

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

City of Snohomish
Snohomish County

Audit Period
January 1, 2011 through December 31, 2011

Report No. 1008487

Issue Date
September 28, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

September 28, 2012

Council
City of Snohomish
Snohomish, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Snohomish's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Snohomish County
January 1, 2011 through December 31, 2011**

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Federal Summary

City of Snohomish Snohomish County January 1, 2011 through December 31, 2011

The results of our audit of the City of Snohomish are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

FEDERAL AWARDS

Internal Control Over Major Programs:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the City's compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
16.710	ARRA -Public Safety Partnership and Community Policing Grants (Recovery Act)
97.036	Disaster Grants - Public Assistance Program
66.202	Congressionally Mandated Projects

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Federal Audit Findings and Questioned Costs

City of Snohomish Snohomish County January 1, 2011 through December 31, 2011

1. The City did not have adequate internal controls to ensure it complied with applicable cost principles, reporting and American Recovery and Reinvestment Act requirements.

CFDA Number and Title:	16.710 American Recovery and Reinvestment Act Public Safety Community Partnership Program
Federal Grantor Name:	U. S. Department of Justice
Federal Award/Contract Number:	2009RKWX0898
Pass-through Entity Name:	NA
Pass-through Award/Contract Number:	NA
Questioned Cost Amount:	\$9,675

Background

The United States Justice Department awarded the City a Community Oriented Policing Services (COPS) Hiring Program grant in 2009. The City may use the funds over three years to pay the salary of entry level officers or re-assigned officers in order to help increase public safety. In 2011, the City spent \$111,037 in money from this grant to pay the salary and benefits for one officer.

Federal regulations require recipients of federal money to establish and follow internal controls to ensure program requirements are followed.

Recipients of Recovery Act Grants are required to track revenue and expenditures using separate account coding to identify the use of this money.

Additionally, annual progress reports are required to ensure money is used for the purpose of the grant program.

Description of Condition

Allowable Costs/Cost Principles

Employees whose entire salary and benefits are charged to a federal grant must certify in writing at least twice a year that they spent all their time and effort on program activities. The City did not obtain time and effort certification from the officer. Monthly

timesheets were retained for the officer; however, no certification was signed by the employee or the supervisor to indicate the officer worked only in the grant-funded program.

The COPS grant manual states no overtime can be funded with the Cops Hiring Recovery Program grant. The City included overtime costs in its requests for reimbursement of federal money.

Recovery Act Special Tests and Provisions

The Recovery Act requires grant recipients to separately track revenues and expenditures paid with Recovery Act money. The City set up a separate program code to track this revenue, but did not separately identify payroll costs paid through the Recovery Act in its accounting records.

Reporting

The City must report program progress to the U.S. Department Of Justice annually. The City did not have internal controls to ensure it completed and retained the required reports documenting compliance with this requirement.

Cause of Condition

The City did not establish internal controls to ensure that staff supervising employees were aware of time and effort certification, allowable costs, and reporting requirements. City staff believed online acceptance of the financial report indicated compliance with the grant reporting requirements.

Additionally, the City did not establish internal controls to ensure compliance with Recovery Act requirements. Finance Department staff assumed these requirements did not apply because the grant expenditures covered only one officer's salary.

Effect of Condition and Questioned Costs

Allowable Costs/Cost Principles

Without adequate time and effort certifications, the City cannot assure salaries and benefits charged to its programs comply with federal requirements. Noncompliance could jeopardize future federal funding and require the City to return money to the grantor. We are not questioning salary and benefit costs because we verified through other methods that salaries and benefits charged to the grant were allowable.

However, we are questioning costs of \$9,675.41 for unallowed overtime paid to the officer in 2011 and charged to the grant.

Recovery Act Special Tests and Provisions

Grant expenditures are not separately identified in the City's accounting system, as required.

Reporting

The City was unable to document compliance with this requirement.

Recommendation

We recommend the City establish internal controls to ensure grant requirements are followed and ensure staff responsible for grant compliance receives adequate training.

City's Response

- 1) *The City reported to the U.S. Department of Justice every quarter of the grant period. Additionally, the City submitted Recovery Act reports after the end of each calendar quarter. The City did not report on an annual basis and was not informed by the U.S. Department of Justice that its reporting requirements were delinquent and/or deficient. The City reported the substance as required by the grant. The Finance Department will review with all grant recipient departments the requirements for allowable activities as well as reporting requirements and be sensitive to the nuances and forms of the requirements.*
- 2) *The City reported the grant revenues in a separate account code as required by the Budgeting, Accounting and Reporting Systems (BARS). The grant eligible expenditures were reported in the appropriate personnel expenditure codes in the books of record along with other staffing Policing Services personnel costs. The expenditures were not reported in a separate code. However, the expenditures are easily tracked separately in the sub-ledgers of the City's books of record. The City reported the substance as required by the grant. The Finance Department will review with all grant recipient departments the requirements for allowable activities as well as reporting requirements and be sensitive to the nuances and forms of the requirements.*
- 3) *The City did not obtain a certification from the employee that the employee spent all of their time and effort on the program activities. The supervisor did not certify on the time sheet that the employee only worked on the grant. The supervisor did report to the Department of Justice that the employee worked in the grant funded program. The employee submitted regular time cards and these were approved by the appropriate supervisory staff. The employee's position was fully funded by the grant. The position was scheduled for layoff. The employee's continued employment was contingent upon the grant award. City reported the substance as required by the grant. The Finance Department will review with all grant recipient departments the requirements for allowable activities as well as reporting requirements and be sensitive to the nuances and forms of the requirements.*

The City inadvertently requested reimbursement for overtime. The City is requesting a modification of the grant from the granting agency. A modification of the grant is allowable subject to approval from the granting agency. The City has incurred allowable costs within the grant period for which the City did not request reimbursement and which are in excess of the overtime amount. The City will replace the questioned costs with allowable costs. The Finance Department will provide additional support to the departments receiving grants to ensure compliance with programmatic requirements.

Auditor's Remarks

We considered the City's response and reaffirm our finding. We will review the condition during our next audit.

Applicable laws and Regulations

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300, states in part:

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* (2 CFR 225), states in part:

Appendix B, section 8(h):

h. Support of salaries and wages.

(1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

(2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.

(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Office of Management and Budget Circular A-133 Compliance Supplement, Part 4, CFDA 16.710 Performance Reporting.

Department Annual Progress Report (OMB No. 1103-0094) – This report is required at least once a year during the life of the grant for all COPS Hiring grants (CHP, CHRP, UHP, COPS in Schools, and TRGP–Hiring).

2009 COPS Hiring Recovery Program Grant Owner's Manual Section I, Review of Grant Conditions 3) Allowable Costs states on pages 11-12:

Salary and fringe benefits payments must be based on payroll records supported by time and attendance records or their equivalent. Examples of the types of records your agency must keep to document allowable costs are described in Section III of this manual. Any additional costs above the approved entry-level salaries and fringe benefits are the responsibility of the grantee agency. Civilian positions, ***overtime***, training, weapons, communication equipment and vehicles cannot be funded with your CHRP grant.

The COPS Hiring Recovery Program Grant Terms and Conditions states in *(G) Separate Tracking and Reporting of Recovery Act Funds and Outcomes*:

The recipient agrees to maintain accounting systems and records that adequately track, account for, and report on all funds from this Recovery Act award (including officers hired, salaries and fringe benefits paid, and the number of jobs created and jobs preserved) separately from all other funds (including other COPS and federal grants awarded for the same or similar purposes).

Schedule of Prior Federal Audit Findings

City of Snohomish Snohomish County January 1, 2011 through December 31, 2011

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the City of Snohomish. The State Auditor's Office has reviewed the status as presented by the City.

Audit Period: 1/1/2010 – 12/31/2010	Report Reference No: 1008479	Finding Reference No: 1	CFDA Number(s): 97.039
Federal Program Name and Granting Agency: Hazard Mitigation Grant		Pass-Through Agency Name: Washington State Military Department	
Finding Caption: The City of Snohomish's internal controls for monitoring equipment purchased with money from its Hazard Mitigation grant are inadequate.			
Background: Federal regulations require grant recipients to maintain equipment records and to perform a physical inventory of equipment purchased with federal funds every two years. The City did not perform a physical inventory as required and did not include two generators purchased with grant funds on its asset records.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The generators and controls installed as part of this grant are maintained by the City's Waste Water Collection Division, including all records that contain serial numbers, part numbers and location. This information maintenance began on November 17, 2010 when the generators were initially installed by the contractor. The generators are an integral part of the lift stations controls and are hard-wired into all lift station pumps and controls and the lift station SCADA telemetry system.</i> <i>The SCADA telemetry system continuously monitors all aspects of the pumps and controls including the generators and if there is a problem immediately sends a detailed text message alarm to all Collections Division personnel and also records the message to a computer w/printout in addition to the telemetry programming.</i> <i>The City continuously provides insurance for all lift station pumps and controls through the Washington Cities Insurance Authority and in 2010 increased the property schedule insurance for the Commercial and Lincoln lift station pumps and controls as a result of the grant even though the contractor was still responsible for the equipment. This equipment was also continuously covered under the City's boiler and machinery insurance according to the City's Risk Manager Pat Adams.</i>			

Every Thursday since November 17, 2010 when the generators were installed, Collection division staff physically exercises the generator and controls and every Friday conducts a physical inspection and inventory.

The City did not take actual ownership of the contracted work and equipment until June 21, 2011, when the City Council approved and accepted the work, although had continuously provided insurance and maintained physical inventories and records since November 17, 2010.

The generators for Commercial and Lincoln Lift stations have been provided with a fixed asset number of EPGF 1 and EPGF 2 respectively, EP is for Equipment Pool and GF is for Grant Federal. Disposition of the equipment must go through FEMA. Pursuant an email of September 4, 2012 from State Hazard Mitigation Programs Manager Mark Stewart of the Washington Military Department, he consulted with Dorothy Townsend, a grant management specialist with FEMA. Because the City purchased the generators through a procurement process, and did not acquire them directly from the federal government, FEMA has no ownership in the equipment, but does have a financial interest. The City will work with the State Military Department and FEMA at the time of equipment disposal.

The generators have been separately listed on the City's insurance equipment schedule, and are covered under the individual lift stations pumps and controls property insurance schedule, the City's boiler and machinery policies and are triple insured, although this may not be required.

Status of Prior Audit Findings

City of Snohomish Snohomish County January 1, 2011 through December 31, 2011

The status of findings contained in the prior years' audit reports of the City is provided below:

1. **The City's internal controls were not adequate to ensure its Schedule of Expenditures of Federal Awards was accurate and complete, resulting in a missed federal audit deadline**

Report No. 1008479, dated August 31, 2012

Background

The Schedule of Expenditures of Federal Awards (SEFA) should include all expenditures of federal money made by the City in each fiscal year. The City did not properly report federal expenditures on its SEFA, and, as a result, missed its 2010 federal audit reporting deadline. The City did not have an effective process to communicate federal activity between decentralized departments and the Finance Department. The Finance Department was unaware of all 2010 grant expenditures and reimbursements. Although the City reviewed the SEFA before submitting it for audit, this review was not detailed enough to ensure accurate and complete financial reporting.

Status

The City has added an additional layer of internal controls prior to the audit to ensure grant recipient departments communicate grant activity to the finance department in a timely manner.

Audit work performed on the 2011 SEFA did not identify misreporting of grant expenditures and the finding is considered resolved.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

**City of Snohomish
Snohomish County
January 1, 2011 through December 31, 2011**

Council
City of Snohomish
Snohomish, Washington

We have audited the financial statements of the City of Snohomish, Snohomish County, Washington, as of and for the year ended December 31, 2011, and have issued our report thereon dated August 31, 2012.

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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted certain matters that we will report to the management of the City in a separate letter dated September 19, 2012.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

August 31, 2012

Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct
and Material Effect on Each Major Program and
on Internal Control over Compliance in
Accordance with OMB Circular A-133

**City of Snohomish
Snohomish County
January 1, 2011 through December 31, 2011**

Council
City of Snohomish
Snohomish, Washington

COMPLIANCE

We have audited the compliance of the City of Snohomish, Snohomish County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1.

INTERNAL CONTROL OVER COMPLIANCE

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1 to be a material weakness.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information of management, the Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

August 31, 2012

Independent Auditor's Report on Financial Statements

City of Snohomish Snohomish County January 1, 2011 through December 31, 2011

Council
City of Snohomish
Snohomish, Washington

We have audited the accompanying financial statements of the City of Snohomish, Snohomish County, Washington, for the year ended December 31, 2011. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the City prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Snohomish, for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report 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. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for

purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements taken as a whole.

The report is intended for the information and use of the governing body and management of the City. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

August 31, 2012

Financial Section

**City of Snohomish
Snohomish County
January 1, 2011 through December 31, 2011**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2011
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2011
Notes to Financial Statements – 2011

SUPPLEMENTARY INFORMATION

Schedule of Liabilities – 2011
Schedule of Expenditures of Federal Awards – 2011
Notes to the Schedule of Expenditures of Federal Awards – 2011

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2011

BARS CODE		Total for All Funds ^{1/} Total Amount	001 General Actual Amount	102 Streets Actual Amount	104 Park Impact Actual Amount
Beginning Cash and Investments:		\$10,630,142	\$1,111,619	\$110,911	\$167,656
308.10	Reserved ^{2/}	\$888,346		\$110,911	\$167,656
308.80	Unreserved ^{2/}	\$9,741,796	\$1,111,619		
388.80 or 588.80	Prior Period Adjustments	\$0			
Revenues and Other Sources:					
310	Taxes	\$5,762,007	5,507,110	0	0
320	Licenses and Permits	\$170,016	168,066	0	0
330	Intergovernmental	\$3,855,038	383,433	191,607	0
340	Charges for Goods and Services	\$9,691,065	987,529	0	0
350	Fines and Penalties	\$190,726	170,463	0	0
360	Miscellaneous	\$273,391	58,855	1,430	64
370	Capital Contributions	\$0	0	0	0
390	Other Financing Sources	\$2,391,699	3,552	501,000	0
Total Revenues and Other Financing Sources		\$22,333,943	7,279,009	694,037	64
Total Resources		\$32,964,085	8,390,627	804,949	167,720
Operating Expenditures:					
510	General Government	\$2,312,222	1,998,229	0	0
520	Public Safety	\$3,093,727	3,052,358	0	0
530	Physical Environment	\$6,346,899	731,098	0	0
540	Transportation	\$1,493,336	0	553,190	0
550	Economic Environment	\$674,691	490,186	0	0
560	Mental and Physical Health	\$0	0	0	0
570	Culture and Recreational	\$435,918	314,015	0	0
Total Operating Expenditures		\$14,356,793	6,585,886	553,190	0
591-593	Debt Service	\$1,025,249	0	0	0
594-595	Capital Outlay	\$5,899,955	0	0	0
Total Expenditures		\$21,281,995	6,585,886	553,190	0
597-599	Other Financing Uses	\$2,380,747	113,750	0	0
Total Expenditures and Other Financing Uses		\$23,662,742	6,699,636	553,190	0
Excess (Deficit) of Resources Over Uses		\$9,301,343	1,690,992	251,758	167,720
380	Nonrevenues (Except 384)	\$1,006,194	876	0	0
580	Nonexpenditures (Except 584)	\$653,282	26,689	6,229	0
Ending Cash and Investments:					
508.10	Reserved ^{2/}	\$1,008,168		\$245,529	\$167,720
508.80	Unreserved ^{2/}	\$8,646,086	\$1,665,179		

1/ This column should summarize ALL reported funds, not just funds listed on this page

2/ Disclosure of reserved/unreserved fund balances is optional

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2011

BARS CODE		106 EE Payout Actual Amount	107 Visitor Promo Actual Amount	108 PBIA Actual Amount	110 Real Property Actual Amount
Beginning Cash and Investments:		\$3,452	\$16,000	\$52,081	\$37,724
308.10	Reserved ^{2/}	\$3,452	\$16,000	\$52,081	\$37,724
308.80	Unreserved ^{2/}				
388.80 or 588.80	Prior Period Adjustments				
Revenues and Other Sources:					
310	Taxes	0	7,496	25,968	0
320	Licenses and Permits	0	0	0	0
330	Intergovernmental	0	0	0	0
340	Charges for Goods and Services	0	0	0	0
350	Fines and Penalties	0	0	0	0
360	Miscellaneous	1	4	22	4
370	Capital Contributions	0	0	0	0
390	Other Financing Sources	0	0	0	0
Total Revenues and Other Financing Sources		1	7,500	25,990	4
Total Resources		3,453	23,501	78,070	37,728
Operating Expenditures:					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Physical Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	0
560	Mental and Physical Health	0	0	0	0
570	Culture and Recreational	0	8,425	42,671	0
Total Operating Expenditures		0	8,425	42,671	0
591-593	Debt Service	0	0	0	0
594-595	Capital Outlay	0	0	0	0
Total Expenditures		0	8,425	42,671	0
597-599	Other Financing Uses	0	0	0	0
Total Expenditures and Other Financing Uses		0	8,425	42,671	0
Excess (Deficit) of Resources Over Uses		3,453	15,076	35,399	37,728
380	Nonrevenues (Except 384)	0	0	0	0
580	Nonexpenditures (Except 584)	0	970	0	0
Ending Cash and Investments:					
508.10	Reserved ^{2/}	\$3,453	\$14,106	\$35,399	\$37,728
508.80	Unreserved ^{2/}				

^{2/} Disclosure of reserved/unreserved fund balances is optional
 The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2011

BARS CODE		113 Police Ops Res Actual Amount	117 RE Excise Tax Actual Amount	118 Mun Cap Proj Actual Amount	125 Street Impact Actual Amount
Beginning Cash and Investments:		\$38,649	\$306,056	\$5,027	\$148,005
308.10	Reserved ^{2/}	\$38,649	\$306,056	\$5,027	\$148,005
308.80	Unreserved ^{2/}				
388.80 or 588.80	Prior Period Adjustments				
Revenues and Other Sources:					
310	Taxes	0	164,671	0	0
320	Licenses and Permits	0	0	0	0
330	Intergovernmental	0	0	0	0
340	Charges for Goods and Services	0	0	0	84,467
350	Fines and Penalties	20,264	0	0	0
360	Miscellaneous	21	137	0	(24)
370	Capital Contributions	0	0	0	0
390	Other Financing Sources	0	0	0	36,547
Total Revenues and Other Financing Sources		20,284	164,808	0	120,990
Total Resources		58,933	470,864	5,027	268,995
Operating Expenditures:					
510	General Government	0	0	0	0
520	Public Safety	9,094	0	0	0
530	Physical Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	184,505
560	Mental and Physical Health	0	0	0	0
570	Culture and Recreational	0	0	0	0
Total Operating Expenditures		9,094	0	0	184,505
591-593	Debt Service	0	0	0	0
594-595	Capital Outlay	0	0	0	0
Total Expenditures		9,094	0	0	184,505
597-599	Other Financing Uses	2,000	106,750	0	0
Total Expenditures and Other Financing Uses		11,094	106,750	0	184,505
Excess (Deficit) of Resources Over Uses		47,838	364,114	5,027	84,490
380	Nonrevenues (Except 384)	0	0	0	0
580	Nonexpenditures (Except 584)	24	0	0	0
Ending Cash and Investments:					
508.10	Reserved ^{2/}	\$47,815	\$364,114	\$5,027	\$84,490
508.80	Unreserved ^{2/}				

^{2/} Disclosure of reserved/unreserved fund balances is optional

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2011

BARS CODE		174 Harbor Improve Actual Amount	205 Debt Service Actual Amount	206 LID Guarantee Actual Amount	214 CLID 86-1/87-1 Actual Amount
Beginning Cash and Investments:		\$2,786	\$2,149	\$9,626	\$646
308.10	Reserved ^{2/}	\$2,786			
308.80	Unreserved ^{2/}		\$2,149	\$9,626	\$646
388.80 or 588.80	Prior Period Adjustments				
Revenues and Other Sources:					
310	Taxes	0	56,762	0	0
320	Licenses and Permits	0	0	0	0
330	Intergovernmental	0	0	0	0
340	Charges for Goods and Services	0	0	0	0
350	Fines and Penalties	0	0	0	0
360	Miscellaneous	1	9	4	0
370	Capital Contributions	0	0	0	0
390	Other Financing Sources	0	113,750	0	0
Total Revenues and Other Financing Sources		1	170,521	4	0
Total Resources		2,787	172,670	9,630	646
Operating Expenditures:					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Physical Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	0
560	Mental and Physical Health	0	0	0	0
570	Culture and Recreational	0	0	0	0
Total Operating Expenditures		0	0	0	0
591-593	Debt Service	0	168,572	0	0
594-595	Capital Outlay	0	0	0	0
Total Expenditures		0	168,572	0	0
597-599	Other Financing Uses	0	0	0	0
Total Expenditures and Other Financing Uses		0	168,572	0	0
Excess (Deficit) of Resources Over Uses		2,787	4,099	9,630	646
380	Nonrevenues (Except 384)	0	0	0	0
580	Nonexpenditures (Except 584)	0	0	0	0
Ending Cash and Investments:					
508.10	Reserved ^{2/}	\$2,787			
508.80	Unreserved ^{2/}		\$4,099	\$9,630	\$646

^{2/} Disclosure of reserved/unreserved fund balances is optional

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2011

BARS CODE		303 Rivertrail Actual Amount	310 Mun Capital Actual Amount	311 Street Improve Actual Amount	401 Water Actual Amount
Beginning Cash and Investments:		\$55,764	\$101,165	\$80,667	\$432,792
308.10	Reserved 2/				
308.80	Unreserved 2/	\$55,764	\$101,165	\$80,667	\$432,792
388.80 or 588.80	Prior Period Adjustments				
Revenues and Other Sources:					
310	Taxes	0	0	0	0
320	Licenses and Permits	0	0	0	1,450
330	Intergovernmental	0	513,400	141,723	681,038
340	Charges for Goods and Services	0	0	0	1,990,650
350	Fines and Penalties	0	0	0	0
360	Miscellaneous	12	8,514	(11)	74,043
370	Capital Contributions	0	0	0	0
390	Other Financing Sources	0	88,950	58,000	602,000
Total Revenues and Other Financing Sources		12	610,864	199,712	3,349,181
Total Resources		55,777	712,029	280,379	3,781,973
Operating Expenditures:					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Physical Environment	0	0	0	1,652,715
540	Transportation	0	0	0	0
550	Economic Environment	0	0	0	0
560	Mental and Physical Health	0	0	0	0
570	Culture and Recreational	0	0	0	0
Total Operating Expenditures		0	0	0	1,652,715
591-593	Debt Service	0	0	0	18,000
594-595	Capital Outlay	0	597,509	252,228	893,287
Total Expenditures		0	597,509	252,228	2,564,001
597-599	Other Financing Uses	30,800	0	36,547	602,000
Total Expenditures and Other Financing Uses		30,800	597,509	288,775	3,166,001
Excess (Deficit) of Resources Over Uses		24,977	114,521	(8,395)	615,972
380	Nonrevenues (Except 384)	0	0	10,319	0
580	Nonexpenditures (Except 584)	0	8,831	0	24,259
Ending Cash and Investments:					
508.10	Reserved 2/				
508.80	Unreserved 2/	\$24,977	\$105,689	\$1,923	\$591,712

^{2/} Disclosure of reserved/unreserved fund balances is optional
 The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2011

BARS CODE		402	403	404	471
		Sewer Actual Amount	Solid Waste Actual Amount	Stormwater Actual Amount	Utility Con. Res. Actual Amount
Beginning Cash and Investments:		\$4,181,081	\$119,128	\$874,185	\$756,766
308.10	Reserved 2/				
308.80	Unreserved 2/	\$4,181,081	\$119,128	\$874,185	\$756,766
388.80 or 588.80	Prior Period Adjustments				
Revenues and Other Sources:					
310	Taxes	0	0	0	0
320	Licenses and Permits	500	0	0	0
330	Intergovernmental	1,922,103	0	21,734	0
340	Charges for Goods and Services	3,466,169	1,741,383	897,731	46,235
350	Fines and Penalties	0	0	0	0
360	Miscellaneous	9,006	47	876	256
370	Capital Contributions	0	0	0	0
390	Other Financing Sources	281,900	0	243,000	225,000
Total Revenues and Other Financing Sources		5,679,678	1,741,430	1,163,341	271,491
Total Resources		9,860,759	1,860,558	2,037,526	1,028,258
Operating Expenditures:					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Physical Environment	2,214,398	1,713,530	35,158	0
540	Transportation	0	0	540,576	0
550	Economic Environment	0	0	0	0
560	Mental and Physical Health	0	0	0	0
570	Culture and Recreational	0	0	0	0
Total Operating Expenditures		2,214,398	1,713,530	575,733	0
591-593	Debt Service	838,677	0	0	0
594-595	Capital Outlay	4,117,488	0	19,599	0
Total Expenditures		7,170,563	1,713,530	595,332	0
597-599	Other Financing Uses	483,900	0	243,000	0
Total Expenditures and Other Financing Uses		7,654,463	1,713,530	838,332	0
Excess (Deficit) of Resources Over Uses		2,206,296	147,028	1,199,194	1,028,258
380	Nonrevenues (Except 384)	970,000	0	0	0
580	Nonexpenditures (Except 584)	54,698	5,069	14,932	0
Ending Cash and Investments:					
508.10	Reserved 2/				
508.80	Unreserved 2/	\$3,121,598	\$141,959	\$1,184,261	\$1,028,258

^{2/} Disclosure of reserved/unreserved fund balances is optional

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2011

BARS CODE		472	473	501	502
		Utility Eq. Repl. Actual Amount	Utility System Actual Amount	City Shop Actual Amount	Information Svc Actual Amount
Beginning Cash and Investments:		\$383,900	\$446,310	\$197,279	\$426,285
308.10	Reserved 2/				
308.80	Unreserved 2/	\$383,900	\$446,310	\$197,279	\$426,285
388.80 or 588.80	Prior Period Adjustments				
Revenues and Other Sources:					
310	Taxes	0	0	0	0
320	Licenses and Permits	0	0	0	0
330	Intergovernmental	0	0	0	0
340	Charges for Goods and Services	0	34,598	334,958	77,234
350	Fines and Penalties	0	0	0	0
360	Miscellaneous	91,190	9,827	68	8,734
370	Capital Contributions	0	0	0	0
390	Other Financing Sources	0	202,000	36,000	0
Total Revenues and Other Financing Sources		91,190	246,425	371,026	85,968
Total Resources		475,090	692,736	568,304	512,253
Operating Expenditures:					
510	General Government	0	0	0	283,882
520	Public Safety	0	0	0	0
530	Physical Environment	0	0	0	0
540	Transportation	0	0	399,570	0
550	Economic Environment	0	0	0	0
560	Mental and Physical Health	0	0	0	0
570	Culture and Recreational	0	0	0	0
Total Operating Expenditures		0	0	399,570	283,882
591-593	Debt Service	0	0	0	0
594-595	Capital Outlay	19,844	0	0	0
Total Expenditures		19,844	0	399,570	283,882
597-599	Other Financing Uses	240,000	225,000	0	0
Total Expenditures and Other Financing Uses		259,844	225,000	399,570	283,882
Excess (Deficit) of Resources Over Uses		215,246	467,736	168,734	228,371
380	Nonrevenues (Except 384)	0	25,000	0	0
580	Nonexpenditures (Except 584)	0	470,000	2,658	38,923
Ending Cash and Investments:					
508.10	Reserved 2/				
508.80	Unreserved 2/	\$215,246	\$22,736	\$166,076	\$189,448

^{2/} Disclosure of reserved/unreserved fund balances is optional

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SNOHOMISH
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2011

BARS CODE		503 Self Insurance Actual Amount	505 Equipment Repl Actual Amount		
Beginning Cash and Investments:		\$6,410	\$556,023		
308.10	Reserved 2/				
308.80	Unreserved 2/	\$6,410	\$556,023		
388.80 or 588.80	Prior Period Adjustments				
Revenues and Other Sources:					
310	Taxes	0	0		
320	Licenses and Permits	0	0		
330	Intergovernmental	0	0		
340	Charges for Goods and Services	30,111	0		
350	Fines and Penalties	0	0		
360	Miscellaneous	(2)	10,299		
370	Capital Contributions	0	0		
390	Other Financing Sources	0	0		
Total Revenues and Other Financing Sources		30,110	10,299		
Total Resources		36,520	566,323		
Operating Expenditures:					
510	General Government	30,111	0		
520	Public Safety	0	32,275		
530	Physical Environment	0	0		
540	Transportation	0	0		
550	Economic Environment	0	0		
560	Mental and Physical Health	0	0		
570	Culture and Recreational	0	70,807		
Total Operating Expenditures		30,111	103,082		
591-593	Debt Service	0	0		
594-595	Capital Outlay	0	0		
Total Expenditures		30,111	103,082		
597-599	Other Financing Uses	0	297,000		
Total Expenditures and Other Financing Uses		30,111	400,082		
Excess (Deficit) of Resources Over Uses		6,409	166,241		
380	Nonrevenues (Except 384)	0	0		
580	Nonexpenditures (Except 584)	0	0		
Ending Cash and Investments:					
508.10	Reserved 2/				
508.80	Unreserved 2/	\$6,409	\$166,241		

^{2/} Disclosure of reserved/unreserved fund balances is optional

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF SNOHOMISH
FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

For The Year Ending December 31, 2011

	Total for All Funds	602 Miller Library Trust		603 Sr. Ctr Reserve		604 Carnegie Restoration		605 Gateway Fund		621 UGA Expansion Trust	
		Total Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	
Beginning Cash and Investments	\$81,285	\$5,759	\$667	\$72,159	\$875	\$1,825					
Prior Period Adjustments											
Revenue and Other Financing Sources	\$11,274	\$2	\$0.25	\$11,271	\$0.33	\$0.74					
Total Resources	92,559	5,761	668	83,429	875	1,825					
Expenditures And Other Financing Uses	\$9,978	\$0	\$0	\$9,978	\$0	\$0					
Excess (Deficit) of Resources Over Uses	82,581	5,761	668	73,452	875	1,825					
Nonrevenues (Except 384)				\$0	\$0	\$0					
Nonexpenditures (Except 584)	\$347			\$347	\$0	\$0					
Ending Cash and Investments	\$82,235	\$5,761	\$668	\$73,105	\$875	\$1,825					

The Accompanying Notes Are An Integral Part Of This Statement.

Notes to the Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Snohomish was incorporated on June 30, 1890 and operates under the laws of the State of Washington, applicable to a Category II city, with a Council/Manager form of government. The City is a general-purpose government and provides public safety, fire prevention, street improvements, parks and recreation, water/sewer/stormwater/solid waste, and general administrative services. The City of Snohomish uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The City of Snohomish reports financial activity using the revenue and expenditure classifications, statements and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

a. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues, and expenditures, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City.

GOVERNMENTAL FUND TYPES

Governmental fund operating statements focus on measuring changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses).

General (Current Expense) Fund

This fund is the general operating fund of the City. It accounts for all financial resources and transactions except those required or elected to be accounted for in another fund.

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

PROPRIETARY FUND TYPES

Enterprise Funds

These funds account for operations that provide goods and services to the general public and are supported primarily through user fees. The City of Snohomish operates water / sewer / stormwater / solid waste utility operations.

Internal Service Funds

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

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds.

Trust Funds

These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of operations. These funds earn revenue on behalf of the parties for which the trust was established, but the principal of the trust must remain intact.

Agency Funds

These funds are used to account for assets that the City holds for others in an agency capacity.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law, the City also recognizes expenditures paid during the twenty day period after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Budget

Annual appropriated budgets are adopted for the Current Expense, Special Revenue, Debt Service, Capital Projects Funds, Proprietary Funds, and Trust and Agency Funds. Budgetary accounts are integrated in fund ledgers for all budgeted funds.

Annual appropriated budgets are adopted at the fund level, except in the general fund, where budgets are adopted at the department level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Appropriations lapse at the fiscal period end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

<u>Fund/Department</u>	<u>Final Appropriated Amounts</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund:			
City Council	208,748	149,394	59,354
City Manager	829,048	826,562	2,486
Support Services	428,634	419,989	8,645
Law Enforcement	3,601,551	3,234,966	366,586
Planning & Permitting	517,892	483,138	34,754
Public Works-Engineering	1,555,292	1,386,111	169,181
Non-Departmental	201,704	199,475	2,229
Total General Fund	7,342,869	6,699,636	643,233

<u>Fund/Department</u>	<u>Final Appropriated Amounts</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Funds			
Streets	724,854	553,190	171,664
Park Impact Fee	0	0	0
Employee Optional	0	0	0
Visitor Promotion	10,200	8,425	1,775
PBIA	50,000	42,671	7,329
Real Prop Reserve	0	0	0
Police Ops Reserve	22,000	11,094	10,906
REET	148,000	106,750	41,250
Mun Capital Proj Reserve	0	0	0
Traffic Impact	185,000	184,505	496
Harbor Improve	0	0	0
Debt Service	170,629	168,572	2,057
Rivertrail	55,800	30,800	25,000
Mun Cap Project	1,030,600	597,509	433,091
Street Cap Proj	390,540	288,775	101,765
Water	2,856,230	2,575,562	280,668
Wastewater	3,244,452	2,991,776	252,675
Solid Waste	1,715,038	1,713,530	1,508
Stormwater	1,017,331	818,733	198,597
Utility Cap Proj	5,262,000	4,727,526	534,474
Trunkline	561,236	560,299	937
Utility Bond Reserve	9,900	9,900	0
Utility Rate Reserve	0	0	0
Utility Connection Fee	470,000	0	470,000
Utility Equip Replace.	275,000	259,844	15,156
Utility Syst. Replace.	695,000	695,000	0
Bio-solids Reserve	0	0	0
City Shop	477,350	399,570	77,780
Information Technology	464,481	283,882	180,599
Self-Ins	36,000	30,111	5,889
Equip Replace	401,500	400,082	1,418
Carnegie	10,000	9,978	22
Gateway Fund	0	0	0
Uga Expand	0	0	0

The City's budget procedures are mandated by Chapter 35A.33 RCW. The steps in the budget process are as follows:

Prior to November 1, the City Manager submits a proposed budget to the city council. This budget is based on priorities established by the council and estimates provided by city departments during the preceding months, and balanced with revenue estimates made by the City Treasurer.

The Council conducts public hearings on the proposed budget in November and December.

The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.

Within 30 days of adoption, the final budget is available to the public.

The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

d. Cash

It is the City's policy to maximize return on investment. All cash surpluses are invested. Cash surpluses are invested in instruments, which allow the City to match investment maturities with liquidity needs. The amounts are included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated and posted to appropriate funds.

e. Deposits

The City's deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

f. Investments See Investment Note #3.

g. Capital Assets

Capital assets are long-lived assets of the City and are recorded as expenditures when purchased.

h. Compensated Absences

The City records accumulated unused vacation, sick leave, or annual leave in the Annual Leave Reserve Fund (106). The City's total liability for unused vacation, sick leave, and annual leave as of December 31, 2011 is \$572,663.

Owing Fund	Annual Leave Compensatory Time	Sick Leave	Totals
General Fund	\$310,122	\$200,598	\$510,720
Street Fund	10,226	0	10,226
Internal Services Funds	15,837	0	15,837
Utility Funds	<u>35,880</u>	<u>0</u>	<u>35,880</u>
Total	\$372,065	\$200,598	\$572,663

Annual leave and vacation, which may be accumulated up to 240 hours, is payable upon resignation, retirement, death, or upon request during the term of employment not to exceed cashing out 240 hours per employee. Sick leave may accumulate up to a maximum of 960 hours for law enforcement officers, 1/3 of which is payable upon resignation up to a total of 160 hours, retirement or death. In 1989, the City created an Annual Leave Reserve Fund that is funded from the various operating funds. These monies are used to cash out annual leave, vacation, and sick leave as needed. As of December 31, 2011 the balance in this fund was \$3,453.

The City has entered into an interlocal agreement with Snohomish County for the provision of law enforcement services effective January 1, 2012. The accumulated compensated absences related to the City Police Department as of December 31, 2011 are paid out on January 31, 2012.

i. Long Term Debt See Long Term Debt Note #7.

j. Other Financing Sources or Uses

The City’s “Other Financing Sources or Uses” consist of interfund transfers without the flow of assets or the requirement for repayment.

k. Non-Revenues and Non-Expenditures

The City's non-revenues and non-expenditures consist of interfund loans.

l. Fund Balance-Reserved and Non-Reserved.

The City’s non-reserved fund balances are cash and investments without any limitations on their use and resources. Reserved fund balances are cash and investments which are restricted and committed by external parties or the City Council for an intended use.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the City.

NOTE 3: INVESTMENTS AND DEPOSITS

The City's investments are either insured, registered or held by the City or it’s agent in the City’s name. Investments at December 31, 2011 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
Local Government Investment Pool	\$ 2,581,574
Total	\$ 2,581,574

To meet immediate claims and payroll demands, the City had deposits at their primary financial institution, a total amount of \$8,009,222 as of December 31, 2011. To meet daily liquidity needs, the City held \$5,570 in various petty cash and imprest funds.

NOTE 4: PROPERTY TAXES

The County Treasurer for Snohomish County act as an agent to collect property taxes levied in their respective county for all taxing authorities.

Property taxes are recorded as revenues when they are received. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to 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. If the assessed valuation increases by more than 1 percent due to revaluation, the levy rate will be decreased.
- b) The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.
- c) The City of Snohomish limits the total regular property tax by the amount levied by the Sno-Isle Regional Library System and Fire District #4.

The City's regular levy for 2011 was \$0.915 per \$1,000 on an assessed valuation of \$1,152,167,385 for a regular levy of \$1,054,329.

The City's General Obligation bond levies for 2011 were \$0.056 per \$1,000 on an assessed valuation of \$1,005,202,752 for a bond levy of \$56,678

The total 2011 levy for the City was \$1,111,006.

NOTE 5: PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98504-8380.

Public Employees’ Retirement System (PERS) Plans 1, 2, and 3

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	7.25%	7.25%	7.25%**
Employee	6.00%	4.64%	***

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** Plan 3 defined benefit portion only.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	\$ 0	\$ 196,409	\$ 0
2010	\$ 0	\$ 169,519	\$ 2,170
2009	\$ 1,784	\$ 217,137	\$ 5,327

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

*The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for ports and universities is 8.62%.

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

	LEOFF Plan 1	LEOFF Plan 2
2011	\$ -0-	\$ 75,220
2010	\$ -0-	\$ 82,398
2009	\$ -0-	\$ 75,781

The City has entered into an interlocal agreement with Snohomish County for the provision of law enforcement services effective January 1, 2012. The City will therefore not be participating in the LEOFF retirement system beginning January 1, 2012.

NOTE 6: RISK MANAGEMENT

The city of Snohomish is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter-local 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 153 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 sub limits 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 all State guidelines. These revenues directly offset portions of the membership's annual assessment.

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 7: LONG-TERM DEBT AND CAPITAL LEASES

General Obligation Bonds are direct obligations of the City, for which its full faith and credit are pledged. General Obligation Bonds may be either councilmanic or council approved, or non-councilmanic, which are voter approved. Councilmanic bonds are funded through existing revenue sources. Non-councilmanic bonds are funded through increases to the property tax levy. Debt service is paid from Debt Service Fund (205). As of December 31, 2011, the City has outstanding councilmanic debt of \$695,000.

The Public Work Trust Funds was created by the State of Washington in 1985 to assist local municipalities and other government agencies within the state to fund local public works projects with low interest loans. Under R.C.W. 39.69, Public Works Trust Fund loans do not impact the City's statutory debt limitation, although the constitutional limitation of debt is effected. Security for repayment of the loans is similar to general obligation and revenue bonds; however, the claims of the City's general creditors are prior to claims of the Public Work Trust Fund.

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the City and summarizes the City's debt transactions for 2011. The debt service payment for the fiscal year being reported (2011) and future payment requirements, including interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2011	\$142,410	\$0	\$1,666,235	\$1,808,645
2012	142,300	0	1,667,148	1,809,448
2013	141,875	0	1,392,385	1,534,260
2014	141,200	0	1,388,660	1,529,860
2015	80,233	0	1,385,834	1,466,067
2016	62,483	0	1,088,885	1,151,368
2017-2021	304,800	0	3,997,627	4,302,427
2022-2026	247,120	0	3,012,578	3,259,698
2027-2027	0	0	385,140	385,140
TOTALS	\$1,262,421	\$0	\$15,984,492	\$17,246,913

Description of Outstanding Debt and Principal Balances at 12/31/11.

General Obligation Bonds

The 1995 Unlimited Fire Station Construction provided funding for the construction of a jointly owned fire station, the purchase of a fire truck and two ambulances, and other improvement to capital facilities. The bonds mature serially to 2014. The interest rates range from 4.3% to 5.85%.

Outstanding Debt \$155,000

The 2005 Limited Rivertrail (\$765,000) 800 Mhz (\$180,000) provided funding for the Snohomish Rivertrail and the City's required radios and infrastructure to join Snohomish County's 800 Mhz radio system. The bonds mature serially to 2025. Interest rates range from 4.65% to 5.00%.

Outstanding Debt 695,000

Total General Obligation Debt Outstanding \$ 850,000

Other Revenue Debt Obligations

The 1981 USDA Rural Development Loan provided low cost funds for improvement to the City's Water Treatment Plant located on the Pilchuck River. The loan is paid in equal installments and matures in 2021. The interest rate is 5% on the outstanding principal balance.

Outstanding Debt \$579,000

The 1996 Department of Rural and Economic Development (RECD) Loan provided funding for some of the construction of the wastewater treatment plant. The loan matures in 2036 with semi-annual payments of 29,200. The interest rate on the loan is 5.125%.

Outstanding Debt \$816,377

The 2003 Public Works Trust Fund loan provides funding for the design, right-of-way acquisition and construction of Trunkline. The loan was approved for \$1,000,000. Revenues for the repayment of the debt shall come from a special project development fee established on all new connections within the benefit area.

Outstanding Debt \$ 606,086

The 2004 Public Work's Trust Fund Loan provides funding for the construction of the Trunkline. The loan was approved for \$6,934,300, at an annual interest rate of .5%. Currently, the City has drawn 6,587,585. The balance of \$346,715 has been deobligated and the project completion has been accepted by the Trust Fund on 7/11/2011. Revenues for the repayment of the debt shall come from a special project development fee established on all new connections within the benefit area.

Outstanding Debt \$ 4,704,983

On June 13, 2007 the City of Snohomish signed a Public works Trust Fund Construction Loan Agreement in the amount of \$7,000,000. The loan agreement is for 20 years at 0.5%. The City of Snohomish is required to provide locally generated revenues in the amount of \$910,384. The loan is for the construction of the Trunkline System that provides sanitary sewer to the City's northern Urban Growth Area (UGA). On June 27, 2007 the City of Snohomish drew \$1,400,000 on this loan. There have been no further draws as of 12/31/2010. The amended completion date is June 2012. The City is discussing the deobligation of the remainder of the loan with the Trust Fund Board. There are no plans in the present economy to complete the remainder of the project

Outstanding Debt \$ 1,178,947

The City of Snohomish signed a Public Works Trust Fund Pre-Construction Loan Agreement in 2007 in the amount of \$490,000. The loan agreement is for 5 years at 0.5%. The loan is for the pre-construction and design work for the wastewater treatment plant upgrade. On September 7, 2007 the City of Snohomish drew \$367,500 on this loan. On February 9, 2010, 2010 the City of Snohomish drew \$122,500 on this loan. Payments begin in 2008 with interest only. Principal and interest payments begin in 2009.

Outstanding Debt \$ 132,708

The City of Snohomish signed a Public Works Trust Fund Pre-Construction Loan Agreement in 2007 in the amount of \$510,000. The loan agreement is for 5 years at 0.5%. The loan is for the pre-construction and design work for the Combined Sewer Overflow improvements-Phase I. On September 7, 2007 the City of Snohomish drew \$382,500 on this loan. On September 22, 2009 the City drew \$127,500 on this loan. Payments begin in 2008 with interest only. Principal and interest payments begin in 2009.

Outstanding Debt \$ 138,125

The 1994 State Revolving Fund loan provides funding for the construction of the City's Wastewater Treatment Plant. The loan was approved for \$10,829,270. The loan is paid in equal installments and matures in 2016. The loan is at a zero interest rate.

Outstanding Debt \$ 2,483,762

In May, 2009 the City of Snohomish signed a Public Works Trust Fund Construction Loan Agreement in the amount of \$4,500,000 for its Wastewater Treatment Plant Upgrade project. The City has changed the scope of work to the construction of a pump station, force main and a connection to the City of Everett Wastewater Treatment System. The Public Works Trust Fund Board has accepted the change in scope of work. The loan agreement is for 20 years at 0.5%. The total cost of the project is estimated to be in excess of \$40,000,000. The balance of the funding is anticipated to come from federal and state grants and Utility customer rates. The City of Snohomish drew \$900,000 on this loan on December 1, 2010. Principal and interest payments on July 1, 2011.

Outstanding Debt \$ 850,000

In May, 2008 the City of Snohomish signed a Public Works Trust Fund Construction Loan Agreement in the amount of \$2,000,000 for its Combined Sewer Overflow Phase I Project. The loan agreement is for 20 years at 0.5%. The total cost of the project is estimated to be \$6,600,000. The City of Snohomish is required to provide locally generated revenues in the amount of \$2,040,000. The balance of the funding is anticipated to come from a Department of Ecology Centennial Clean Water Grant. On October 14, 2010 the City drew \$500,000 and on November 9, 2010 the City drew an additional \$500,000 on this loan. The City drew an additional \$500,000 on May 27, 2011. Principal and interest payments began on July 1, 2010.

Outstanding Debt \$1,774,561

In September, 2009 the City of Snohomish signed a Public Works Trust Fund Construction Loan in the amount of \$100,000 for its Comprehensive Water System Plan . The loan agreement is for 5 years with no interest. The total cost of the project is estimated to be \$200,000. The City of Snohomish is required to provide locally generated revenues in the amount of \$100,000. The balance of the funding is anticipated to come from other state and federal loan programs. In July 2010, the City drew \$90,000 on this loan. Principal payments begin in 2011.

Outstanding Debt \$ 72,000

Total Revenue Bonds and Other Revenue Debt Obligations Outstanding **\$ 13,336,549**
Total Debt Obligations Outstanding **\$ 14,186,549**

Annual Debt Service to Maturity

The following schedule outlines the City annual debt service to maturity on all bonded debt, revenue debt and other debt

	General Obligation Debt Bonded	
Year	Principal	Interest
2012	100,000	42,300
2013	105,000	36,875
2014	110,000	31,200
2015	55,000	25,233
2016	40,000	22,483
2017-2021	220,000	84,800
2022-2026	220,000	27,120
Totals	\$850,000	\$270,010

	Other Debt	
Year	Principal	Interest
2012	1,549,543	117,605
2013	1,282,576	109,809
2014	1,285,488	103,172
2015	1,289,446	96,389
2016	999,480	89,405
2017-2021	3,660,591	337,034
2022-2026	2,886,969	125,610
2027-2028	382,456	2,684
Totals	\$13,336,549	\$981,708

NOTE 8: CONTINGENCIES AND LITIGATION

As of December 31, 2011, there were damage claims and lawsuits pending against the City. However, management believes, and the City Attorney concurs, neither the potential liability from a single claim or lawsuit, nor the aggregate potential liability resulting from all pending claims or lawsuits would materially affect the financial condition of the City.

NOTE 9: INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activities during 2011. Interest of \$2,731 was paid for the year ended 12/31/2011:

¹ Borrowing Fund	Lending Fund	Balance 1/1/2011	New Loans	Payments	Balance 12/31/2010
402	473	\$827,500	\$470,000	\$25,000	\$1,272,500
Totals		\$827,500	\$470,000	\$25,000	\$1,272,500

1. The borrowing fund for managerial purposes in the general ledger is Fund 433-Cemetery Creek Trunkline

NOTE 10: SUBSEQUENT EVENT

The City has entered into an interlocal agreement with Snohomish County for the provision of law enforcement services effective January 1, 2012. The County provides law enforcement services, patrol services, investigative services, special services (eg. K-9 patrol, hostage negotiations, SWAT, bomb disposal), support services and evidence processing within City limits. The City maintains City staff to provide a community service officer, and administrative clerical staff. The County occupies the City owned law enforcement facility and purchased certain Police Department vehicles from the City. The City Police Department staff, other than the Community Service Officer and administrative support staff terminated effective December 31, 2011.

NOTE 11: SNOHOMISH TRANSPORTATION BENEFIT DISTRICT

On September 21, 2010, the Snohomish City Council enacted Ordinance 2197, establishing the Snohomish Transportation Benefit District comprised of the corporate limits of the City. The governing board or “Board” of the transportation benefit district is the Snohomish City Council. The funds generated by the transportation benefit district shall be used for transportation improvements that preserve, maintain, and operate the existing transportation infrastructure of the City. The funds are provided by a sales tax increase approved by the City voters in an election held in August of 2011.

NOTE 12: RELATED PARTIES

The City contracted in 2009 with the law firm of Foster Pepper PLLC, for bond council services. City Councilmember Greg Guedel was elected in November 2009 for the four year term 2010-2013. Councilmember Guedel is a partner in Foster Pepper. The contract was entered into prior to the election and there have been no services rendered pursuant to the contract.

Councilmember Melody Clemans serves on the Board of the Carnegie Restoration Trust Fund as a private individual. The City of Snohomish holds the funds of this entity in trust. The Carnegie Trust Fund’s purpose is to remodel and restore the Carnegie Library.

**City of Snohomish
Schedule of Liabilities
For The Year Ending December 31, 2011**

G.O. Debt: _____
 Revenue Debt: X
 Assessment Debt: _____
 Refunded Debt: _____
 Debt of Special Purposes: _____

I.D. Number Description	Date of Original Issue	Date of Maturity	Beginning Outstanding Debt	BARS Code for Receipt	Amount Issued Current Period	Amount Redeemed Current Period	BARS Code for Redemption	Redeeming Fund Number	Outstanding Debt
263.82 Fed	12/1981	12/2021	\$624,000	382.80	\$0	\$45,000	534.90.78	401	\$579,000
263.82 REC	10/1996	10/2036	832,226	382.80	0	15,849	535.85.78	402	\$816,377
263.82 SRF	05/1994	05/2015	3,035,709	382.80	0	551,947	535.85.78	402	\$2,483,762
263.82 PW	09/2007	09/2012	276,250	382.80	0	138,125	592.35.78	432	\$138,125
263.82 PW	05/2008	05/2027	1,378,947	382.80	500,000	104,386	592.35.78	432	\$1,774,561
263.82 PW	09/2009	09/2014	90,000	382.80	0	18,000	592.35.78	432	\$72,000
263.82 PW	09/2007	07/2012	265,416	382.80	0	132,708	592.35.83	432	\$132,708
263.82 PW	12/1/2010	07/2028	900,000	382.80	0	50,000	592.35.83	432	\$850,000
263.82 PW	03/2002	03/2022	661,185	382.80	0	55,099	591.35.78	433	\$606,087
263.82 PW	05/2004	05/2024	5,066,905	382.80	0	361,922	591.35.78	433	\$4,704,983
263.82 PW	06/2007	07/2027	1,252,632	382.80	0	73,684	591.35.78	433	\$1,178,948
259.12 Compensated Absences Propt			62,217			10,500	517.90.11	106	\$51,717
TOTAL REVENUE DEBT			\$14,445,487		\$500,000	\$1,557,220			\$13,388,268

City of Snohomish
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

1 Federal Agency Name/Pass- Through Agency Name/Pass-	2 Federal Program Name	3 CFDA Number	4 Other I.D. Number	5 Expenditures			6 Footnote Reference
				From Pass- Through Awards	From Direct Awards	Total	
Dept. of Transportation/Natl Highway Traffic Safety Administration	Safety Belt Performance Grants/Target Zero	20.609	na	749			
Dept. of Transportation/Natl Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures	20.601	na	<u>374</u>			
			Subtotal	1,123	\$ 1,123		
US Department of Justice	ARRA-Public Safety Partnership and Community Policing	16.710	2009RKWX0898		111,037	\$ 111,037	4
US Department of Homeland Security/WA State Military Dept	Disaster Grant/Public Assistance	97.036	1817-DR-WA	484,590			3
US Department of Homeland Security/WA State Military Dept	Disaster Grant/Public Assistance	97.036	1825-DR-WA	<u>100</u>			3
			Subtotal	484,690	\$ 484,690		
US Department of Homeland Security/WA State Military Dept	Hazard Mitigation Grant	97.039	1825-DR-WA	49,885			3
US Department of Homeland Security/WA State Military Dept	Hazard Mitigation Grant	97.039	1671-DR-WA	<u>18,048</u>			3
			Subtotal	67,933	\$ 67,933		
US Dept of Transportation/St of WA Department of Transportation	Highway Planning and Construction	20.205	LA7108	119,426			
US Dept of Transportation/St of WA Department of Transportation	Highway Planning and Construction	20.205	LA5882	<u>486,045</u>			
			Subtotal	605,471	\$ 605,471		
US Environmental Protection Agency/ EPA Region 10	Congressionally Mandated Projects	66.202	XP-00J28801-0	197,931		\$ 197,931	
US Environmental Protection Agency/WS Dept Of Commerce	Puget Sound Watershed Management Assistance	66.120	11-63500-009	26,616		\$ 26,616	
	Total Federal Awards Expended			1,383,763	111,037	1,494,801	

The Accompanying Notes To The Schedule Of Expenditures of Federal Awards Are An Integral Part Of This Schedule.

City of Snohomish

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Snohomish's financial statements. The City uses the cash basis method of accounting.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the grant portion of the program costs. Entire program costs, including the City's portion, may be greater than the amount reflected on the schedule.

NOTE 3 - FEMA GRANT EXPENDITURES

CFDA 97.036 and 97.039 are reimbursed thru the Federal Emergency Management Agency (FEMA) which also includes expenditures from prior years.

NOTE 4 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009

Expenditures for this program were funded by the ARRA.



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
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Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

Brian Sonntag, CGFM
Ted Rutt
Doug Cochran
Jerry Puggetti
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