,509</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>739,690</b>	<b>(470,181)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	2,337,911
Transfers Out	(750,000)	(1,603,237)
<b>Total other financing sources (uses)</b>	<b>(750,000)</b>	<b>734,674</b>
Net change in fund balances	(10,310)	264,493
Fund balances - beginning	195,996	439,848
<b>FUND BALANCES - ENDING</b>	<b>\$ 185,686</b>	<b>\$ 704,341</b>

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# DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for and payment of general obligation bond principal and interest from governmental resources. Debt service funds are also used to account for the accumulation of resources for and payment of special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

**206**      The *LTGO Bond Fund* -

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

**2008** - \$750K PWTFM to fund a portion of the 156<sup>th</sup> Street overpass design

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

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

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

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

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

	206 LTGO BOND FUND	299 LID GUARANTY	TOTAL NONMAJOR DEBT SERVICE FUNDS
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 10,549	\$ 22,341	\$ 32,890
Investments	14,166	30,003	44,169
Total Current Assets	24,715	52,344	77,059
<b>TOTAL ASSETS</b>	<b>24,715</b>	<b>52,344</b>	<b>77,059</b>
<b>FUND BALANCE</b>			
<b>Assigned to:</b>			
Debt Service	24,715	52,344	77,059
<b>TOTAL FUND BALANCES</b>	<b>24,715</b>	<b>52,344</b>	<b>77,059</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 24,715</b>	<b>\$ 52,344</b>	<b>\$ 77,059</b>

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

	<b>206 LTGO DEBT SERVICE</b>	<b>299 LID GUARANTY</b>	<b>TOTAL NONMAJOR DEBT SERVICE FUNDS</b>
<b>REVENUES</b>			
Investment Earnings	\$ 1,828	\$ 256	\$ 2,084
Miscellaneous Revenues	4,825	1,235	6,060
<b>TOTAL REVENUES</b>	<b>6,653</b>	<b>1,491</b>	<b>8,144</b>
<b>EXPENDITURES</b>			
Debt Service			
Principal	950,237	-	950,237
Interest & fiscal charges	870,467	-	870,467
<b>TOTAL EXPENDITURES</b>	<b>1,820,704</b>	<b>-</b>	<b>1,820,704</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(1,814,051)</b>	<b>1,491</b>	<b>(1,812,560)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	7,001,176	-	7,001,176
Payment of refunding debt escrow agent	(6,777,263)	-	(6,777,263)
Transfers In	1,595,852	-	1,595,852
<b>Total other financing sources (uses)</b>	<b>1,819,765</b>	<b>-</b>	<b>1,819,765</b>
Net change in fund balances	5,714	1,491	7,205
Fund balances -- beginning	19,001	50,853	69,854
<b>FUND BALANCES - ENDING</b>	<b>\$ 24,715</b>	<b>\$ 52,344</b>	<b>\$ 77,059</b>

**COMBINING BALANCE SHEET  
NON MAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2013**

	<b>310 Park Construction</b>	<b>TOTAL 2013</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 47,642	\$ 47,642
Investments	63,982	63,982
Total Current Assets	111,624	111,624
<b>TOTAL ASSETS</b>	<b>111,624</b>	<b>111,624</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued exp.	637	637
Total Current Liabilities	637	637
<b>TOTAL LIABILITIES</b>	<b>637</b>	<b>637</b>
FUND BALANCE		
Assigned:		
Parks Construction Project	110,987	110,987
TOTAL FUND BALANCES	110,987	110,987
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 111,624</b>	<b>\$ 111,624</b>

# CAPITAL PROJECT FUNDS

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

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>310 Parks Construction</b>	<b>TOTAL 2013</b>
<b>REVENUES:</b>		
Charges for Services	\$ 174,646	\$ 174,646
Investment Earnings	341	341
Rents & Leases	29,677	29,677
<b>TOTAL REVENUES</b>	<b>204,664</b>	<b>204,664</b>
<b>EXPENDITURES:</b>		
Current:		
Culture & Recreation	95,436	95,436
<b>TOTAL EXPENDITURES</b>	<b>95,436</b>	<b>95,436</b>
<b>EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>109,228</b>	<b>109,228</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers In	40,000	40,000
Transfers Out	(95,110)	(95,110)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(55,110)</b>	<b>(55,110)</b>
Net change in fund balances	54,118	54,118
Fund balances - beginning	56,869	56,869
<b>FUND BALANCES - ENDING</b>	<b>\$ 110,987</b>	<b>\$ 110,987</b>

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 305 - STREET CONSTRUCTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Intergovernmental	\$ 2,850,000	\$ 2,850,000	\$ 107,039	\$ (2,742,961)
Charges for Services	500,000	500,000	716,347	216,347
Investment Earnings	500	500	1,501	1,001
Miscellaneous Revenues	-	-	16	16
<b>TOTAL REVENUES</b>	<b>3,350,500</b>	<b>3,350,500</b>	<b>824,903</b>	<b>(2,525,597)</b>
<b>EXPENDITURES:</b>				
Current				
Transportation	-	-	81,797	(81,797)
Capital Outlay	2,960,000	3,185,000	1,509,970	1,675,030
Debt Service				
Interest & fiscal charges	561,872	561,872	226,189	335,683
<b>TOTAL EXPENDITURES</b>	<b>3,521,872</b>	<b>3,746,872</b>	<b>1,817,956</b>	<b>1,928,916</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(171,372)</b>	<b>(396,372)</b>	<b>(993,053)</b>	<b>(596,681)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	800,000	800,000	1,350,000	550,000
Transfers (Out)	(1,119,890)	(1,119,890)	(1,092,577)	27,313
Debt proceeds	1,300,000	1,525,000	9,428,439	7,903,439
<b>Total other financing sources (uses)</b>	<b>980,110</b>	<b>1,205,110</b>	<b>9,685,862</b>	<b>8,480,752</b>
Net change in fund balances	808,738	808,738	8,692,809	7,884,071
Fund balances - beginning	700,000	700,000	(13,740,682)	(14,440,682)
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,508,738</b>	<b>\$ 1,508,738</b>	<b>\$ (5,047,873)</b>	<b>\$ (6,556,611)</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 101 - CITY STREETS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Licenses & Permits	\$ 30,000	\$ 30,000	\$ 98,603	\$ 68,603
Intergovernmental	1,365,000	1,365,000	1,338,335	(26,665)
Charges for Services	-	-	19,570	19,570
Investment Earnings	500	500	98	(402)
Miscellaneous Revenues	10,000	10,000	34,278	24,278
<b>TOTAL REVENUES</b>	<b>1,405,500</b>	<b>1,405,500</b>	<b>1,490,884</b>	<b>85,384</b>
<b>EXPENDITURES</b>				
Current:				
General Government	30,282	30,282	13,785	16,497
Transportation	3,320,287	3,479,932	3,156,984	322,948
Capital Outlay	362,500	362,500	366,555	(4,055)
<b>TOTAL EXPENDITURES</b>	<b>3,713,069</b>	<b>3,872,714</b>	<b>3,537,324</b>	<b>335,390</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(2,307,569)</b>	<b>(2,467,214)</b>	<b>(2,046,440)</b>	<b>420,774</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	2,352,588	2,522,233	2,337,911	(184,322)
Transfers Out	(41,000)	(51,000)	(44,382)	6,618
<b>Total other financing sources (uses)</b>	<b>2,311,588</b>	<b>2,471,233</b>	<b>2,293,529</b>	<b>(177,704)</b>
Net change in fund balances	4,019	4,019	247,089	243,070
Fund balances - beginning	-	-	(214,985)	(214,985)
<b>FUND BALANCES - ENDING</b>	<b>\$ 4,019</b>	<b>\$ 4,019</b>	<b>\$ 32,104</b>	<b>\$ 28,085</b>

# BUDGET AND ACTUAL



**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 103 - DRUG SEIZURE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Fines & Forfeits	\$ 10,000	\$ 10,000	\$ 15,832	\$ 5,832
Investment Earnings	200	200	276	76
Miscellaneous Revenues	-	-	375	375
<b>TOTAL REVENUES</b>	<b>10,200</b>	<b>10,200</b>	<b>16,483</b>	<b>6,283</b>
<b>EXPENDITURES</b>				
Current:				
Public Safety	18,500	54,500	21,826	32,674
<b>TOTAL EXPENDITURES</b>	<b>18,500</b>	<b>54,500</b>	<b>21,826</b>	<b>32,674</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(8,300)</u>	<u>(44,300)</u>	<u>(5,343)</u>	<u>38,957</u>
Net change in fund balances	(8,300)	(44,300)	(5,343)	38,957
Fund balances - beginning	54,711	54,711	55,963	1,252
<b>FUND BALANCES - ENDING</b>	<b>\$ 46,411</b>	<b>\$ 10,411</b>	<b>\$ 50,620</b>	<b>\$ 40,209</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 104 - TRIBAL GAMING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Investment Earnings	\$ 250	\$ 250	\$ 428	\$ 178
<b>TOTAL REVENUES</b>	<b>250</b>	<b>250</b>	<b>428</b>	<b>178</b>
<b>EXPENDITURES</b>				
Current:				
Public Safety	25,000	25,000	17,698	7,302
<b>TOTAL EXPENDITURES</b>	<b>25,000</b>	<b>25,000</b>	<b>17,698</b>	<b>7,302</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(24,750)</b>	<b>(24,750)</b>	<b>(17,270)</b>	<b>7,480</b>
Net change in fund balances	(24,750)	(24,750)	(17,270)	7,480
Fund balances - beginning	114,869	114,869	118,221	3,352
<b>FUND BALANCES - ENDING</b>	<b>\$ 90,119</b>	<b>\$ 90,119</b>	<b>\$ 100,951</b>	<b>\$ 10,832</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 105 - HOTEL/MOTEL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 76,000	\$ 76,000	\$ 89,949	\$ 13,949
Investment Earnings	150	150	231	81
<b>TOTAL REVENUES</b>	<b>76,150</b>	<b>76,150</b>	<b>90,180</b>	<b>14,030</b>
<b>EXPENDITURES</b>				
Current:				
Economic Environment	65,606	65,606	39,645	25,961
<b>TOTAL EXPENDITURES</b>	<b>65,606</b>	<b>65,606</b>	<b>39,645</b>	<b>25,961</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>10,544</b>	<b>10,544</b>	<b>50,535</b>	<b>39,991</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(54,693)	(54,693)	(65,628)	(10,935)
<b>Total other financing sources (uses)</b>	<b>(54,693)</b>	<b>(54,693)</b>	<b>(65,628)</b>	<b>(10,935)</b>
Net change in fund balances	(44,149)	(44,149)	(15,093)	29,056
Fund balances - beginning	44,868	44,868	50,312	5,444
<b>FUND BALANCES - ENDING</b>	<b>\$ 719</b>	<b>\$ 719</b>	<b>\$ 35,219</b>	<b>\$ 34,500</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 106 - KBCC APPRECIATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Investment Earnings	\$ 75	\$ 75	\$ 55	\$ (20)
Miscellaneous Revenues	-	-	450	450
<b>TOTAL REVENUES</b>	<b>75</b>	<b>75</b>	<b>505</b>	<b>430</b>
<b>EXPENDITURES</b>				
Current:				
Culture & Recreation	4,000	4,000	3,783	217
<b>TOTAL EXPENDITURES</b>	<b>4,000</b>	<b>4,000</b>	<b>3,783</b>	<b>217</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(3,925)</b>	<b>(3,925)</b>	<b>(3,278)</b>	<b>647</b>
Net change in fund balances	(3,925)	(3,925)	(3,278)	647
Fund balances - beginning	15,680	15,680	15,475	(205)
<b>FUND BALANCES - ENDING</b>	<b>\$ 11,755</b>	<b>\$ 11,755</b>	<b>\$ 12,197</b>	<b>\$ 442</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 108 - TECHNOLOGY INFRASTRUCTURE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 119,500	\$ 119,500	\$ 113,237	\$ (6,263)
Investment Earnings	350	350	127	(223)
<b>TOTAL REVENUES</b>	<b>119,850</b>	<b>119,850</b>	<b>113,364</b>	<b>(6,486)</b>
<b>EXPENDITURES</b>				
Current:				
General Government	96,858	96,858	90,347	6,511
<b>TOTAL EXPENDITURES</b>	<b>96,858</b>	<b>96,858</b>	<b>90,347</b>	<b>6,511</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>22,992</b>	<b>22,992</b>	<b>23,017</b>	<b>25</b>
Net change in fund balances	22,992	22,992	23,017	25
Fund balances - beginning	24,750	24,750	26,605	1,855
<b>FUND BALANCES - ENDING</b>	<b>\$ 47,742</b>	<b>\$ 47,742</b>	<b>\$ 49,622</b>	<b>\$ 1,880</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 109 - CDBG  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental	\$ 318,000	\$ 324,000	\$ 214,923	\$ (109,077)
<b>TOTAL REVENUES</b>	<b>318,000</b>	<b>324,000</b>	<b>214,923</b>	<b>(109,077)</b>
<b>EXPENDITURES</b>				
Current:				
Economic Environment	280,400	286,400	71,696	214,704
<b>TOTAL EXPENDITURES</b>	<b>280,400</b>	<b>286,400</b>	<b>71,696</b>	<b>214,704</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>37,600</b>	<b>37,600</b>	<b>143,227</b>	<b>105,627</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(37,600)	(37,600)	(143,227)	(105,627)
<b>Total other financing sources (uses)</b>	<b>(37,600)</b>	<b>(37,600)</b>	<b>(143,227)</b>	<b>(105,627)</b>
Net change in fund balances	-	-	-	-
Fund balances - beginning	9,435	9,435	-	(9,435)
<b>FUND BALANCES - ENDING</b>	<b>\$ 9,435</b>	<b>\$ 9,435</b>	<b>\$ -</b>	<b>\$ (9,435)</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 110- GMA REET I FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 450,000	\$ 600,000	\$ 738,616	\$ 138,616
Investment Earnings	250	250	1,255	1,005
<b>TOTAL REVENUES</b>	<b>450,250</b>	<b>600,250</b>	<b>739,871</b>	<b>139,621</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal	68,323	68,323	68,323	-
Interest	25,867	25,867	25,867	-
<b>TOTAL EXPENDITURES</b>	<b>94,190</b>	<b>94,190</b>	<b>94,190</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>356,060</b>	<b>506,060</b>	<b>645,681</b>	<b>139,621</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(350,000)	(600,000)	(600,000)	-
<b>Total other financing sources (uses)</b>	<b>(350,000)</b>	<b>(600,000)</b>	<b>(600,000)</b>	<b>-</b>
Net change in fund balances	6,060	(93,940)	45,681	139,621
Fund balances - beginning	25,261	192,261	192,261	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 31,321</b>	<b>\$ 98,321</b>	<b>\$ 237,942</b>	<b>\$ 139,621</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FUND 111- GMA REET II FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 460,000	\$ 610,000	\$ 738,617	\$ 128,617
Investment Earnings	500	500	1,073	573
<b>TOTAL REVENUES</b>	<b>460,500</b>	<b>610,500</b>	<b>739,690</b>	<b>129,190</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>460,500</b>	<b>610,500</b>	<b>739,690</b>	<b>129,190</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(450,000)	(750,000)	(750,000)	-
<b>Total other financing sources (uses)</b>	<b>(450,000)</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>-</b>
Net change in fund balances	10,500	(139,500)	(10,310)	129,190
Fund balances - beginning	29,260	195,996	195,996	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 39,760</b>	<b>\$ 56,496</b>	<b>\$ 185,686</b>	<b>\$ 129,190</b>

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 206 - DEBT SERVICE LTGO 2003 FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/ (NEGATIVE)
<b>REVENUES</b>				
Investment Earnings	\$ 500	\$ 500	\$ 1,828	\$ 1,328
Miscellaneous Revenues	-	-	4,825	4,825
<b>TOTAL REVENUES</b>	<b>500</b>	<b>500</b>	<b>6,653</b>	<b>6,153</b>
<b>EXPENDITURES</b>				
Current				
Debt Service:				
Principal	1,841,140	1,841,140	950,237	890,903
Interest & fiscal charges	778,978	946,080	870,467	75,613
<b>TOTAL EXPENDITURES</b>	<b>2,620,118</b>	<b>2,787,220</b>	<b>1,820,704</b>	<b>966,516</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,619,618)</b>	<b>(2,786,720)</b>	<b>(1,814,051)</b>	<b>972,669</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	7,022,102	7,001,176	(20,926)
Payment to refunding debt escrow agent	-	(6,855,000)	(6,777,263)	77,737
Transfers In	2,619,118	2,619,118	1,595,852	(1,023,266)
<b>Total other financing sources (uses)</b>	<b>2,619,118</b>	<b>2,786,220</b>	<b>1,819,765</b>	<b>(966,455)</b>
Net Change in fund balance	(500)	(500)	5,714	6,214
Fund balances - beginning	18,252	18,252	19,001	749
<b>FUND BALANCES - ENDING</b>	<b>\$ 17,752</b>	<b>\$ 17,752</b>	<b>\$ 24,715</b>	<b>\$ 6,963</b>

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FUND 310 - PARK CONSTRUCTION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Charges for Services	\$ 95,000	\$ 95,000	\$ 174,646	\$ 79,646
Investment Earnings	350	350	341	(9)
Rents & Leases	27,000	27,000	29,677	2,677
<b>TOTAL REVENUES</b>	<b>122,350</b>	<b>122,350</b>	<b>204,664</b>	<b>82,314</b>
<b>EXPENDITURES:</b>				
Current				
Culture & Recreation	354,582	354,582	95,436	259,146
<b>TOTAL EXPENDITURES</b>	<b>354,582</b>	<b>354,582</b>	<b>95,436</b>	<b>259,146</b>
<b>EXCESS(DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(232,232)</b>	<b>(232,232)</b>	<b>109,228</b>	<b>341,460</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	346,582	346,582	40,000	(306,582)
Transfers (Out)	(103,332)	(103,332)	(95,110)	8,222
<b>Total other financing sources (uses)</b>	<b>243,250</b>	<b>243,250</b>	<b>(55,110)</b>	<b>(298,360)</b>
Net change in fund balances	11,018	11,018	54,118	43,100
Fund balances - beginning	29,781	29,781	56,869	27,088
<b>FUND BALANCES - ENDING</b>	<b>\$ 40,799</b>	<b>\$ 40,799</b>	<b>\$ 110,987</b>	<b>\$ 70,188</b>

# PROPRIETARY FUNDS



# INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department to other departments of the city on a cost reimbursement basis.

- 501**      The *Fleet Maintenance* accounts for the costs of operating a maintenance facility for automotive equipment and other machinery used by city departments.
  
- 502**      The *Facilities Maintenance* accounts for the costs associated with the maintenance and repair of city buildings
  
- 503**      The *Information Services* was established to collect costs associated with computer purchases, maintenance and support costs. The goal is to develop a charge back system along the lines of the equipment replacement fund.

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>ASSETS</b>				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 153,068	\$ 9,775	\$ 89,528	\$ 252,371
Investments	205,559	13,125	120,229	338,913
Receivables (net)	-	-	16,132	16,132
Inventories	129,002	-	-	129,002
Total Current Assets	<u>487,629</u>	<u>22,900</u>	<u>225,889</u>	<u>736,418</u>
NONCURRENT ASSETS				
Capital Assets				
Depreciable assets (net)	3,464,439	-	-	3,464,439
Total Noncurrent Assets	<u>3,464,439</u>	<u>-</u>	<u>-</u>	<u>3,464,439</u>
<b>TOTAL ASSETS</b>	<b>\$ 3,952,068</b>	<b>\$ 22,900</b>	<b>\$ 225,889</b>	<b>\$ 4,200,857</b>
<b>LIABILITIES</b>				
CURRENT LIABILITIES				
Accounts payable and accrued exp.	\$ 2,229	\$ -	\$ 133	\$ 2,362
Compensated absences	12,893	7,736	14,603	35,232
Total Current Liabilities	<u>15,122</u>	<u>7,736</u>	<u>14,736</u>	<u>37,594</u>
NONCURRENT LIABILITIES:				
Compensated absences	12,893	7,736	14,602	35,231
Total Noncurrent Liabilities	<u>12,893</u>	<u>7,736</u>	<u>14,602</u>	<u>35,231</u>
<b>TOTAL LIABILITIES</b>	<b>28,015</b>	<b>15,472</b>	<b>29,338</b>	<b>72,825</b>
<b>NET POSITION</b>				
Unrestricted				
Invested in capital assets	3,464,439	-	-	3,464,439
Unrestricted	459,614	7,428	196,551	663,593
<b>TOTAL NET POSITION</b>	<b>\$ 3,924,053</b>	<b>\$ 7,428</b>	<b>\$ 196,551</b>	<b>\$ 4,128,032</b>

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

	<b>501 FLEET MAINTENANCE</b>	<b>502 FACILITIES MAINTENANCE</b>	<b>503 INFORMATION SERVICES</b>	<b>TOTAL INTERNAL SERVICE FUNDS</b>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,360,567	\$ 238,303	\$ 751,988	\$ 2,350,858
<b>Total operating revenues</b>	<b>1,360,567</b>	<b>238,303</b>	<b>751,988</b>	<b>2,350,858</b>
<b>OPERATING EXPENSES:</b>				
Maintenance & operations	839,389	232,777	785,468	1,857,634
Depreciation	509,093	-	-	509,093
<b>Total operating expenses</b>	<b>1,348,482</b>	<b>232,777</b>	<b>785,468</b>	<b>2,366,727</b>
Operating income (loss)	12,085	5,526	(33,480)	(15,869)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,928	68	904	2,900
Gain (loss) on disposition of assets	(7,983)	-	-	(7,983)
Miscellaneous nonoperating revenues	29,798	9,901	19,472	59,171
<b>Total nonoperating revenues (expenses)</b>	<b>23,743</b>	<b>9,969</b>	<b>20,376</b>	<b>54,088</b>
Income (Loss) Before Contributions & Transfers	35,828	15,495	(13,104)	38,219
Transfers in	121,643	-	-	121,643
	121,643	-	-	121,643
<b>CHANGE IN NET POSITION</b>	<b>157,471</b>	<b>15,495</b>	<b>(13,104)</b>	<b>159,862</b>
NET POSITION-BEGINNING	3,766,582	(8,067)	209,655	3,968,170
<b>NET POSITION-ENDING</b>	<b>\$ 3,924,053</b>	<b>\$ 7,428</b>	<b>\$ 196,551</b>	<b>\$ 4,128,032</b>

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers and users	\$ 1,360,567	\$ 238,303	\$ 751,988	\$ 2,350,858
Payments to suppliers	(399,248)	(32,643)	(304,192)	(736,083)
Payments to employees	(435,974)	(208,120)	(496,042)	(1,140,136)
<b>Net cash provided by operating activities</b>	<b>\$ 525,345</b>	<b>\$ (2,460)</b>	<b>\$ (48,246)</b>	<b>\$ 474,639</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Other Receipts (Payments)	29,798	9,901	19,472	59,171
Transfers from other funds	121,643	-	-	121,643
<b>Net cash used for noncapital financing activities</b>	<b>\$ 151,441</b>	<b>\$ 9,901</b>	<b>\$ 19,472</b>	<b>\$ 180,814</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition/Construction-capital	(672,297)	-	-	(672,297)
<b>Net Cash From Capital and Related Financing Activities</b>	<b>\$ (672,297)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (672,297)</b>
<b>Cash Flows From Investing Activities:</b>				
Purchase of Investments	-	-	12,662	12,662
Proceeds from Sale of Investments	(19,421)	(4,518)	-	(23,939)
Interest on Investments	1,928	68	904	2,900
<b>Net Cash From Investing Activities</b>	<b>\$ (17,493)</b>	<b>\$ (4,450)</b>	<b>\$ 13,566</b>	<b>\$ (8,377)</b>
Net Increase (Decrease) in Cash & Equivalents	(13,004)	2,991	(15,208)	(25,221)
Cash and Equivalents January 1, 2013	166,072	6,784	104,736	277,592
<b>Cash and Cash Equivalents, December 31</b>	<b>\$ 153,068</b>	<b>\$ 9,775</b>	<b>\$ 89,528</b>	<b>\$ 252,371</b>
Unrestricted	153,068	9,775	89,528	252,371
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 153,068</b>	<b>\$ 9,775</b>	<b>\$ 89,528</b>	<b>\$ 252,371</b>

STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	501 FLEET MAINTENANCE	502 FACILITIES MAINTENANCE	503 INFORMATION SERVICES	TOTAL INTERNAL SERVICE FUNDS
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 12,085	\$ 5,526	\$ (33,480)	\$ (15,869)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	509,093	-	-	509,093
Changes in Assets and Liabilities:				
(Increase)/Decrease in Inventories	5,154	-	-	5,154
(Increase)/Decrease in Receivables	-	-	(16,132)	(16,132)
Increase (Decrease) in Accounts Payable	(987)	(7,986)	1,366	(7,607)
TOTAL ADJUSTMENTS	513,260	(7,986)	(14,766)	490,508
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 525,345</b>	<b>\$ (2,460)</b>	<b>\$ (48,246)</b>	<b>\$ 474,639</b>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Gain (losses) on sale of capital asset (NBV)	(9,689)	-	-	(9,689)
<b>TOTAL NON-CASH ACTIVITIES</b>	<b>\$ (9,689)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (9,689)</b>

# FIDUCIARY FUND - AGENCY

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

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

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

	BALANCE January 1, 2013	ADDITIONS	DEDUCTIONS	BALANCE December 31, 2013
<b>FUND 631 - CLAIMS CLEARING</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	2,378,622	79,403,644	75,352,215	6,430,051
<b>TOTAL ASSETS</b>	<b>\$ 2,378,622</b>	<b>\$ 79,403,644</b>	<b>\$ 75,352,215</b>	<b>\$ 6,430,051</b>
<b>LIABILITIES</b>				
Accounts Payable	2,378,622	39,287,787	35,236,358	6,430,051
<b>TOTAL LIABILITIES</b>	<b>\$ 2,378,622</b>	<b>\$ 39,287,787</b>	<b>\$ 35,236,358</b>	<b>\$ 6,430,051</b>
<b>FUND 632 - PAYROLL CLEARING</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	1,632,282	70,538,600	70,496,252	1,674,630
<b>TOTAL ASSETS</b>	<b>\$ 1,632,282</b>	<b>\$ 70,538,600</b>	<b>\$ 70,496,252</b>	<b>\$ 1,674,630</b>
<b>LIABILITIES</b>				
Accounts Payable	1,632,282	28,586,694	28,544,346	1,674,630
<b>TOTAL LIABILITIES</b>	<b>\$ 1,632,282</b>	<b>\$ 28,586,694</b>	<b>\$ 28,544,346</b>	<b>\$ 1,674,630</b>
<b>FUND 642 - SCHOOL MITIGATION</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	-	530,369	530,369	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 530,369</b>	<b>\$ 530,369</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts Payable	-	1,060,738	1,060,738	-
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 1,060,738</b>	<b>\$ 1,060,738</b>	<b>\$ -</b>
<b>FUND 643 - DRUG SEIZURE</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	14,158	18,230	14,680	17,708
<b>TOTAL ASSETS</b>	<b>\$ 14,158</b>	<b>\$ 18,230</b>	<b>\$ 14,680</b>	<b>\$ 17,708</b>
<b>LIABILITIES</b>				
Accounts Payable	1,072	1,759	2,402	429
Custodial Accounts	13,086	22,741	18,548	17,279
<b>TOTAL LIABILITIES</b>	<b>\$ 14,158</b>	<b>\$ 24,500</b>	<b>\$ 20,950</b>	<b>\$ 17,708</b>
<b>FUND 802 - POOLED INVESTMENTS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	-	28,035,784	28,035,784	-
Accrued Interest	-	80,274	80,274	-
Investments	-	18,456,000	18,456,000	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 46,572,058</b>	<b>\$ 46,572,058</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Due to Other Funds	-	149,899	149,899	-
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 149,899</b>	<b>\$ 149,899</b>	<b>\$ -</b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	4,025,062	178,526,627	174,429,300	8,122,389
Accrued Interest	-	80,274	80,274	-
Investments	-	18,456,000	18,456,000	-
<b>TOTAL ASSETS</b>	<b>\$ 4,025,062</b>	<b>\$ 197,062,901</b>	<b>\$ 192,965,574</b>	<b>\$ 8,122,389</b>
<b>LIABILITIES</b>				
Accounts Payable	4,011,976	68,936,978	64,843,844	8,105,110
Custodial Accounts	13,086	22,741	18,548	17,279
Due to Other Funds	-	149,899	149,899	-
<b>TOTAL LIABILITIES</b>	<b>\$ 4,025,062</b>	<b>\$ 69,109,618</b>	<b>\$ 65,012,291</b>	<b>\$ 8,122,389</b>

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# STATISTICAL SECTION



**STATISTICAL SECTION OVERVIEW**

This part of the City of Marysville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about the government's overall financial health. The statistical section is organized by major sections described below.

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

These schedules present information to assist the reader in understanding and assessing the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place.

**Operating Information**

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

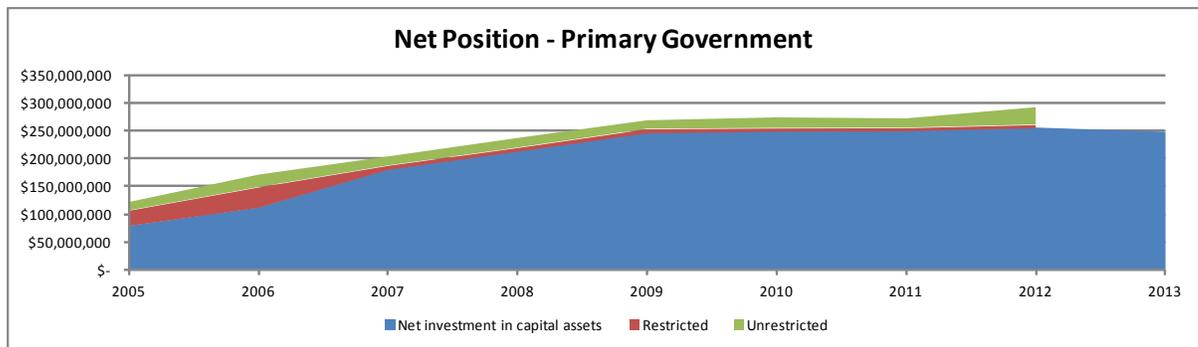
**Sources:** Unless otherwise noted, the information in the schedules is derived from the annual financial reports for the relevant year. The City implemented GASB statement 34 in 2005; schedules presenting government-wide information include information beginning in that year.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>									
Net investment in capital assets	\$ 23,888,463	\$ 34,569,735	\$ 91,089,094	\$ 97,854,941	\$ 132,178,004	\$ 137,097,566	\$ 141,419,590	\$ 148,249,723	\$ 141,355,210
Restricted	585,949	681,482	8,618,649	2,675,601	2,108,687	2,049,006	68,026	69,854	77,059
Unrestricted	4,509,875	5,810,494	7,668,465	6,684,991	5,019,228	4,612,175	4,025,630	(2,640,846)	8,362,436
<b>Total governmental activities net position</b>	<b>\$ 28,984,287</b>	<b>\$ 41,061,711</b>	<b>\$ 107,376,208</b>	<b>\$ 107,215,533</b>	<b>\$ 139,305,919</b>	<b>\$ 143,758,747</b>	<b>\$ 145,513,246</b>	<b>\$ 145,678,731</b>	<b>\$ 149,794,705</b>
<b>Business-type Activities</b>									
Net investment in capital assets	\$ 54,400,118	\$ 76,671,291	\$ 88,510,145	\$ 114,641,775	\$ 113,461,572	111,913,370	108,202,336	106,815,932	106,095,062
Restricted	38,199,254	26,806,026	28,036,511	4,644,219	4,564,552	5,471,235	5,513,903	5,529,858	5,544,027
Unrestricted	4,176,741	9,316,223	14,694,999	9,472,235	12,146,285	10,454,168	14,986,203	19,012,887	22,831,308
<b>Total business-type activities net position</b>	<b>\$ 96,776,113</b>	<b>\$ 112,793,540</b>	<b>\$ 131,241,655</b>	<b>\$ 128,758,229</b>	<b>\$ 130,172,409</b>	<b>\$ 127,838,773</b>	<b>\$ 128,702,442</b>	<b>\$ 131,358,677</b>	<b>\$ 134,470,397</b>
<b>Primary Government</b>									
Net investment in capital assets	\$ 78,288,581	\$ 111,241,026	\$ 179,599,239	\$ 212,496,716	\$ 245,639,576	\$ 249,010,936	\$ 249,621,926	\$ 255,065,655	\$ 247,450,272
Restricted	38,785,203	27,487,508	36,655,160	7,319,820	6,673,239	7,520,241	5,581,929	5,599,712	5,621,086
Unrestricted	8,686,616	15,126,717	22,363,464	16,157,226	17,165,513	15,066,343	19,011,833	16,372,041	31,193,744
<b>Total primary government net position</b>	<b>\$ 125,760,400</b>	<b>\$ 153,855,251</b>	<b>\$ 238,617,863</b>	<b>\$ 235,973,762</b>	<b>\$ 269,478,328</b>	<b>\$ 271,597,520</b>	<b>\$ 274,215,688</b>	<b>\$ 277,037,408</b>	<b>\$ 284,265,102</b>



Note: Significant increase in total government assets in 2007 due to retrospective reporting of infrastructure

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>EXPENSES</b>									
<b>Governmental activities</b>									
Judicial	\$ 541,778	\$ 678,355	\$ 1,630,496	\$ 1,572,878	\$ 1,740,587	\$ 1,577,202	\$ 1,285,070	\$ 1,361,713	\$ 1,297,685
General Government	1,751,569	1,521,665	1,620,874	2,579,636	2,358,743	2,251,876	2,136,271	1,948,738	3,116,991
Public Safety	10,400,030	13,289,252	15,889,861	19,075,584	20,348,972	21,588,815	23,680,935	23,179,163	23,130,412
Physical Environment	1,476,574	460,032	1,375,428	1,411,871	1,297,066	1,130,427	1,052,902	984,599	1,083,953
Transportation	1,779,416	3,140,714	3,690,728	4,565,317	3,845,674	3,935,772	5,748,898	8,200,060	5,379,629
Economic Environment	1,400,970	1,736,733	1,960,421	2,348,453	2,410,303	2,068,799	1,677,323	1,831,180	1,904,920
Health	5,128	8,300	6,063	8,223	10,987	12,371	14,454	15,784	27,342
Culture & Recreation	1,819,248	2,261,772	2,545,151	2,840,929	2,688,232	2,554,646	2,370,314	2,370,633	2,479,042
Interest on Long-term Debt	617,971	521,610	704,267	819,386	792,399	732,408	867,578	909,150	898,610
<b>Total governmental activities expenses</b>	<b>19,792,684</b>	<b>23,618,433</b>	<b>29,423,289</b>	<b>35,222,277</b>	<b>35,492,963</b>	<b>35,852,316</b>	<b>38,833,745</b>	<b>40,801,020</b>	<b>39,318,584</b>
<b>Business-type activities</b>									
Water/Sewer/Surface Water	11,498,561	13,544,237	15,345,183	19,314,487	20,914,243	21,678,568	20,367,834	21,096,110	23,324,404
Solid Waste	3,305,509	3,466,337	3,982,270	3,729,174	3,862,350	4,050,841	4,054,792	4,386,858	4,492,323
Golf	1,278,014	1,377,231	1,211,617	1,350,429	1,559,074	1,653,228	1,166,763	1,138,670	1,090,135
<b>Total business-type activities</b>	<b>16,082,084</b>	<b>18,387,805</b>	<b>20,539,070</b>	<b>24,394,090</b>	<b>26,335,667</b>	<b>27,382,637</b>	<b>25,589,389</b>	<b>26,621,638</b>	<b>28,906,862</b>
<b>Total primary government expenses</b>	<b>\$ 35,874,768</b>	<b>\$ 42,006,238</b>	<b>\$ 49,962,359</b>	<b>\$ 59,616,367</b>	<b>\$ 61,828,630</b>	<b>\$ 63,234,953</b>	<b>\$ 64,423,134</b>	<b>\$ 67,422,658</b>	<b>\$ 68,225,446</b>
<b>PROGRAM REVENUES</b>									
<b>Governmental activities</b>									
Charges for Services:									
Judicial (Note 1)	536,577	777,303	894,695	962,852	3,363,105	(195,862)	902,524	868,678	620,473
General Government	1,213,329	951,972	1,142,214	996,305	1,219,743	1,767,303	1,313,095	1,453,997	2,282,519
Public Safety	1,078,486	1,448,733	1,428,682	1,301,447	1,577,840	1,076,410	1,015,553	918,100	816,528
Physical Environment	26,158	36,616	3,498	9,610	3,250	250	1,250	1,000	750
Transportation	731,963	2,283,262	1,405,197	537,592	521,989	360,984	1,345,480	981,799	814,950
Economic Environment	1,785,294	2,342,050	3,019,714	2,124,583	1,432,550	1,749,282	1,596,674	1,632,994	2,173,887
Culture & Recreation	631,264	301,082	341,193	377,430	377,344	418,492	428,820	395,835	358,802
Operating grants and contributions	815,345	3,086,081	3,016,088	2,420,422	4,613,034	5,835,075	1,748,346	1,661,264	1,894,736
Capital grants and contributions	955,400	154,493	22,568	1,067,068	71,335	407,110	(2,464)	-	-
<b>Total governmental activities program revenues</b>	<b>7,773,816</b>	<b>11,381,592</b>	<b>11,273,849</b>	<b>9,797,309</b>	<b>13,180,190</b>	<b>11,419,044</b>	<b>8,349,278</b>	<b>7,913,667</b>	<b>8,962,645</b>
<b>Business-type activities:</b>									
Charges for Services:									
Water/Sewer/Surface Water (Note 2)	19,963,590	25,226,691	28,102,315	15,552,191	21,077,873	22,730,907	22,560,781	24,313,325	25,882,491
Solid Waste	3,375,976	3,724,080	4,140,200	4,260,401	4,405,596	4,815,910	5,329,957	6,051,999	6,232,260
Golf	1,052,434	1,122,984	137,682	1,199,103	1,181,955	1,126,323	970,658	955,819	957,912
Operating grants and contributions	94,400	193,074	120,268	-	-	-	-	-	1,017,696
Capital grants and contributions	2,924,864	5,637,058	5,981,451	4,345,565	2,929,060	134,792	325,693	679,599	406,274
<b>Total business-type activities program revenues</b>	<b>27,411,264</b>	<b>35,903,887</b>	<b>38,481,916</b>	<b>25,357,260</b>	<b>29,594,484</b>	<b>28,807,932</b>	<b>29,187,089</b>	<b>32,000,742</b>	<b>34,496,633</b>
<b>Total primary government program revenues</b>	<b>\$ 35,185,080</b>	<b>\$ 47,285,479</b>	<b>\$ 49,755,765</b>	<b>\$ 35,154,569</b>	<b>\$ 42,774,674</b>	<b>\$ 40,226,976</b>	<b>\$ 37,536,367</b>	<b>\$ 39,914,409</b>	<b>\$ 43,459,278</b>

Note 1 – Increase between 2008 and 2009 due to the recording of amounts owed and likely to collect on outstanding court receivables. This information is consolidated at the state level and was not previously available to the City in the past.

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

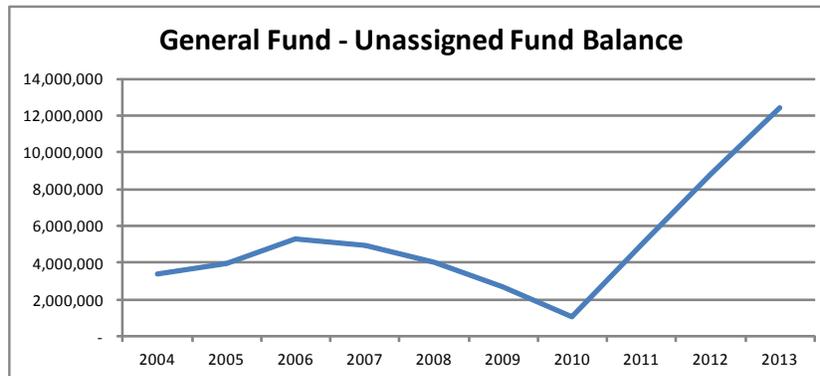
**CHANGES IN NET POSITION  
LAST NINE FISCAL YEARS  
(accrual basis of accounting)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (expense)/revenue</b>									
Governmental activities	\$ (12,018,867)	\$ (12,236,840)	\$ (18,149,440)	\$ (25,424,968)	\$ (22,312,773)	\$ (24,433,272)	\$ (30,484,467)	\$ (32,887,353)	\$ (30,355,939)
Business-type activities	11,329,181	17,516,081	17,942,846	963,170	3,258,817	1,425,295	3,597,700	5,379,104	5,589,771
<b>Total primary government net expense</b>	<b>(689,686)</b>	<b>5,279,241</b>	<b>(206,594)</b>	<b>(24,461,798)</b>	<b>(19,053,956)</b>	<b>(23,007,977)</b>	<b>(26,886,767)</b>	<b>(27,508,249)</b>	<b>(24,766,168)</b>
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET POSITION</b>									
<b>Governmental activities:</b>									
Taxes									
Property	6,276,763	6,600,167	9,049,857	10,178,672	11,496,517	13,208,185	15,304,643	15,423,843	15,229,774
Sales	4,793,690	6,029,199	7,623,625	7,710,983	7,028,575	7,390,973	8,422,733	8,811,666	9,783,742
Business	847,477	1,354,519	1,734,587	2,201,450	2,188,957	2,593,188	2,984,068	3,091,719	3,243,740
Other	3,023,825	2,414,776	2,209,098	1,996,690	1,771,026	2,067,140	2,453,918	2,795,237	1,833,106
Investment Earnings	223,522	450,778	952,977	665,090	203,670	103,483	84,140	93,065	851,094
Miscellaneous	15,431	297,050	2,767,483	880,249	(62,987)	-	-	-	155,017
Transfers	2,175,054	3,424,421	1,707,230	1,631,159	2,305,961	3,523,131	2,989,464	2,837,308	3,056,457
Total government activities	17,355,762	20,570,910	26,044,857	25,264,293	24,931,719	28,886,100	32,238,966	33,052,838	34,152,930
Business-type activities:									
Investment Earnings	1,134,816	1,925,768	2,212,501	1,365,502	461,324	107,633	215,433	114,439	123,861
Transfers	(2,175,054)	(3,424,421)	(1,707,230)	(1,631,159)	(2,305,961)	(3,523,131)	(2,989,464)	(2,837,308)	(3,056,457)
Total business-type activities	(1,040,238)	(1,498,653)	505,271	(265,657)	(1,844,637)	(3,415,498)	(2,774,031)	(2,722,869)	(2,932,596)
<b>Total primary government general revenues &amp; other changes in net position</b>	<b>16,315,524</b>	<b>19,072,257</b>	<b>26,550,128</b>	<b>24,998,636</b>	<b>23,087,082</b>	<b>25,470,602</b>	<b>29,464,935</b>	<b>30,329,969</b>	<b>31,220,334</b>
<b>CHANGE IN NET POSITION</b>									
Governmental activities	5,336,895	8,334,069	7,895,417	(160,675)	2,618,946	4,452,828	1,754,499	165,485	3,796,991
Business-type activities	10,288,942	16,017,427	18,448,117	697,513	1,414,180	(1,990,203)	823,669	2,656,235	2,657,175
<b>Total primary government</b>	<b>\$ 15,625,837</b>	<b>\$ 24,351,496</b>	<b>\$ 26,343,534</b>	<b>\$ 536,838</b>	<b>\$ 4,033,126</b>	<b>\$ 2,462,625</b>	<b>\$ 2,578,168</b>	<b>\$ 2,821,720</b>	<b>\$ 6,454,166</b>

Source: Entity Wide Statements, Entity Wide Activities tab

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Assigned to:										
Unassigned	3,386,279	3,944,469	5,287,443	4,959,632	4,037,422	2,655,501	1,058,199	5,004,624	8,805,096	12,406,520
<b>Total general fund</b>	<u>\$ 3,386,279</u>	<u>\$ 3,944,469</u>	<u>\$ 5,287,443</u>	<u>\$ 4,959,632</u>	<u>\$ 4,037,422</u>	<u>\$ 2,655,501</u>	<u>\$ 1,058,199</u>	<u>\$ 5,004,624</u>	<u>\$ 8,805,096</u>	<u>\$ 12,406,520</u>
<b>All other governmental funds</b>										
Restricted For:										
Preservation of Infrastructure	383,734	331,869	132,143	362,294	286,801	34,292	476,454	-	-	-
Law Enforcement	34,373	1,473	42,879	43,794	49,775	32,345	53,375	62,302	55,963	50,620
Tourism	10,003	25,030	34,809	55,400	101,720	88,251	105,698	113,718	50,312	35,219
Technology Infrastructure	90,007	15,857	8,791	50,260	114,330	27,659	61,665	18,663	26,605	49,622
REET	740,062	890,895	1,998,538	1,682,124	716,816	245,730	73,121	193,028	388,257	423,628
Street Construction/Maint	-	119,276	-	7,611,994	4,774,324	2,546,422	2,413,160	-	-	-
Parks Construction	337,144	166,836	346,915	635,997	636,219	32,297	-	-	-	-
Committed to:										
Law Enforcement	66,717	84,241	126,103	138,369	174,460	234,903	191,739	132,868	118,221	100,951
Community Center	15,161	19,436	22,339	25,705	30,636	33,621	21,952	18,905	15,475	12,197
Assigned to:										
Streets	416,882	626,639	737,189	1,062,365	527,120	402,898	1,103,879	793,633	-	32,104
Parks Construction	-	-	-	-	-	-	-	-	56,869	110,987
Debt Service	409,263	355,726	356,452	397,868	386,414	154,809	133,866	68,026	69,854	77,059
Unassigned	(849,161)	-	(1,758,137)	-	-	(1,122,634)	(498,020)	(3,667,010)	(13,955,667)	(5,047,873)
<b>Total all other governmental funds</b>	<u>\$ 1,654,185</u>	<u>\$ 2,637,278</u>	<u>\$ 2,048,021</u>	<u>\$ 12,066,170</u>	<u>\$ 7,798,615</u>	<u>\$ 2,710,593</u>	<u>\$ 4,136,889</u>	<u>\$ (2,265,867)</u>	<u>\$ (13,174,111)</u>	<u>\$ (4,155,486)</u>



STAT 4

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

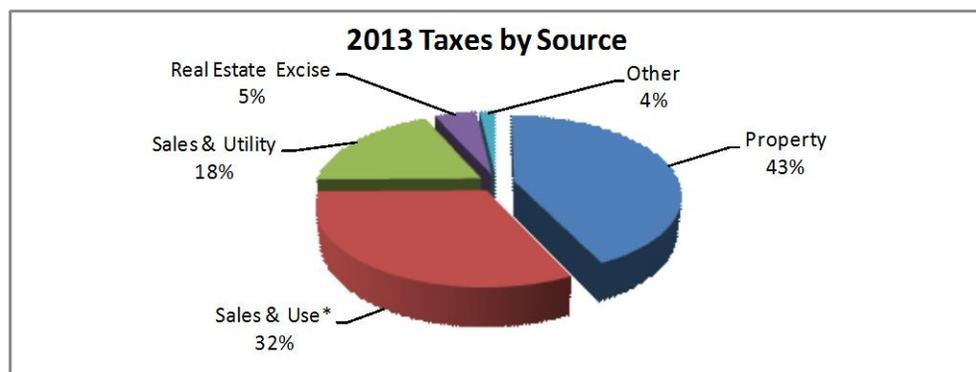
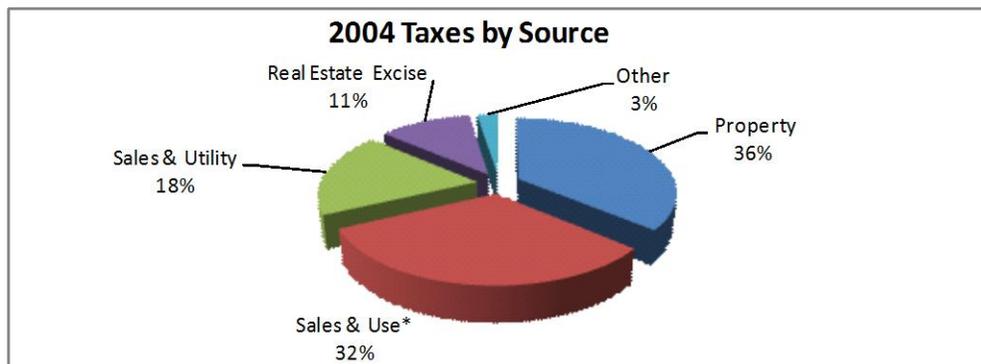
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES</b>										
Taxes	\$ 14,444,533	\$ 15,858,276	\$ 17,852,149	\$ 22,130,402	\$ 22,692,117	\$ 23,344,821	\$ 26,099,750	\$ 30,173,771	\$ 31,450,171	\$ 32,594,141
Licenses & Permits	673,472	1,202,635	1,465,506	1,727,997	1,465,155	1,084,774	1,920,945	1,757,971	1,710,163	2,202,023
Intergovernmental	3,715,092	3,682,962	4,457,165	4,216,149	5,229,455	6,735,735	7,718,297	3,563,050	3,507,954	2,745,830
Charges for Services	2,638,013	4,630,236	5,951,655	5,904,924	5,017,262	4,682,809	4,202,150	5,308,979	5,136,745	5,726,569
Fines & Forfeitures	422,338	408,568	572,695	659,182	670,373	587,833	554,437	686,154	661,103	536,082
Other Revenues	713,517	899,443	804,751	1,310,130	853,619	675,835	838,112	464,273	571,185	522,317
<b>Total Revenues</b>	<b>22,606,965</b>	<b>26,682,120</b>	<b>31,103,921</b>	<b>35,948,784</b>	<b>35,927,981</b>	<b>37,111,807</b>	<b>41,333,691</b>	<b>41,954,198</b>	<b>43,037,321</b>	<b>44,328,962</b>
<b>EXPENDITURES</b>										
General Government	2,201,955	3,886,937	3,341,264	4,579,653	5,820,799	5,959,983	5,921,345	5,453,777	5,624,331	5,935,422
Security of Persons and Property	9,399,641	10,249,781	12,455,030	15,692,030	18,380,169	19,743,869	21,245,679	23,271,474	23,265,472	23,267,452
Physical Environment	764,583	898,662	974,344	1,341,645	1,403,344	1,288,462	1,119,502	1,021,823	1,010,942	1,101,277
Transportation	1,339,922	1,774,381	2,858,484	2,815,290	3,108,699	2,567,465	2,401,849	4,226,268	6,219,929	3,238,781
Economic/Environment	1,326,458	1,365,308	1,706,074	1,935,055	2,297,237	2,261,770	2,076,603	1,712,297	1,637,469	1,915,487
Health & Human Services	6,057	5,128	8,300	6,063	8,223	10,987	12,371	14,454	15,784	27,342
Culture & Recreation	1,723,957	1,704,466	2,009,795	2,338,791	2,593,354	2,431,296	2,327,247	2,099,482	2,132,048	2,295,922
Capital Outlay	9,270,451	4,738,472	8,839,004	3,525,874	8,204,811	8,586,552	10,098,609	5,553,417	8,457,518	1,893,334
Debt Service										
Principal	623,574	554,040	562,228	579,505	917,238	1,009,971	1,590,047	1,094,902	937,635	1,018,560
Interest	578,097	617,971	521,610	704,267	819,386	792,399	732,408	867,578	909,150	1,122,523
<b>Total Expenditures</b>	<b>27,234,695</b>	<b>25,815,146</b>	<b>33,278,133</b>	<b>33,518,173</b>	<b>43,553,260</b>	<b>44,652,744</b>	<b>47,525,660</b>	<b>45,315,472</b>	<b>50,410,278</b>	<b>41,816,100</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(4,627,730)</b>	<b>866,974</b>	<b>(2,174,212)</b>	<b>2,430,611</b>	<b>(7,625,279)</b>	<b>(7,540,937)</b>	<b>(6,191,969)</b>	<b>(3,361,274)</b>	<b>(7,372,957)</b>	<b>2,512,862</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in										
Transfers out	3,164,359	2,020,684	3,366,076	3,795,646	5,506,841	4,699,907	4,181,765	3,705,563	4,396,302	6,156,367
Debt proceeds & capital leases	(2,588,331)	(2,262,100)	(1,757,446)	(4,580,920)	(5,361,327)	(3,627,913)	(3,285,426)	(2,800,620)	(4,131,117)	(5,701,532)
Refunding debt proceeds	-	910,000	1,319,300	8,045,000	750,000	-	5,124,624	-	-	16,429,615
Disposition of capital assets	-	-	-	-	-	-	-	-	-	(6,777,263)
	5,723	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>576,028</b>	<b>674,307</b>	<b>2,927,930</b>	<b>7,259,726</b>	<b>2,435,514</b>	<b>1,070,994</b>	<b>6,020,963</b>	<b>904,943</b>	<b>265,185</b>	<b>10,107,187</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (4,051,702)</b>	<b>\$ 1,541,281</b>	<b>\$ 753,718</b>	<b>\$ 9,690,337</b>	<b>\$ (5,189,765)</b>	<b>\$ (6,469,943)</b>	<b>\$ (171,006)</b>	<b>\$ (2,456,331)</b>	<b>\$ (7,107,772)</b>	<b>\$ 12,620,049</b>
Debt service as percentage of non-capital expenditures	6.69%	5.56%	4.43%	4.28%	4.91%	5.00%	6.21%	4.94%	4.40%	5.36%

**GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

Year	Regular Property	EMS Property	Sales & Use*	Utility	Gambling	Admission	Real Estate Excise	Other <sup>(1)</sup>	Total
2004	4,912,879	838,367	4,335,949	2,492,406	151,280	-	1,525,368	188,284	14,444,533
2005	5,193,194	1,083,568	4,779,101	2,862,045	116,557	-	1,589,124	234,687	15,858,276
2006	5,408,480	1,191,686	6,019,373	2,944,526	93,271	-	2,046,496	148,317	17,852,149
2007	8,034,469	1,254,525	7,591,841	3,391,226	87,279	-	1,693,024	78,038	22,130,402
2008	8,683,892	1,494,780	7,639,224	3,392,410	90,621	-	1,178,708	212,482	22,692,117
2009	8,995,934	2,308,657	6,971,275	3,858,155	81,987	-	963,681	165,132	23,344,821
2010	11,024,939	2,191,591	7,326,800	4,320,597	145,235	164,610	778,452	147,526	26,099,750
2011	12,655,356	2,670,747	8,351,095	4,959,373	159,369	225,447	947,880	204,504	30,173,771
2012	12,947,333	2,412,073	8,731,843	5,568,723	105,038	219,088	1,252,622	213,451	31,450,171
2013	13,007,908	2,245,665	9,693,793	5,611,115	112,604	231,763	1,477,232	214,061	32,594,141
<b>% Change</b>									
2004-2013	164.77%	167.86%	123.57%	125.13%	-25.57%		-3.16%	13.69%	125.65%

\*Includes regular sales and use tax, natural gas and criminal justice. In 2010, the City began receiving an additional .2% of sales tax from the state associated with the 2009 annexation.

(1)Other Includes: Hotel/Motel, Leasehold Excise Taxes, I-net fees



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

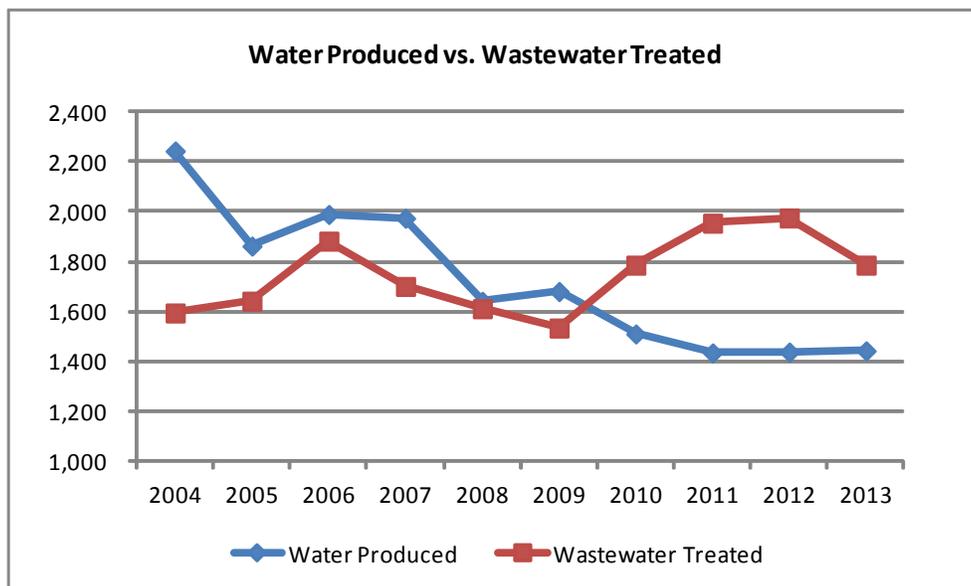
Year	(units in millions)		Total Direct Bi-Monthly Rates			
	Gallons of Water Produced	Gallons of Wastewater Treated	Water Base Rate*	Water Usage Rate	Sewer Base Rate	Sewer Usage Rate
2004	2,245	1,595	\$ 19.05	\$ 2.02	\$ 56.80	\$ 0.80
2005	1,863	1,643	\$ 22.30	\$ 2.40	\$ 61.30	\$ 0.98
2006	1,990	1,883	\$ 22.70	\$ 2.45	\$ 62.50	\$ 0.92
2007	1,975	1,702	\$ 23.20	\$ 2.50	\$ 63.80	\$ 0.94
2008	1,642	1,612	\$ 23.70	\$ 2.55	\$ 65.10	\$ 1.00
2009	1,681	1,535	\$ 24.17	\$ 2.60	\$ 66.40	\$ 1.02
2010	1,511	1,787	\$ 19.73	**	\$ 70.44	\$ 1.54
2011	1,435	1,955	\$ 20.12	**	\$ 75.02	\$ 1.57
2012	1,438	1,976	\$ 20.53	**	\$ 76.52	\$ 1.61
2013	1,443	1,787	\$ 20.94	**	\$ 78.05	\$ 1.64

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

\*\*2013 usage rate is now a 4 tier rate structure:

1st Tier	0 to 6,000 Gal	\$ 1.13
2nd Tier	7,000-20,000 Gal	\$ 3.94
3rd Tier	21,000-30,000 Gal	\$ 4.50
4th Tier	31,000 + Gal	\$ 5.07

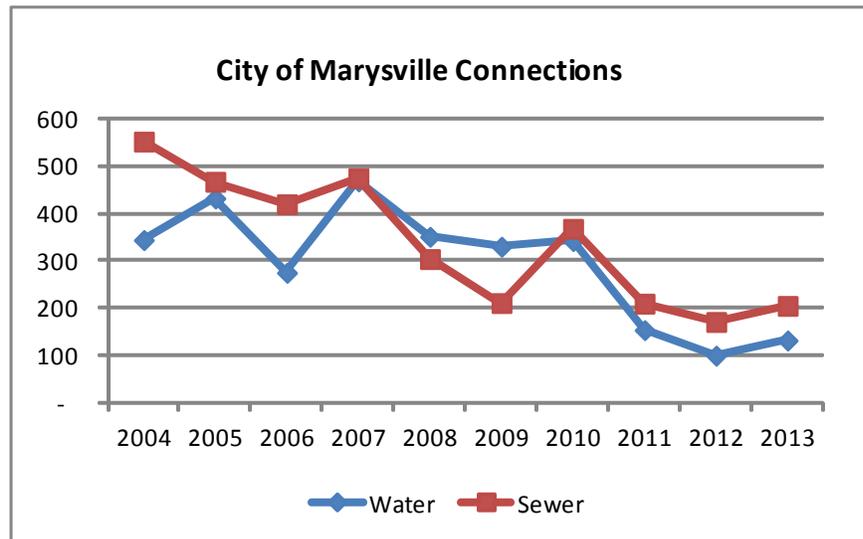
See STAT 6d for other meter sizes and rates.



STAT6b

**ANNUAL CONNECTIONS  
LAST TEN FISCAL YEAR**

Year	Water Connections	Sewer Connections	Total Connections
2004	344	552	896
2005	432	467	899
2006	275	420	695
2007	468	475	943
2008	351	304	655
2009	330	211	541
2010	342	368	710
2011	154	210	364
2012	100	171	271
2013	132	205	337



STAT 6c

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

<b>WATER</b>				
<b>Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Other</b>	<b>Total</b>
2004	15,782	858	123	16,763
2005	16,080	863	128	17,071
2006	16,351	880	129	17,360
2007	16,509	910	154	17,573
2008	16,918	960	208	18,086
2009	17,166	990	200	18,356
2010	17,421	982	204	18,607
2011	17,588	978	195	18,761
2012	17,794	1,029	147	18,970
2013	17,912	1,039	151	19,102

<b>SEWER</b>				
<b>Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Other</b>	<b>Total</b>
2004	12,817	530	0	13,347
2005	13,326	761	0	14,087
2006	13,679	784	0	14,463
2007	14,110	810	0	14,920
2008	14,417	835	1	15,253
2009	14,775	858	1	15,634
2010	15,104	858	1	15,963
2011	15,308	865	0	16,173
2012	15,529	885	0	16,414
2013	15,721	894	0	16,615

*\*Detail not available*

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

**WATER RATE HISTORY**

	2004	2005	2006	2007	2008	2009	2010*	2011	2012	2013
<b>Bi-Monthly Charge</b>										
<b>3/4" Service (w/ 5/8" meter)</b>										
first 6,000 gallons	\$ 19.05	\$ 22.30	\$ 22.70	\$ 23.20	\$ 23.70	\$ 24.17	\$ 19.73	\$ 20.12	\$ 20.53	\$ 20.94
per additional 1,000 gallons	\$ 2.02	\$ 2.40	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60				
1st Tier 0 to 6,000 Gal							\$ 1.06	\$ 1.08	\$ 1.11	\$ 1.13
2nd Tier 7,000-20,000 Gal							\$ 3.71	\$ 3.78	\$ 3.86	\$ 3.94
3rd Tier 21,000-30,000 Gal							\$ 4.24	\$ 4.32	\$ 4.41	\$ 4.50
4th Tier 31,000 + Gal							\$ 4.77	\$ 4.87	\$ 4.97	\$ 5.07
<b>3/4" Service (w/ 3/4" meter)</b>										
first 9,000 gallons	\$ 25.15	\$ 29.40	\$ 30.00	\$ 30.60	\$ 31.20	\$ 31.82	\$ 29.60	\$ 30.19	\$ 30.80	\$ 31.42
per additional 1,000	\$ 2.02	\$ 2.40	\$ 2.45	\$ 2.50	\$ 2.55	\$ 2.60				
1st Tier 0 to 6,000 Gal							\$ 1.06	\$ 1.08	\$ 1.10	\$ 1.15
2nd Tier 7,000+							\$ 2.65	\$ 2.70	\$ 2.76	\$ 2.88

**SEWER RATE HISTORY**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Single Family Residential</b>										
Bi-Monthly Flat Rate	\$ 56.80	\$ 61.30	\$ 62.50	\$ 63.80	\$ 65.10	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05
<b>Class 1 Commercial/Industrial</b>										
(per 1,000 gal) Bi-Monthly*	\$ 0.80	\$ 0.98	\$ 0.92	\$ 0.94	\$ 1.00	\$ 1.02	\$ 1.54	\$ 1.57	\$ 1.61	\$ 1.64
Minimum Charge*	\$ 56.80	\$ 61.30	\$ 62.50	\$ 63.80	\$ 65.10	\$ 66.40	\$ 70.44	\$ 75.02	\$ 76.52	\$ 78.05

**STORM WATER RATE HISTORY**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Single Family (annual rate)	\$ 72.00	\$ 84.00	\$ 96.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Condominium (annual rate)	\$ 64.80	\$ 75.60	\$ 86.40	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Other Customers</b>										
<b>\$/Month/ 1/4 Acre (annual rate)</b>										
<b>Impervious %</b>										
Exempt - less than 1%	NC	NC	NC	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Very Light - 1% to 19%	\$ 21.60	\$ 25.20	\$ 28.80	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Light - 20% to 39%	\$ 72.00	\$ 84.00	\$ 96.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moderate - 40% to 59%	\$120.00	\$140.40	\$159.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Heavy - 60% to 79%	\$163.20	\$190.80	\$218.40	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Very Heavy - 80% to 100%	\$222.00	\$259.20	\$296.40	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential (1 ERU = 3,200 sq.ft.)										
1 ERU (monthly rate)				\$ 8.00	\$ 8.00	\$ 8.32	\$ 10.00	\$ 10.20	\$ 10.40	\$ 10.61
Non-Residential (1 ERU = 3,200 sq.ft.)										
sq.ft. of impervious surface/1 ERU				\$ 8.00	\$ 8.00	\$ 8.32	\$ 10.00	\$ 10.20	\$ 10.40	\$ 10.61

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

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

Customer	2013 Water Revenue			2004 Water Revenue		
	Amount	Rank	%	Amount	Rank	%
National Food Corp	\$ 49,890	1	0.69%			
Utility Invoice Processing Center	37,836	2	0.52%			
City of Marysville	34,156	3	0.47%	26,931	2	0.49%
Smokey Point Mobile Park	23,082	4	0.32%	22,043	4	0.40%
Windsor Square Apartments	21,953	5	0.30%			
Mobile Manor	18,443	6	0.25%			
Klein, Jim	17,513	7	0.24%	9,863	9	0.18%
Medallion Hotel	16,389	8	0.23%	10,136	7	0.18%
National Food Corp	14,514	9	0.20%			
Greenman III, Robert F	14,090	10	0.19%	9,302	10	0.17%
Pacific Coast Feathers Co				\$ 69,051	1	1.25%
City of Marysville				26,931	2	0.49%
US Navy				25,221	3	0.46%
Smokey Point Mobile Park				22,043	4	0.40%
Glenwood Mobile Estates				15,207	5	0.28%
Midway Garden Mobile Home Park				11,200	6	0.20%
Medallion Hotel				10,136	7	0.18%
Smokey Point RV Park				9,870	8	0.18%
Klein, Jim				9,863	9	0.18%
Greenman III, Robert F				9,302	10	0.17%
Subtotal	247,866		3.41%	208,824		3.78%
Balance from other customers	7,030,341		96.59%	5,309,282		96.22%
Grand Total	7,278,207		100.00%	5,518,105		100.00%

Customer	2013 Sewer Revenue			2004 Sewer Revenue		
	Amount	Rank	%	Amount	Rank	%
Smokey Point Mobile Park	\$ 55,349	1	0.54%	\$		
Medallion Hotel	47,660	2	0.46%			
Glenwood Mobile Estates	46,690	3	0.45%			
Windsor Square Apartments	42,616	4	0.41%			
Robert F Greenman III	40,020	5	0.39%			
National Food Corp	35,674	6	0.35%			
Holiday Inn Express	32,701	7	0.32%			
Midway Garden Mobile Home Park	30,238	8	0.29%			
Crystal Tree Village	29,344	9	0.28%			
Comfort In Marysville	28,940	10	0.28%			
Pacific Coast Feathers Co				\$ 38,731	1	0.58%
Glenwood Mobile Estates				34,345	2	0.51%
Medallion Hotel				28,037	3	0.42%
Smokey Point RV Park				28,111	4	0.42%
Smokey Point Mobile Park				24,151	5	0.36%
Robert F Greenman III				23,970	6	0.36%
Marysville SD #25				18,522	7	0.28%
Everett Navy Lodge				18,217	8	0.27%
Twin Cedars Mobile Home Park				17,797	9	0.27%
Crystal Tree Village				17,421	10	0.26%
Subtotal	389,232		3.78%	249,302		3.74%
Balance from other customers	9,914,471		96.22%	6,425,186		96.26%
Grand Total	\$ 10,303,703		100.00%	\$ 6,674,488		100.00%

2004 Top 10 are listed in order and included in the total, those which are listed in the 2013 section are for informational purposes only and are not included in any total but are shown for comparison of same business in both 2013 and 2004.

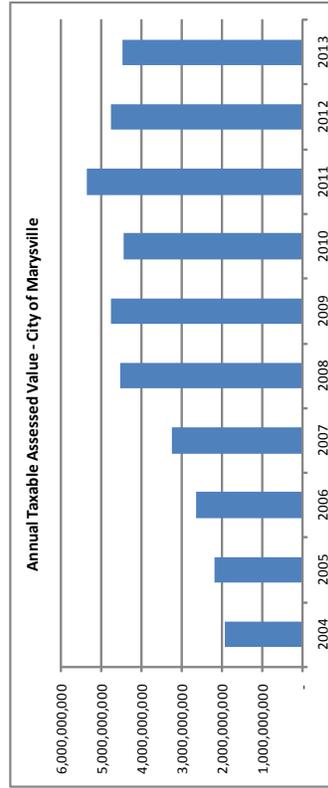
STAT 7a

TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Multi-Family Property	Other Property	Personal Property	State Assessed Personal Prop.	Changes Post Certification Less: Tax Exempt Property	Total Taxable	
										Assessed Value <sup>1</sup>	Direct Tax Rate <sup>2</sup>
2004	1,217,371,495	316,235,064	53,923,960	4,202,400	146,839,585	54,711,000	64,946,557	34,130,562	46,034,941	1,938,395,564	2.931
2005	1,372,739,337	348,164,700	59,392,000	4,193,175	169,898,216	69,518,033	69,367,984	27,158,567	58,912,026	2,179,343,938	2.759
2006	1,655,362,523	415,897,336	69,707,836	1,261,900	215,621,061	103,458,257	71,856,854	28,379,668	90,868,534	2,652,413,969	2.459
2007	2,112,896,611	515,258,564	73,294,072	1,148,000	251,908,350	131,637,461	82,546,400	28,371,819	59,910,888	3,256,972,155	2.681
2008	3,044,976,262	648,872,500	89,414,600	2,684,800	292,621,278	274,765,611	98,065,574	37,309,941	34,343,633	4,523,054,199	2.309
2009	3,053,803,006	772,873,500	105,060,500	3,916,400	327,153,991	323,320,738	125,996,441	37,118,638	8,374,229	4,757,617,443	2.415
2010	2,757,891,591	787,400,465	112,901,400	6,345,900	306,696,837	273,557,580	125,505,254	41,512,287	25,454,647	4,437,265,961	2.576
2011	3,841,250,952	710,015,465	108,008,300	3,783,300	299,536,286	226,449,140	119,272,691	41,897,312	7,561,029	5,357,774,475	2.883
2012	3,380,846,821	647,870,340	100,360,100	3,721,900	272,685,087	200,540,580	108,727,800	52,173,440	2,548,404	4,769,475,472	3.190
2013	3,113,813,225	663,932,765	103,074,100	4,263,900	275,122,537	166,339,660	100,753,892	48,955,978	269,000	4,476,525,057	3.405

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

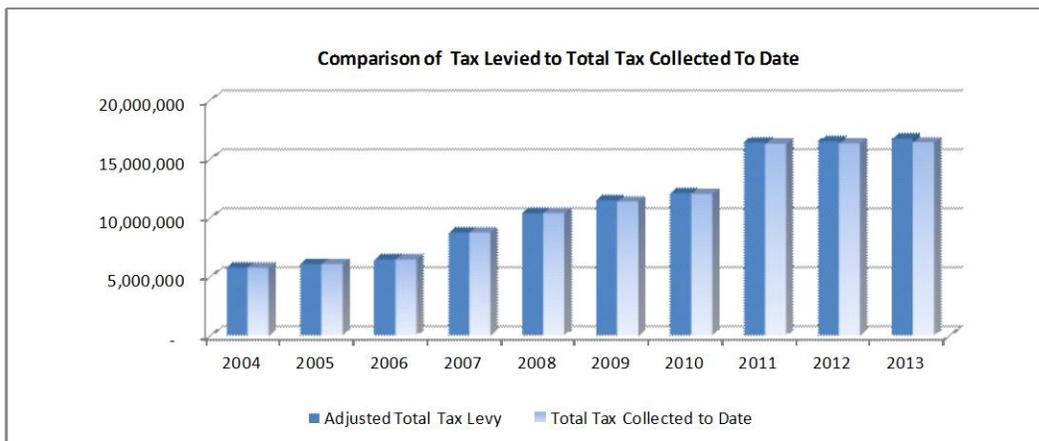
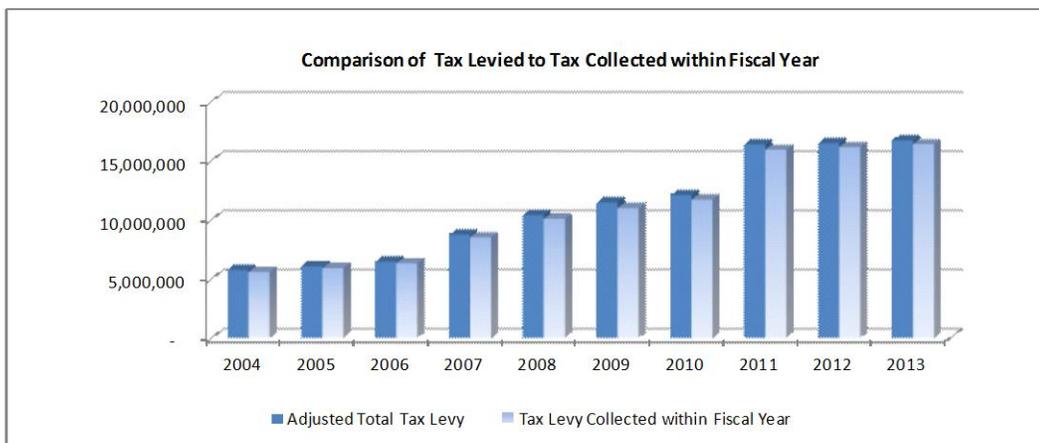
<sup>2</sup>Tax rates are per \$1,000 of assessed value. Detail of tax rates can be found in Stat 7c.



Source: Snohomish County Assessor's Office

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Assessor's Certification Adjustments	Adjusted Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2004	5,678,041	66,442	5,744,483	5,580,334	97.1%	163,912	5,744,246	100.0%
2005	6,011,371	35,336	6,046,708	5,912,908	97.8%	131,372	6,044,280	100.0%
2006	6,521,744	(68,632)	6,453,112	6,311,411	97.8%	142,037	6,453,448	100.0%
2007	8,735,945	1,756	8,737,702	8,515,074	97.5%	222,436	8,737,510	100.0%
2008	10,445,048	(57,577)	10,387,471	10,067,019	96.9%	320,452	10,387,471	100.0%
2009	11,487,789	(26,631)	11,461,158	10,981,704	95.8%	392,497	11,374,201	99.2%
2010	11,429,913	656,776	12,071,102	11,687,351	96.8%	345,112	12,032,463	99.7%
2011	15,442,158	929,924	16,372,083	15,919,912	97.2%	355,617	16,275,528	99.4%
2012	15,213,984	1,246,371	16,460,355	16,134,014	98.0%	168,202	16,302,216	99.0%
2013	15,245,259	1,457,665	16,702,924	16,390,520	98.1%	-	16,390,520	98.1%



Source: Snohomish County Treasurer's Office

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

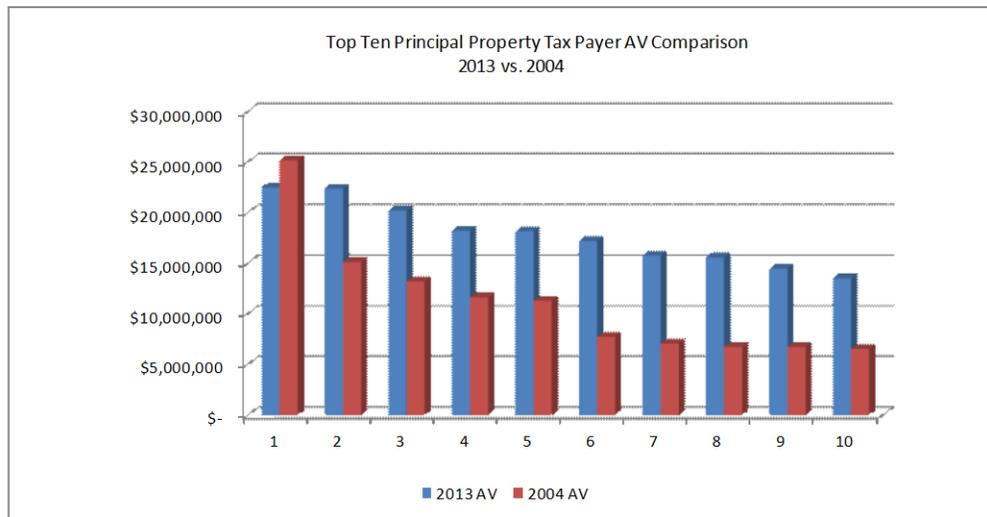
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>City Direct Rates:</b>										
Regular	\$2.380	\$2.152	\$1.922	\$2.220	\$1.918	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905
Subtotal-Regular Levy	\$2.380	\$2.152	\$1.922	\$2.220	\$1.918	\$1.867	\$2.025	\$2.340	\$2.690	\$2.905
Emergency Medical	0.429	0.500	0.451	0.390	0.340	0.500	0.500	0.500	0.500	0.500
86 GO Bond	0.122	0.107	0.087	0.071	0.051	0.048	0.051	0.043	0.000	0.000
City Total	\$2.931	\$2.759	\$2.459	\$2.681	\$2.309	\$2.415	\$2.576	\$2.883	\$3.190	\$3.405
<b>Overlapping Taxes:</b>										
County	1.210	1.098	0.999	0.840	0.723	0.716	0.782	0.868	0.982	1.030
State School	2.950	2.789	2.532	2.165	1.906	1.909	1.993	2.206	2.379	2.433
Local School	5.033	4.219	3.742	3.913	4.244	4.533	4.799	5.315	5.238	5.851
Library District	0.500	0.457	0.423	0.353	0.313	0.314	0.400	0.451	0.500	0.500
	9.693	8.562	7.696	7.271	7.186	7.472	7.974	8.840	9.099	9.814
Grand Total	\$12.624	\$11.321	\$10.155	\$9.952	\$9.495	\$9.887	\$10.551	\$11.723	\$12.289	\$13.219



Source: Snohomish County Assessor's Office

**PRINCIPAL PROPERTY TAXPAYERS**  
Principal Taxpayers Historical Comparison

Taxpayer	Common Name	Service or Product	2013			2004		
			Assessed Valuation <sup>(1)</sup>	Rank	As a Percentage of Total City Valuation <sup>(1)</sup>	Assessed Valuation <sup>(2)</sup>	Rank	As a Percentage of Total City Valuation <sup>(2)</sup>
Gateway Trident LLC	18111 25th Ave	Apartments	\$ 22,481,917	1	0.50%			
Northwest Composites Inc.	12806 State Ave	Manufacturing	22,370,000	2	0.50%			
Inland Western Marysville LLC	Safeway Plaza	Shopping Center	20,205,000	3	0.45%			
Puget Sound Energy		Natural Gas	18,191,238	4	0.41%			
MGP IX Marysville LLC		Property Mgmt	18,152,762	5	0.41%			
ROIC Washington LLC		Property Mgmt	17,193,600	6	0.38%			
Powell Smokey Point LLC		Property Mgmt	15,773,000	7	0.35%			
Smokey Pt Invstmt - Undi Fam LLC		Investment	15,575,400	8	0.35%			
Costco Wholesale Corp		Retail	14,455,000	9	0.32%			
Frontier Communications		Communications	13,490,295	10	0.30%			
Verizon Northwest Inc.		Communications				\$ 25,142,285	1	1.30%
Northwest Composites Inc.	12806 State Ave	Manufacturing				15,097,050	2	0.78%
Marysville Capital LLC	Towne Center	Shopping Center				13,188,100	3	0.68%
Oceanfront V LLC	Fred Meyer	Shopping Center				11,627,300	4	0.60%
Inland Western Marysville LLC	Safeway Plaza	Shopping Center				11,276,350	5	0.58%
Harold J & Inge Marcus Trustees		Real Estate				7,718,300	6	0.40%
Briar Development Co		Grocery Store				7,056,700	7	0.36%
Cedar Landing Housing Partners		Apartments				6,725,143	8	0.35%
Welco Lumber Co/Welco LLC		Manufacturing				6,713,586	9	0.35%
Pacific Industrial Park						6,511,900	10	0.34%
			<b>\$ 177,888,212</b>		<b>3.97%</b>	<b>\$ 111,056,714</b>		<b>5.73%</b>



Source: Snohomish County Assessor's Office, City of Marysville.

STAT 8

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Year	Governmental Type Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income *	Per Capita **
	General Obligation Bonds	Public Works Trust Fund Loans	Special Assessment Bonds	Interlocal Agreement	General Obligation Bonds	Revenue Bonds	Public Works Trust Fund Loans				
2004	11,720,000	49,235	255,000	1,013,003	5,020,187	15,120,000	11,780,723	44,958,149	0.21%	1,561	
2005	11,310,000	39,388	170,000	963,811	4,746,523	61,790,000	21,609,964	100,629,686	0.45%	3,416	
2006	10,855,000	29,541	125,000	911,430	4,458,296	60,075,000	22,855,471	99,309,738	0.40%	3,089	
2007	18,400,000	19,694	110,000	856,771	3,345,256	58,310,000	21,480,926	102,522,647	0.38%	2,831	
2008	17,589,500	9,847	70,000	799,380	3,152,347	56,480,000	20,106,380	98,207,454	0.34%	2,650	
2009	16,720,000	750,000	0	739,256	2,948,891	54,580,000	18,731,835	94,469,981	0.32%	1,644	
2010	20,400,000	562,500	0	680,042	2,729,792	50,420,000	17,377,789	92,170,123	0.30%	1,588	
2011	19,555,000	375,000	0	617,640	2,499,742	48,955,000	16,023,744	88,026,126	0.28%	1,451	
2012	18,870,000	187,500	0	552,506	2,258,557	48,355,000	14,529,964	84,753,528	0.25%	1,381	
2013	27,759,614	0	0	484,183	1,996,759	47,688,885	13,199,210	91,128,651	0.26%	1,467	

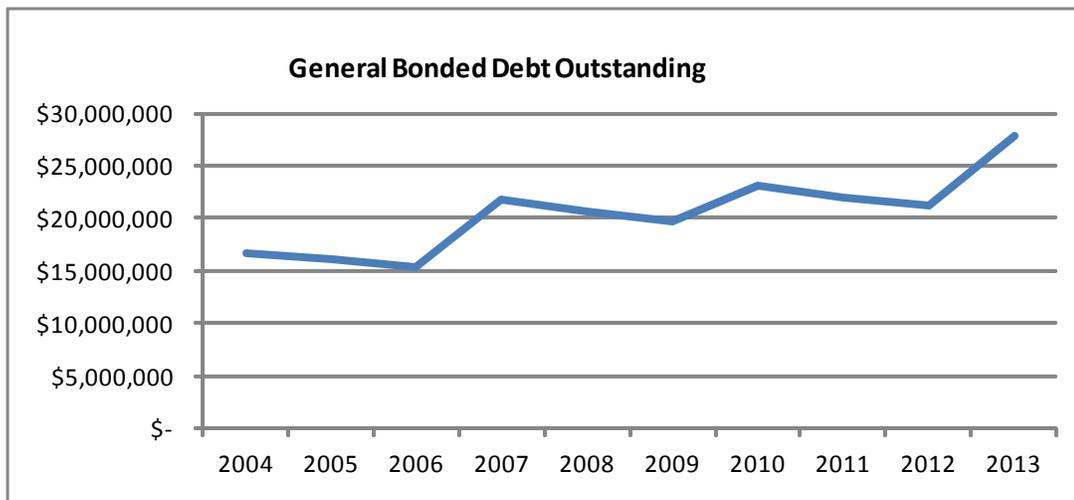
\*See Stat 13 for personal income data

\*\*See Stat 13 for population data

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

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

Year	General Obligation Bonds <sup>1</sup>	Less Debt Service Funds	Net Bonded Debt	Percent of Taxable Assessed Value <sup>2</sup>	Per Capita <sup>3</sup>
2004	\$ 16,740,187	\$ 409,262	\$ 16,330,925	0.84%	567
2005	16,056,523	321,358	15,735,165	0.81%	534
2006	15,313,296	356,452	14,956,844	0.77%	465
2007	21,745,256	397,867	21,347,389	1.10%	590
2008	20,741,847	386,414	20,355,433	1.05%	549
2009	19,668,891	154,809	19,514,082	1.01%	340
2010	23,129,792	133,866	22,995,926	1.19%	383
2011	22,054,742	69,026	21,985,716	1.13%	362
2012	21,128,557	69,854	21,058,703	1.09%	343
2013	27,759,614	77,059	27,682,555	1.43%	446



1 See Stat 8 for general obligation bonds outstanding

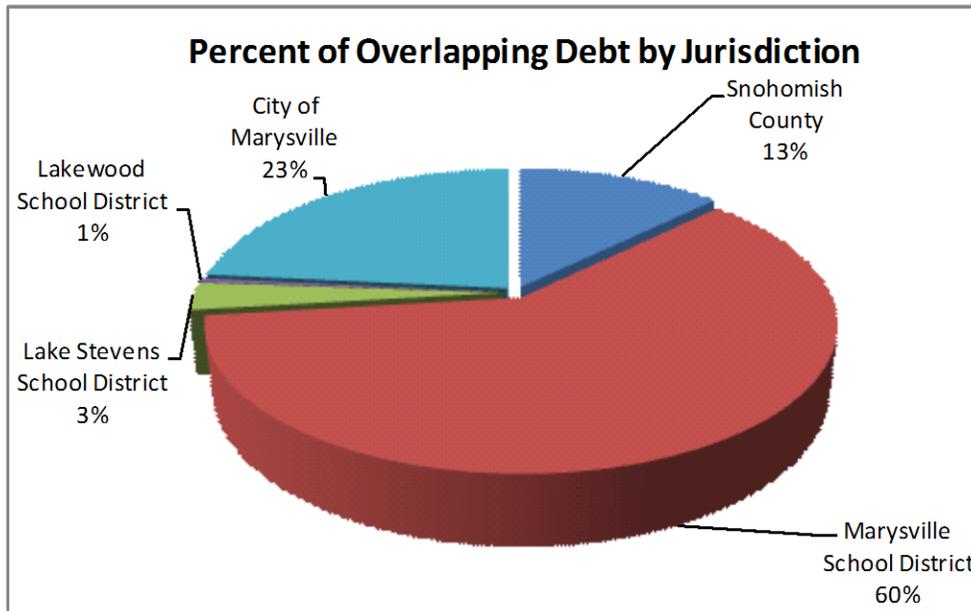
2 See Stat 7a for property value data

3 See Stat 13 for population data

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

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Snohomish County	\$ 252,830,110	6.22%	\$ 15,732,728
Marysville School District No. 25	98,090,000	76.64%	75,180,537
Lake Stevens School District No. 4	55,380,000	6.87%	3,803,961
Lakewood School District No. 306	2,855,000	18.73%	534,638
Fire District No. 12	-	31.64%	-
Sno-Isle Regional Library	-	6.90%	-
<b>Other debt</b>			
Snohomish County - Assessment Debt	505,000	6.22%	31,424
<b>Subtotal, overlapping debt</b>			<b>95,283,289</b>
<b>City direct debt</b>			<b>29,134,804</b>
<b>Total direct and overlapping debt</b>			<b>\$ 124,418,093</b>

\* 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.

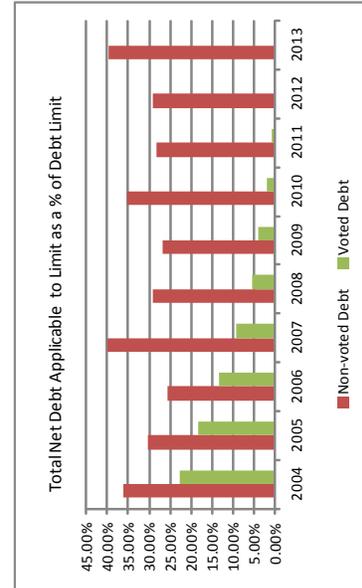


Sources: Assessed value used to estimate applicable percentages was provided by the Snohomish County Assessor's Office. Debt outstanding provided by each government unit.

STAT 11

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

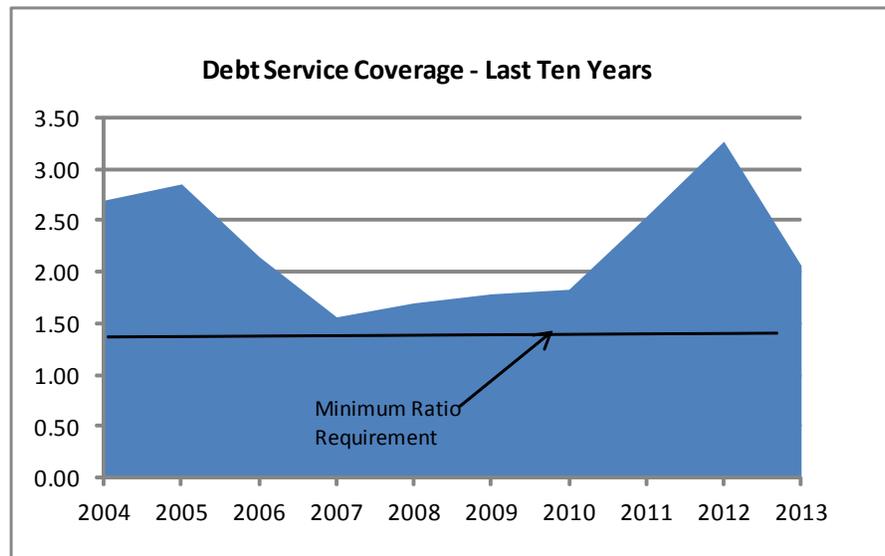
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value (AV)	1,938,395,564	2,179,343,938	2,652,413,969	3,256,972,155	4,523,054,199	4,757,617,443	4,437,265,961	5,357,774,475	4,769,475,472	4,476,525,057
Non-voted debt limit (1.5% of AV)	29,075,933	32,690,159	39,786,210	48,854,582	67,845,813	71,364,262	66,558,989	80,366,617	71,542,132	67,147,876
Debt applicable to limit:										
Total general obligation debt	11,659,941	11,414,544	12,624,268	19,491,721	19,726,574	19,188,147	23,432,334	22,862,383	20,918,925	26,650,000
Less: Amount set aside for repayment of GO debt	(1,112,656)	(1,504,465)	(2,405,962)	(29,086)	(40,756)	(46,473)	(19,244)	(20,584)	(19,001)	(24,715)
Total net debt applicable to limit	10,547,285	9,910,079	10,218,306	19,462,635	19,685,818	19,141,674	23,413,090	22,841,799	20,899,924	26,625,285
Legal Debt Margin	18,528,648	22,780,080	29,567,904	29,391,947	48,159,995	52,222,588	43,145,899	57,724,818	50,642,208	40,522,591
Total net debt applicable to the limit as a % of debt limit	36.27%	30.32%	25.68%	39.84%	29.02%	26.82%	35.18%	28.17%	29.21%	39.65%
Voted debt limit (1% of AV)	19,383,956	21,793,439	26,524,140	32,569,722	45,230,542	47,576,174	44,372,660	53,577,745	47,694,755	44,765,251
Debt applicable to limit:										
Total general obligation debt	4,495,000	4,085,000	3,630,000	3,130,000	2,575,000	1,970,000	940,000	385,000	0	0
Less: Amount set aside for repayment of GO debt	(67,518)	(74,571)	(85,165)	(79,579)	(77,933)	(72,664)	(70,479)	0	0	0
Total net debt applicable to limit	4,427,482	4,010,429	3,544,835	3,050,421	2,497,067	1,897,336	869,521	385,000	0	0
Legal Debt Margin	14,956,473	17,783,010	22,979,305	29,519,301	42,733,475	45,678,838	43,503,139	53,192,745	47,694,755	44,765,251
Total net debt applicable to the limit as a % of debt limit	22.84%	18.40%	13.36%	9.37%	5.52%	3.99%	1.96%	0.72%	0.00%	0.00%



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

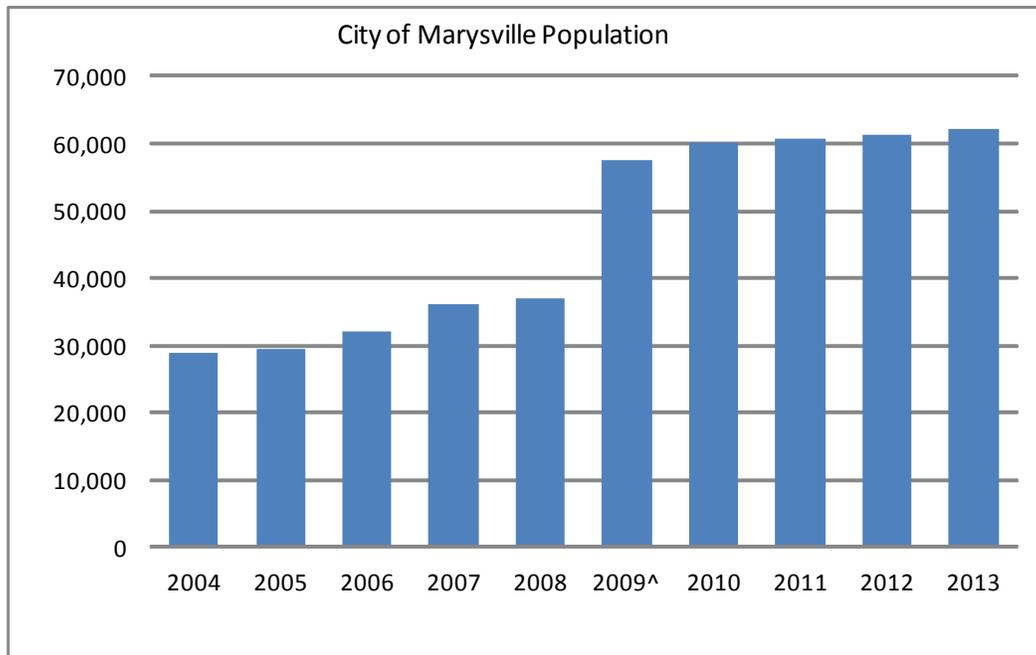
**SEWER AND WATER REVENUE BONDS**

Year	Utility Service Charges	Utility Operating Expenses	Net Revenue Available for Debt Service	Non-Operating Revenue	Net Parity Debt Service	Coverage w/o Non-Operating Revenue	Coverage with Non-Operating Revenue
2004	13,276,189	7,362,013	5,914,176	3,761,988	2,192,597	2.70	4.41
2005	15,969,788	7,511,127	8,458,661	5,080,367	2,962,849	2.85	4.57
2006	17,947,864	8,289,771	9,658,093	9,390,052	4,496,501	2.15	4.24
2007	17,210,160	10,167,569	7,042,591	12,985,425	4,504,855	1.56	4.45
2008	18,282,294	10,589,329	7,692,965	2,421,741	4,524,538	1.70	2.24
2009	19,217,594	11,122,713	8,094,881	1,290,715	4,527,165	1.79	2.07
2010	20,123,683	11,839,534	8,284,149	1,608,759	4,520,890	1.83	2.19
2011	21,346,587	11,859,982	9,486,605	686,099	3,737,262	2.54	2.72
2012	22,203,291	12,531,674	9,671,617	1,189,573	2,959,262	3.27	3.67
2013	23,076,545	14,091,683	8,984,862	2,911,710	4,353,602	2.06	2.73



**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Year	City of Marysville Population <sup>(1)</sup>	Personal Income <sup>(2)</sup> (millions of dollars)	Per Capita Personal Income <sup>(2)</sup>	Unemployment Rate - % of Labor Force <sup>(3)</sup>	Median Age <sup>(4)</sup>	School Enrollment <sup>(5)</sup>
2004	28,800	21,143	32,825	5.8%	35.70	11,382
2005	29,460	22,289	33,999	5.1%	35.99	11,617
2006	32,150	24,666	37,115	4.5%	36.18	11,788
2007	36,210	27,179	40,302	4.0%	36.34	11,896
2008	37,060	30,427	43,804	7.1%	36.49	12,038
2009 <sup>^</sup>	57,478	29,482	41,741	10.1%	36.68	11,909
2010	60,020	29,859	41,739	10.0%	37.01	11,570
2011	60,660	31,266	43,281	8.2%	37.41	11,597
2012	61,360	33,570	45,796	7.1%	37.72	11,643
2013	62,100	34,644 *	47,261 *	6.3%	38.02	11,426



Sources:

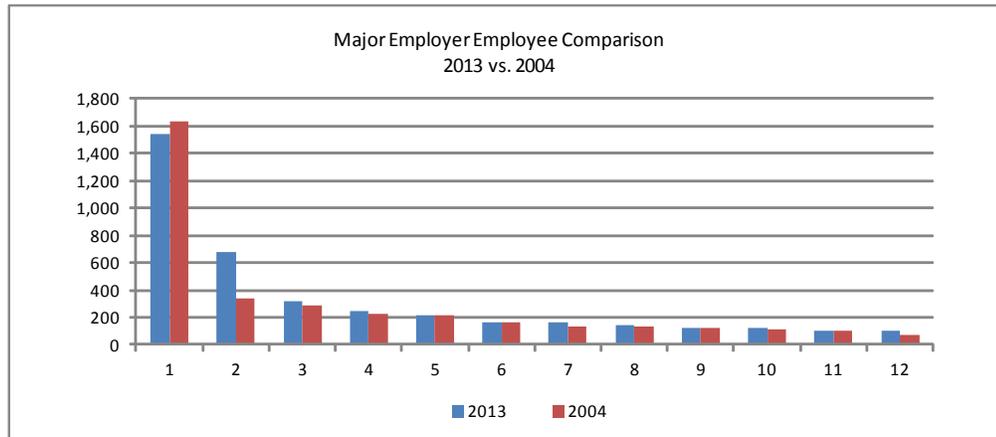
- (1) Washington Ste Office of Financial Management, Forecasting Division
- (2) United States Bureau of Economic Analysis. Figures are for all of Snohomish County
- (3) Washington State Employment Security Department. Figures are for all of Snohomish County
- (4) Washington State Office of Financial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

\* City calculated estimates.

<sup>^</sup> 2009 includes 20,000 population for Central Marysville Annexation, effective 12/30/09.

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

Name of Employer	Service or Product	2013			2004		
		Employees	Rank	Percentage of Total City Employment <sup>(1)</sup>	Employees	Rank	Percentage of Total City Employment <sup>(2)</sup>
Marysville School District	Education	1,540	1	20.48%	1,631	1	25.09%
C&D Zodiac (f/k/a Northwest Composites)	Plastics/honeycomb tubing	679	2	9.03%	339	2	5.22%
Walmart	Retail - variety	319	3	4.24%			0.00%
City of Marysville	City government	246	4	3.27%	216	5	3.32%
Fred Meyer, Inc.	Retail - variety	215	5	2.86%	291	3	4.48%
Marysville Care Center	Health care center	160	6	2.13%	135	7	2.08%
Target	Retail - variety	160	7	2.13%			
Winco Foods	Grocery/pharmacy	141	8	1.88%			
Costco	Retail - Warehouse Club	126	9	1.68%			
Safeway	Grocery/pharmacy	125	10	1.66%			
Madeline Villa Health Care	Health care center	103	11	1.37%	105	11	1.62%
Albertson's	Grocery/pharmacy	100	12	1.33%	116	10	1.78%
		<u>3,914</u>		<u>52.05%</u>	<u>2,833</u>		<u>43.58%</u>

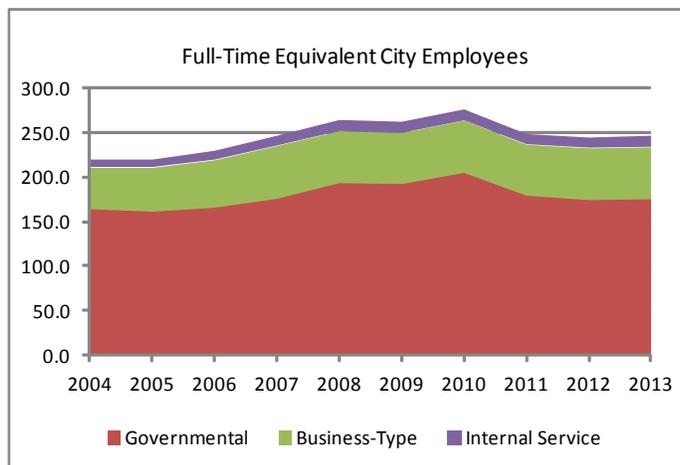


(1) Total City Employment Estimated by City Management

Source: City of Marysville, Snohomish County Economic Development Council, and individual employers

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

Function/Program	Full-time equivalent employees as of December 31*									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities:</b>										
General governmental services	53.0	53.0	53.0	58.0	66.0	67.0	68.0	53.0	53.0	53.0
Police	72.0	73.0	74.5	75.0	81.5	80.5	89.5	84.5	81.5	82.5
Engineering	12.0	12.0	13.0	15.0	16.0	17.0	16.0	17.0	15.0	15.0
Transportation	13.0	9.0	11.0	13.0	14.0	12.0	14.5	12.5	12.5	12.5
Culture and recreation	14.5	14.5	14.5	15.0	16.0	16.0	17.0	12.5	12.5	12.5
<b>Total FTEs governmental activities</b>	<b>164.5</b>	<b>161.5</b>	<b>166.0</b>	<b>176.0</b>	<b>193.5</b>	<b>192.5</b>	<b>205.0</b>	<b>179.5</b>	<b>174.5</b>	<b>175.5</b>
<b>Business-Type Activities:</b>										
Water/Sewer/Surface Water	33.0	36.0	40.0	46.0	45.0	44.0	45.5	46.0	47.0	47.0
Solid Waste	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Golf	6.0	6.0	6.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0
<b>Total FTEs business-type activities</b>	<b>46.0</b>	<b>49.0</b>	<b>53.0</b>	<b>59.0</b>	<b>58.0</b>	<b>57.0</b>	<b>58.5</b>	<b>57.0</b>	<b>58.0</b>	<b>58.0</b>
<b>Internal Service:</b>										
Fleet Services	6.5	6.5	5.0	5.0	5.0	5.0	4.0	4.0	4.0	5.0
Facilities Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Computer Services	0.0	0.0	3.0	4.0	5.5	5.5	6.5	5.5	5.5	5.5
<b>Total FTEs internal service<sup>(2)</sup></b>	<b>8.5</b>	<b>8.5</b>	<b>10.0</b>	<b>11.0</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>	<b>11.5</b>	<b>11.5</b>	<b>12.5</b>
<b>Total City FTEs<sup>(1)</sup></b>	<b>219.0</b>	<b>219.0</b>	<b>229.0</b>	<b>246.0</b>	<b>264.0</b>	<b>262.0</b>	<b>276.0</b>	<b>248.0</b>	<b>244.0</b>	<b>246.0</b>
<b>Annual percent change total city</b>	<b>2.48%</b>	<b>0.00%</b>	<b>4.57%</b>	<b>7.42%</b>	<b>7.32%</b>	<b>-0.76%</b>	<b>5.34%</b>	<b>-10.14%</b>	<b>-1.61%</b>	<b>0.82%</b>



\*Total ending authorized positions per the city's budget

- (1) The city reduced staff in 2003 and 2010 through both attrition and layoffs due to the local economy.
- (2) Computer services was moved from the general governmental services activity to an internal service activity in 2006.
- (3) The Program Engineer-Surface Water Supervisor was reclassified to Water Quality Manager and now reports to the Public Works Superintendent. The two surface water specialists and the surfac water inspector moved from Engineering to Water/Sewer Utility in 2013.

Source: City Budget

STAT 16

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police</b>										
Bookings	1,501	2,025	4,064	4,728	5,499	5,893	3,849	4,068	3,671	3,668
Citations (Total)	4,638	7,283	6,540	6,010	6,514	5,413	5,443	5,274	5,813	5,805
Parking Violations	351	356	367	289	776	413	342	301	138	110
Calls for Service / Ave Per Month	2,955	3,559	4,010	4,147	4,677	4,407	5,437	5,135	5,412	5,662
<b>Fire</b>										
Number of Incidents	7,857	8,007	8,848	9,863	10,588	10,434	9,833	9,644	10,052	10,417
EMS Transports	3,281	3,440	3,718	4,046	4,522	4,592	4,416	4,216	4,357	4,766
<b>Water</b>										
New Connections	344	432	275	468	351	330	342	154	100	132
Average Yearly Water Consumption (millions of gallons)	2,244.8	1,863.4	1,990.1	1,975.0	1,642.0	1,681.0	1,511.0	1,435.0	1,438.0	1,443.0
<b>Sewer</b>										
New Connections	552	467	420	475	304	211	368	210	171	205
<b>Sanitation</b>										
Refuse Collected (tons per year)	12,454.61	12,313.05	13,029.69	13,178.61	13,925.96	13,375.74	13,250.39	12,851.21	13,991.39	14,325.67
<b>Wastewater</b>										
Average Monthly Wastewater Treatment	4.37	4.5	5.07	4.60	4.50	5.40	4.25	5.36	5.06	4.90
Influent	4.25	4.12	4.39	4.47	4.48	5.09	3.75	5.21	5.40	4.97
<b>Culture and Recreation</b>										
Class Registrations	1,280	1,256	2,020	2,551	2,465	3,393	4,550	7,075	8,424	8,436
Rentals	785	832	1,197	1,028	1,136	1,314	1,380	1,525	967*	983
Community Center Attendance	12,884	13,258	12,754	12,130	15,040	16,296	15,854	16,684	19,044	18,017
<b>Municipal Court</b>										
Total Filings (Arlington, Lake Stevens, Marysville)	7,455	10,760	10,345	11,910	12,790	13,623	10,263	11,087	8,741	7,920
<b>Community Development</b>										
New/Improved Building Valuations	\$35,077,934	\$70,333,885	\$135,720,505	\$126,594,740	\$101,416,614	\$ 47,731,574	\$77,455,905	\$86,500,497	\$ -	\$ -
Single Family Permits	169	300	217	361	167	164	261	236	-	-
Multi Family Permits	7	4	2	17	6	2	24	5	-	-
Commercial Permits	13	18	38	21	21	12	2	10	-	-
Total Permits**	-	-	-	-	-	-	-	-	2,434	3,275
<b>Golf</b>										
Total Rounds	47,425	40,201	43,371	40,709	42,263	45,398	44,201	37,380	34,530	36,691

Source: Various City Departments

STAT 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety</b>										
Fire Stations	4	4	4	4	4	5	5	5	5	5
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Culture and Recreation</b>										
Parks Acreage	N/A	N/A	N/A	389	389	434	436	527	527	527
Parks	N/A	N/A	N/A	25	25	28	29	32	32	32
Community Centers	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
<b>Transportation</b>										
Paved Streets (in miles)	4	10	29	125.0	130.9	195.6	200.6	200.9	201.6	202.4
Signs	620	930	1,168	1,454	6,920	8,607	9,794	9,382	9,237	9,524
Signalized Intersections	25	26	26	26	26	28	36	36	38	38
Street Lights	190	1,610	1,610	1,610	2,462	3,632	4,107	4,139	4,139	435*
<b>Water/Sewer/Surface Water</b>										
Water										
Water Mains (miles)	263	267	283	291	292	294	297	306	306	319
Water Storage Capacity (mg)	17	20	22	22	24	24	24	24	24	24
Sewer										
Sanitary Sewers (miles)	195	201	213	221	224	225	226	230	230	227
Storm Sewers (miles)	99	104	116	121	124	156	177	185	186	187
Treatment Capacity (mgd)	6.0	6.0	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
<b>Sanitation</b>										
Collection Trucks	7	8	6	6	7	7	9	9	9	9
<b>Golf</b>										
Municipal Golf Courses	1	1	1	1	1	1	1	1	1	1

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

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# SUPPLEMENTAL SCHEDULES

## **Schedule 9 – Long Term Debt**

This schedule provides information about the long-term debt of the local government

## **Schedule 10 – Limitation of Indebtedness**

This schedule shows the margin of indebtedness available

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

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

## **Schedule 17 – Public Works**

This schedule is used to identify limitations on public works projects performed by public employees.

## **Schedule 19 – Labor Relations Consultant**

This schedule is used to identify expenditures for labor relations consultants.

**SCHEDULE OF LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

ID NO	DESCRIPTION	BARS CODE	BEGINNING BALANCE	ADDITION	REDUCTION	ENDING BALANCE
<b>GENERAL OBLIGATION DEBT</b>						
<b>Nonvoted - General Obligation Bonds</b>						
251.11	Golf Course	591.79	1,435,000	-	130,000	1,305,000
251.11	2003 LTGO Bonds	591.19	7,225,000	-	7,225,000	-
251.11	2013 LTGO Refunding	591.19	-	6,315,000	-	6,315,000
251.11	LTGO Bonds 2007A	591.19	6,655,000	-	315,000	6,340,000
251.11	LTGO Bonds 2010	591.19	4,990,000	-	-	4,990,000
251.11	LTGO Bonds 2013	591.19	-	9,005,000	-	9,005,000
251.10	Pro Shop and Restaurant Remodel	591.79	823,557	-	127,936	695,621
<b>Loans &amp; Other Payments to Other Governments</b>						
263.81	800 MHZ Radio	591.21	552,506	-	68,323	484,183
263.81	PWTFL - Lakewood Triangle	591.95	187,500	-	187,500	-
<b>Miscellaneous Liabilities-Short Term Debt</b>						
239.60	Construction - Line of Credit	591.76	14,201,600	1,005,150	9,559,950	5,646,800
	Total Governmental Debt Outstanding		36,070,163	16,325,150	17,613,709	34,781,604
263.93	Other Post-Employment Benefits		465,717	68,973	-	534,690
259.11	Compensated Absences		1,544,196	1,148,696	1,544,196	1,148,696
<b>Total Governmental Funds Debt/Liabilities</b>			<b>\$ 38,080,076</b>	<b>\$ 17,542,819</b>	<b>\$ 19,157,905</b>	<b>\$ 36,464,990</b>
<b>REVENUE DEBT</b>						
<b>Nonvoted - Revenue Bonds</b>						
252.11	2005 Water/Sewer Bond Issue	582.34	\$ 48,355,000	\$ -	\$ 2,060,000	\$ 46,295,000
<b>Loans and Other Payment to Other Governments</b>						
263.82	PWTFL - WWTP Pre-Construction	582.34	473,685	-	52,632	421,053
263.82	PWTFL - WWTP Construction Loan	582.34	5,294,116	-	529,410	4,764,706
263.82	PWTFL - WWTP Phase II Construction	582.34	6,315,788	-	526,314	5,789,474
263.82	DWRFL-Stilliquamish Filtration System	582.34	2,446,375	-	222,398	2,223,977
	Total Revenue Debt Outstanding		62,884,964	-	3,390,754	59,494,210
259.12	Compensated Absences		278,867	259,966	278,867	259,966
<b>Total Revenue Funds Debt/Liabilities</b>			<b>\$ 63,163,831</b>	<b>\$ 259,966</b>	<b>\$ 3,669,621</b>	<b>\$ 59,754,176</b>

**CITY OF MARYSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013**

Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Other Identification Number	From Pass- Through Award	From Direct Award	Total
US Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grant	14.218	B-12-MC-5-0023	-	204,459	204,459
Total CFDA Number			\$ -	\$ 204,459	\$ 204,459
<b>Total US Department of Housing &amp; Urban Development</b>	<b>14.XXX</b>		<b>\$ -</b>	<b>\$ 204,459</b>	<b>\$ 204,459</b>
US Department of Justice Bureau of Justice Assistance					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2802	-	5,913	5,913
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1022	-	1,439	1,439
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0796	-	10,663	10,663
Total CFDA Number			\$ -	\$ 18,015	\$ 18,015
<b>Total U.S. Department of Justice</b>	<b>16.XXX</b>		<b>\$ -</b>	<b>\$ 18,015</b>	<b>\$ 18,015</b>
US Department of Transportation					
Department of Transportation					
Highway Planning & Construction	20.205	LA-7890	58,490	-	58,490
Highway Planning & Construction	20.205	LA-7893	7,127	-	7,127
Highway Planning & Construction	20.205	LA-7888	12,940	-	12,940
Highway Planning & Construction	20.205	LA-8065	388,332	-	388,332
Highway Planning & Construction	20.205		2,097	-	2,097
Total CFDA Number			\$ 468,986	\$ -	\$ 468,986
US Department of Transportation					
Washington Traffic Safety Commission		N/A			
Occupant Protection Incentive	20.602		1,420	-	1,420
Total CFDA Number			\$ 1,420	\$ -	\$ 1,420
US Department of Transportation					
Washington Traffic Safety Commission		N/A			
Safety Belt Performance Grant	20.609		7,727	-	7,727
Total CFDA Number			\$ 7,727	\$ -	\$ 7,727
<b>Total U.S. Department of Transportation</b>	<b>20.XXX</b>		<b>\$ 478,133</b>	<b>\$ -</b>	<b>\$ 478,133</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 478,133</b>	<b>\$ 222,474</b>	<b>\$ 700,607</b>

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - PROGRAM COSTS

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

**CITY OF MARYSVILLE  
SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE  
For the Year Ended December 31, 2013**

Grantor/Program Title	Identification Number	Current Year Expenditures
WA Department of Commerce Growth Management Act Competitive Grant	13-63200-004	45,000
WA Department of Ecology Phase II Stormwater Pass-through Grant Program	G1100065	35,220
WA Department of Ecology Local Source Grant	G1200158	32,574
WA Department of Ecology Local Source Control Partnership Containment Voucher Project	G1400019	2,512
WA Department of Ecology Coordinated Prevention	G1200275	48,736
WA Department of Ecology Decant Facility Retrofit	G1200561	862,500
WA Transportation Improvement Board (TIB) 3rd & 47th R0502 - 3rd & 47th	TIB8-1-143(007)-1	24,607
WA Traffic Safety Commission Flashing Beacon Grant - Totem Middle School		21,500
<b><u>Total State Assistance</u></b>		<b><u>\$ 1,072,649</u></b>
Snohomish County Ken Baxter Senior Center	A-12-75-01-200	11,000
<b><u>Total Local Assistance</u></b>		<b><u>\$ 11,000</u></b>
<b>Total State &amp; Local Assistance</b>		<b><u>\$ 1,083,649</u></b>

Schedule 17

**City of Marysville**  
**LIMITATION ON PUBLIC WORKS PROJECTS PERFORMED BY PUBLIC EMPLOYEES**  
**For The Year Ended December 31, 2013**

1) Total current public work construction budget as amended (annual)	<u>\$ 11,271,227</u>
2) Allowable portion total public Works (10% of line 1)	<u>1,127,123</u>
3) Less: Amount (if any) in excess of permitted amount from prior budget period.	<u>-</u>
4) Total allowable public works (line 2 minus line 3)	<u>1,127,123</u>
5) Total public works projects performed by public employees during the current year (including work performed by a county)	<u>261,058</u>
6) If this is the second year of a biennial budget, total public works project performed by public employees during the first year of biennium	<u>N/A</u>
7) Restricted under (over) allowable (line 4 minus line 5 minus line 6)	<u>\$ 866,065</u>

NOTE: If the restricted amount is over allowable, this amount must be carried forward to next budget period report.

Schedule 19

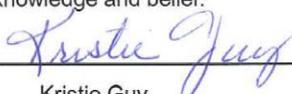
**SCHEDULE OF LABOR RELATIONS CONSULTANT(S)**

For the Year Ended: December 31, 2013

Has your government engaged labor relations consultants? X Yes    No

If yes, please provide the following information for each consultant(s):

Name of Firm	Summit Law Group
Name of Consultant	Bruce Schroeder
Business Address	315 5th Ave S, Suite 1000 Seattle, WA 98104
Amount Paid To Consultant During Fiscal Year	\$ 45,049.31
Terms And Conditions, As Applicable, Including:	
Rates (E.G., Hourly, Etc.)	As needed, hourly rates range from \$250 to \$285, plus all out of pocket expenses
Duration Of Services	On-going
Services Provided	Negotiation of Union contracts, consultation, personnel matters.

Certified Correct this <u>15</u> day of <u>March</u> 2014	
to the best of my knowledge and belief:	
Signature	
Name	Kristie Guy
Title	Human Resource Director