

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

City of Snohomish
Snohomish County

Audit Period
January 1, 2008 through December 31, 2009

Report No. 1003837

Issue Date
June 28, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

June 28, 2010

City 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, 2008 through December 31, 2009**

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Federal Summary

City of Snohomish Snohomish County January 1, 2009 through December 31, 2009

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 no deficiencies that we consider to be material weaknesses.

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

We reported no findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

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.

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, 2008 through December 31, 2009**

City 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 years ended December 31, 2009 and 2008, and have issued our report thereon dated April 15, 2010.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 audits, 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.

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 City 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 the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 15, 2010

Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**City of Snohomish
Snohomish County
January 1, 2009 through December 31, 2009**

City 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 are applicable to its major federal program for the year ended December 31, 2009. The City's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 the 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 requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

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, 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.

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.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the City 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.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

April 15, 2010

Independent Auditor's Report on Financial Statements

City of Snohomish Snohomish County January 1, 2008 through December 31, 2009

City Council
City of Snohomish
Snohomish, Washington

We have audited the accompanying financial statements of the City of Snohomish, Snohomish County, Washington, for the years ended December 31, 2009 and 2008. 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 audits.

We conducted our audits 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 audits provide 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 years ended December 31, 2009 and 2008, 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 audits.

Our audits were 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 Schedules of Long-Term Debt are 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and the last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 15, 2010

Financial Section

**City of Snohomish
Snohomish County
January 1, 2008 through December 31, 2009**

FINANCIAL STATEMENTS

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City of Snohomish
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2009

BARS CODE		Current Expense 001		Street Fund 102	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$639,407	\$724,280	\$140,482	\$260,848
Revenues and Other Sources					
310	Taxes	6,563,800	5,529,436		
320	Licenses and Permits	307,600	317,460		
330	Intergovernmental	160,700	397,354	205,000	211,372
340	Charges for Goods and Services	1,133,923	1,122,980		
350	Fines and Forfeits	163,400	219,748		
360	Miscellaneous	107,100	88,674		2,408
370	Capital Contributions				
390	Other Financing Sources	45,290	30,203	500,000	513,447
Total Revenues and Other Sources		8,481,813	7,705,855	705,000	727,226
Total Resources		9,121,220	8,430,136	845,482	988,075
Operating Expenditures:					
510	General Government	2,364,768	2,233,759		
520	Public Safety	3,736,132	3,482,768		
530	Physical Environment	823,591	809,914		
540	Transportation			834,346	739,930
550	Economic Environment	513,769	466,409		
560	Mental and Physical Health	2,200	529		
570	Culture and Recreation	392,860	330,861		
Total Operating Expenditures		7,833,320	7,324,240	834,346	739,930
591-593	Debt Service				
594-595	Capital Outlay	10,000	0	0	0
Total Expenditures		7,843,320	7,324,240	834,346	739,930
597-599	Other Financing Uses	80,233	50,233	95,000	95,000
Total Expenditures and Other Uses		7,923,553	7,374,473	929,346	834,930
Excess (Deficit) of Resources Over Uses		1,197,667	1,055,662	(83,864)	153,144
380	Nonrevenues (Except 384 and 388.80)		10,924		
580	Nonexpenditures (Except 584 and 588.80)		(175,631)		(3,206)
Ending Net Cash and Investments		\$1,197,667	\$890,955	(\$83,864)	\$149,938

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, 2009

BARS CODE		Municipal Capital 310		Water 401	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$233,112	\$325,747	\$136,594	\$374,378
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits			5,000	3,600
330	Intergovernmental	1,268,000	1,269,024		8,536
340	Charges for Goods and Services			1,850,000	2,019,041
350	Fines and Forfeits				
360	Miscellaneous		789	32,500	33,753
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		1,268,000	1,269,814	1,887,500	2,064,930
Total Resources		1,501,112	1,595,560	2,024,094	2,439,308
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment			1,854,103	1,792,363
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	1,854,103	1,792,363
591-593	Debt Service				
594-595	Capital Outlay	1,457,500	1,452,210	0	6,437
Total Expenditures		1,457,500	1,452,210	1,854,103	1,798,800
597-599	Other Financing Uses			0	0
Total Expenditures and Other Uses		1,457,500	1,452,210	1,854,103	1,798,800
Excess (Deficit) of Resources Over Uses		43,612	143,350	169,991	640,508
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)				(5,452)
Ending Net Cash and Investments		\$43,612	\$143,350	\$169,991	\$635,056

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, 2009

BARS CODE		Sewer Operation 402		Solid Waste 403	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$688,606	\$690,736	\$12,330	\$40,234
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits	2,000	2,400		
330	Intergovernmental		11,109		
340	Charges for Goods and Services	3,004,000	3,019,213	1,745,000	1,633,002
350	Fines and Forfeits				
360	Miscellaneous	9,000	6,117	2,400	362
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		3,015,000	3,038,838	1,747,400	1,633,364
Total Resources		3,703,606	3,729,574	1,759,730	1,673,598
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	2,208,640	2,055,735	1,743,612	1,675,053
540	Transportation	0	7,662		
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		2,208,640	2,063,397	1,743,612	1,675,053
591-593	Debt Service	99,406	99,375		
594-595	Capital Outlay	0	6,437		
Total Expenditures		2,308,046	2,169,209	1,743,612	1,675,053
597-599	Other Financing Uses	1,000,000	1,000,000		
Total Expenditures and Other Uses		3,308,046	3,169,209	1,743,612	1,675,053
Excess (Deficit) of Resources Over Uses		395,560	560,364	16,118	(1,454)
380	Nonrevenues (Except 384 and 388.80)		13,078		7,700
580	Nonexpenditures (Except 584 and 588.80)		6,738		(353)
Ending Net Cash and Investments		\$395,560	\$580,180	\$16,118	\$5,893

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, 2009

BARS CODE		Storm Drainage Fund 404		Utility Capital Projects 432	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$315,654	\$375,888	\$368,536	\$1,037,525
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental		6,286	7,838,449	315,828
340	Charges for Goods and Services	705,000	767,461		
350	Fines and Forfeits				
360	Miscellaneous	7,500	2,961		2,144
370	Capital Contributions				
390	Other Financing Sources			2,414,621	2,414,621
Total Revenues and Other Sources		712,500	776,709	10,253,070	2,732,593
Total Resources		1,028,154	1,152,597	10,621,606	3,770,118
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	83,685	72,999		
540	Transportation	589,797	539,164		
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		673,482	612,163	0	0
591-593	Debt Service				
594-595	Capital Outlay	62,670	61,419	10,667,070	3,515,209
Total Expenditures		736,152	673,582	10,667,070	3,515,209
597-599	Other Financing Uses				
Total Expenditures and Other Uses		736,152	673,582	10,667,070	3,515,209
Excess (Deficit) of Resources Over Uses		292,002	479,015	(45,464)	254,908
380	Nonrevenues (Except 384 and 388.80)			1,750,000	617,500
580	Nonexpenditures (Except 584 and 588.80)		34,324		(14,673)
Ending Net Cash and Investments		\$292,002	\$513,339	\$1,704,536	\$857,735

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, 2009

BARS CODE		Trunkline 433		Utility Connection Res 471	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$136,061	\$272,361	\$1,157,190	\$1,162,259
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	1,152,000	437,607	583,300	304,006
350	Fines and Forfeits				
360	Miscellaneous		1,866	25,000	8,379
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		1,152,000	439,473	608,300	312,385
Total Resources		1,288,061	711,835	1,765,490	1,474,645
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures					
591-593	Debt Service	609,817	536,992		
594-595	Capital Outlay		78,188		
Total Expenditures		609,817	615,180	0	0
597-599	Other Financing Uses			642,000	642,000
Total Expenditures and Other Uses		609,817	615,180	642,000	642,000
Excess (Deficit) of Resources Over Uses		678,244	96,654	1,123,490	832,645
380	Nonrevenues (Except 384 and 388.80)	615,000			
580	Nonexpenditures (Except 584 and 588.80)				0
Ending Net Cash and Investments		\$1,293,244	\$96,654	\$1,123,490	\$832,645

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, 2009

BARS CODE		City Shop 501		Information Services 502	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$5,909	\$8,354	\$111,311	\$165,289
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental		5,280		
340	Charges for Goods and Services	454,845	454,845	362,233	363,825
350	Fines and Forfeits				
360	Miscellaneous	250	123	85,867	87,178
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		455,095	460,248	448,100	451,002
Total Resources		461,004	468,602	559,411	616,291
Operating Expenditures:					
510	General Government			507,447	385,213
520	Public Safety				
530	Physical Environment				
540	Transportation	451,500	374,114		
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		451,500	374,114	507,447	385,213
591-593	Debt Service				
594-595	Capital Outlay				
Total Expenditures		451,500	374,114	507,447	385,213
597-599	Other Financing Uses				
Total Expenditures and Other Uses		451,500	374,114	507,447	385,213
Excess (Deficit) of Resources Over Uses		9,504	94,488	51,964	231,078
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)		807		804
Ending Net Cash and Investments		\$9,504	\$95,295	\$51,964	\$231,882

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, 2009

Fund Type: Special Revenue Funds	Park Impact Fee 104		Annual Leave Reserve 106	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$180,410	\$108,582	\$57,820	\$57,951
Revenue and Other Financing Sources	50,800	35,954	1,500	376
Total Resources	231,210	144,536	59,320	58,328
Expenditures And Other Financing Uses		0		0
Excess (Deficit) of Resources Over Uses	231,210	144,536	59,320	58,328
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$231,210	\$144,536	\$59,320	\$58,328

Fund Type: Special Revenue Funds	Visitor Promotion 107		Parking and Business Imp 108	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$16,551	\$21,047	\$78,753	\$79,295
Revenue and Other Financing Sources	10,400	9,513	24,500	22,242
Total Resources	26,951	30,560	103,253	101,537
Expenditures And Other Financing Uses	14,850	13,155	23,000	7,992
Excess (Deficit) of Resources Over Uses	12,101	17,405	80,253	93,545
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$12,101	\$17,405	\$80,253	\$93,545

Fund Type: Special Revenue Funds	Real Property Reserve 110		Police Operation Res. 113	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$257,704	\$258,994	\$39,516	\$44,879
Revenue and Other Financing Sources	500	1,663	1,000	1,837
Total Resources	258,204	260,657	40,516	46,716
Expenditures And Other Financing Uses	75,000	73,275	16,500	5,880
Excess (Deficit) of Resources Over Uses	183,204	187,383	24,016	40,837
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$183,204	\$187,383	\$24,016	\$40,837

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, 2009

Fund Type: Special Revenue Funds	Real Estate Excise Tax 117		Municipal Cap. Res. 118	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$35,312	\$41,271	\$29,102	\$29,780
Revenue and Other Financing Sources	220,800	144,257	250	193
Total Resources	256,112	185,528	29,352	29,973
Expenditures And Other Financing Uses	74,000	74,000		
Excess (Deficit) of Resources Over Uses	182,112	111,528	29,352	29,973
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$182,112	\$111,528	\$29,352	\$29,973

Fund Type: Special Revenue Funds	Street Impact Fee Res. 125		Harbor Improvement 174	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$253,039	\$197,685	\$2,758	\$2,760
Revenue and Other Financing Sources	100,500	81,729	75	18
Total Resources	353,539	279,414	2,833	2,778
Expenditures And Other Financing Uses	272,000	22,000	0	0
Excess (Deficit) of Resources Over Uses	81,539	257,414	2,833	2,778
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$81,539	\$257,414	\$2,833	\$2,778

Fund Type: Special Revenue/Debt Service	Debt Service 205		LID Guarantee 206	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$32,080	\$32,820	\$9,268	\$9,537
Revenue and Other Financing Sources	137,278	106,404		62
Total Resources	169,358	139,225	9,268	9,599
Expenditures And Other Financing Uses	136,958	136,778	9,268	0
Excess (Deficit) of Resources Over Uses	32,400	2,447	0	9,599
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$32,400	\$2,447	\$0	\$9,599

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, 2009

Fund Type: Special Revenue Funds	CLID 86-187-1 214		Rivertrail Construction 303	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$0	\$640	\$82,958	\$76,960
Revenue and Other Financing Sources	0	4	1,000	496
Total Resources	0	644	83,958	77,456
Expenditures And Other Financing Uses	0	0	5,000	4,668
Excess (Deficit) of Resources Over Uses	0	644	78,958	72,788
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$0	\$644	\$78,958	\$72,788

Fund Type: Special Revenue Funds	Street Capital Projects 311		Stormwater Management 434	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$238,258	\$142,216	\$0	\$4,264
Revenue and Other Financing Sources	561,000	419,735	0	28
Total Resources	799,258	561,951	0	4,292
Expenditures And Other Financing Uses	701,500	349,853	0	0
Excess (Deficit) of Resources Over Uses	97,758	212,098	0	4,292
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	(36,478)	0	0
Ending Net Cash and Investments	\$97,758	\$175,620	\$0	\$4,292

Fund Type: Special Revenue Funds	W/S Bond Reserve 451		Utility Rate Reserve 452	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$1,007,869	\$1,008,602	\$187,870	\$188,846
Revenue and Other Financing Sources	25,000	6,501	25,000	26,277
Total Resources	1,032,869	1,015,103	212,870	215,123
Expenditures And Other Financing Uses	25,000	25,000	0	0
Excess (Deficit) of Resources Over Uses	1,007,869	990,103	212,870	215,123
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$1,007,869	\$990,103	\$212,870	\$215,123

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, 2009

Fund Type: Special Revenue Funds	W/S Equip. Replac. 472		Utility System Replace 473	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$769,090	\$738,509	\$681,360	\$869,598
Revenue and Other Financing Sources	88,520	92,973	456,400	238,178
Total Resources	857,610	831,482	1,137,760	1,107,776
Expenditures And Other Financing Uses	250,000	250,000	772,621	772,621
Excess (Deficit) of Resources Over Uses	607,610	581,482	365,139	335,155
Nonrevenues (Except 384 and 388.80)			0	0
Nonexpenditures (Except 584 and 588.80)			(250,000)	0
Ending Net Cash and Investments	\$607,610	\$581,482	\$115,139	\$335,155

Fund Type: Special Revenue Funds	Sewer Bio-Solid 474		Self Insurance Fund 503	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$80,036	\$81,497	\$47,124	\$41,489
Revenue and Other Financing Sources	0	529	1,800	183
Total Resources	80,036	82,027	48,924	41,672
Expenditures And Other Financing Uses			35,000	30,346
Excess (Deficit) of Resources Over Uses	80,036	82,027	13,924	11,325
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$80,036	\$82,027	\$13,924	\$11,325

Fund Type: Special Revenue Funds	Equipment Replacement 505		Miller Library Trust 602	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$603,891	\$678,960	\$5,645	\$5,706
Revenue and Other Financing Sources	181,596	185,851	100	37
Total Resources	785,487	864,811	5,745	5,743
Expenditures And Other Financing Uses	315,000	250,289	0	0
Excess (Deficit) of Resources Over Uses	470,487	614,522	5,745	5,743
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$470,487	\$614,522	\$5,745	\$5,743

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, 2009

Fund Type: Special Revenue Funds	Senior Center Trust 603		Carnegie Restoration 604	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$658	\$661	\$75,178	\$75,981
Revenue and Other Financing Sources	15	4	12,250	10,129
Total Resources	673	665	87,428	86,110
Expenditures And Other Financing Uses	0	0	0	0
Excess (Deficit) of Resources Over Uses	673	665	87,428	86,110
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$673	\$665	\$87,428	\$86,110

Fund Type: Special Revenue Funds	Gateway Trust 605		UGA Expansion Trust 621	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$857	\$867	\$0	\$11,792
Revenue and Other Financing Sources	15	6	50,000	28
Total Resources	872	873	50,000	11,819
Expenditures And Other Financing Uses	0	0	50,000	10,000
Excess (Deficit) of Resources Over Uses	872	873	0	1,819
Nonrevenues (Except 384 and 388.80)	0	0		
Nonexpenditures (Except 584 and 588.80)	0	0		
Ending Net Cash and Investments	\$872	\$873	\$0	\$1,819

Fund Type: Special Revenue Funds				
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments				
Revenue and Other Financing Sources				
Total Resources				
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses				
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments				

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City of Snohomish
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2008

BARS CODE		Current Expense 001		Street Fund 102	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$898,451	\$1,765,184	\$9,320	\$115,669
Revenues and Other Sources					
310	Taxes	7,448,300	6,087,592		
320	Licenses and Permits	578,450	304,648		
330	Intergovernmental	181,699	222,068	217,815	188,759
340	Charges for Goods and Services	1,080,175	954,376		
350	Fines and Forfeits	161,650	219,590		
360	Miscellaneous	74,009	107,932	400	7,344
370	Capital Contributions				
390	Other Financing Sources		15,135	846,000	846,000
Total Revenues and Other Sources		9,524,283	7,911,341	1,064,215	1,042,103
Total Resources		10,422,734	9,676,525	1,073,535	1,157,772
Operating Expenditures:					
510	General Government	2,646,167	2,335,232		
520	Public Safety	3,831,084	3,626,391		
530	Physical Environment	850,011	903,493		
540	Transportation			782,775	640,269
550	Economic Environment	632,974	543,781		
560	Mental and Physical Health	0	2,061		
570	Culture and Recreation	402,552	366,727		
Total Operating Expenditures		8,362,788	7,777,685	782,775	640,269
591-593	Debt Service				
594-595	Capital Outlay	20,000	13,602	5,300	1,537
Total Expenditures		8,382,788	7,791,286	788,075	641,806
597-599	Other Financing Uses	1,530,238	1,247,738	255,118	255,118
Total Expenditures and Other Uses		9,913,026	9,039,024	1,043,193	896,924
Excess (Deficit) of Resources Over Uses		509,708	637,500	30,342	260,848
380	Nonrevenues (Except 384 and 388.80)		84,315		
580	Nonexpenditures (Except 584 and 588.80)		2,464		
Ending Net Cash and Investments		\$509,708	\$724,280	\$30,342	\$260,848

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, 2008

BARS CODE		Street Impact Fee Res. 125		Street Capital Projects 311	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$780,018	\$224,039	\$194,000	\$637,558
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			396,780	72,876
340	Charges for Goods and Services	250,272	163,186		
350	Fines and Forfeits				
360	Miscellaneous	3,200	3,461		17,237
370	Capital Contributions				
390	Other Financing Sources			1,419,005	880,005
Total Revenues and Other Sources		253,472	166,646	1,815,785	970,118
Total Resources		1,033,490	390,685	2,009,785	1,607,676
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	0	0
591-593	Debt Service				
594-595	Capital Outlay			1,990,153	1,465,461
Total Expenditures		0	0	1,990,153	1,465,461
597-599	Other Financing Uses	612,000	193,000		
Total Expenditures and Other Uses		612,000	193,000	1,990,153	1,465,461
Excess (Deficit) of Resources Over Uses		421,490	197,685	19,632	142,216
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments		\$421,490	\$197,685	\$19,632	\$142,216

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City of Snohomish
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 2008

BARS CODE		Water 401		Sewer Operation 402	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$15,976	\$131,470	\$15,995	\$123,801
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits	41,376	6,760	7,540	2,450
330	Intergovernmental	0	2,231		8,023
340	Charges for Goods and Services	1,744,125	1,823,899	2,167,101	2,457,907
350	Fines and Forfeits				
360	Miscellaneous	40,600	33,316	9,000	13,679
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		1,826,101	1,866,206	2,183,641	2,482,059
Total Resources		1,842,077	1,997,677	2,199,636	2,605,860
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	1,608,577	1,593,688	1,924,954	1,906,480
540	Transportation			0	1,002
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		1,608,577	1,593,688	1,924,954	1,907,483
591-593	Debt Service			0	3,031
594-595	Capital Outlay	5,400	4,611	5,400	4,611
Total Expenditures		1,613,977	1,598,299	1,930,354	1,915,124
597-599	Other Financing Uses	50,000	25,000		
Total Expenditures and Other Uses		1,663,977	1,623,299	1,930,354	1,915,124
Excess (Deficit) of Resources Over Uses		178,100	374,378	269,282	690,736
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments		\$178,100	\$374,378	\$269,282	\$690,736

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, 2008

BARS CODE		Solid Waste 403		Storm Drainage Fund 404	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$38,284	\$51,236	\$259,535	\$199,880
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			75,000	5,907
340	Charges for Goods and Services	1,335,000	1,342,608	585,001	652,519
350	Fines and Forfeits				
360	Miscellaneous	2,400	3,610	12,000	8,658
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		1,337,400	1,346,219	672,001	667,084
Total Resources		1,375,684	1,397,454	931,536	866,964
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	1,374,011	1,357,220	61,359	57,584
540	Transportation			474,117	428,882
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		1,374,011	1,357,220	535,476	486,466
591-593	Debt Service				
594-595	Capital Outlay			5,400	4,611
Total Expenditures		1,374,011	1,357,220	540,876	491,077
597-599	Other Financing Uses				
Total Expenditures and Other Uses		1,374,011	1,357,220	540,876	491,077
Excess (Deficit) of Resources Over Uses		1,673	40,234	390,660	375,888
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments		\$1,673	\$40,234	\$390,660	\$375,888

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, 2008

BARS CODE		Utility Capital Projects 432		Trunkline 433	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$1,223,040	\$1,892,880	\$7,586	\$13,543
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	1,500,000			
340	Charges for Goods and Services			1,625,609	778,370
350	Fines and Forfeits				
360	Miscellaneous		53,774		7,750
370	Capital Contributions				
390	Other Financing Sources	2,202,127	1,699,127		
Total Revenues and Other Sources		3,702,127	1,752,901	1,625,609	786,120
Total Resources		4,925,167	3,645,781	1,633,195	799,664
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0		
591-593	Debt Service			563,055	478,038
594-595	Capital Outlay	5,160,207	2,608,256	10,000	49,264
Total Expenditures		5,160,207	2,608,256	573,055	527,302
597-599	Other Financing Uses				
Total Expenditures and Other Uses		5,160,207	2,608,256	573,055	527,302
Excess (Deficit) of Resources Over Uses		(235,040)	1,037,525	1,060,140	272,361
380	Nonrevenues (Except 384 and 388.80)	802,500			
580	Nonexpenditures (Except 584 and 588.80)			400,000	
Ending Net Cash and Investments		\$567,460	\$1,037,525	\$1,460,140	\$272,361

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, 2008

BARS CODE		Utility Connection Res 471		Utility System Replace 473	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$806,530	\$728,317	\$733,580	\$1,504,360
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	823,159	555,478	605,287	419,846
350	Fines and Forfeits				
360	Miscellaneous	50,000	26,591	75,000	46,392
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		873,159	582,069	680,287	466,238
Total Resources		1,679,689	1,310,386	1,413,867	1,970,598
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures					
591-593	Debt Service				
594-595	Capital Outlay				
Total Expenditures		0	0	0	0
597-599	Other Financing Uses	148,127	148,127	1,384,000	1,101,000
Total Expenditures and Other Uses		148,127	148,127	1,384,000	1,101,000
Excess (Deficit) of Resources Over Uses		1,531,562	1,162,259	29,867	869,598
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)		0		0
Ending Net Cash and Investments		\$1,531,562	\$1,162,259	\$29,867	\$869,598

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, 2008

BARS CODE		City Shop 501		Information Services 502	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$5,391	\$4,928	\$20,761	\$71,196
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	409,123	409,123	408,174	408,174
350	Fines and Forfeits				
360	Miscellaneous	800	154	95,658	97,620
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		409,923	409,277	503,832	505,794
Total Resources		415,314	414,205	524,593	576,990
Operating Expenditures:					
510	General Government			524,259	411,701
520	Public Safety				
530	Physical Environment				
540	Transportation	411,923	405,851		
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		411,923	405,851	524,259	411,701
591-593	Debt Service				
594-595	Capital Outlay				
Total Expenditures		411,923	405,851	524,259	411,701
597-599	Other Financing Uses				
Total Expenditures and Other Uses		411,923	405,851	524,259	411,701
Excess (Deficit) of Resources Over Uses		3,391	8,354	334	165,289
380	Nonrevenues (Except 384 and 388.80)			1,000	0
580	Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments		\$3,391	\$8,354	\$1,334	\$165,289

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, 2008

Fund Type: Special Revenue Funds	Park Impact Fee 104		Annual Leave Reserve 106	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$6,400	\$29,610	\$53,312	\$56,319
Revenue and Other Financing Sources	10,000	78,972	2,400	1,631
Total Resources	16,400	108,582	55,712	57,951
Expenditures And Other Financing Uses	16,000	0	3,800	0
Excess (Deficit) of Resources Over Uses	400	108,582	51,912	57,951
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$400	\$108,582	\$51,912	\$57,951

Fund Type: Special Revenue Funds	Visitor Promotion 107		Parking and Business Imp 108	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$15,468	\$16,301	\$24,565	\$54,252
Revenue and Other Financing Sources	10,520	11,571	24,600	25,042
Total Resources	25,988	27,872	49,165	79,295
Expenditures And Other Financing Uses	10,150	6,825	23,000	0
Excess (Deficit) of Resources Over Uses	15,838	21,047	26,165	79,295
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$15,838	\$21,047	\$26,165	\$79,295

Fund Type: Special Revenue Funds	Real Property Reserve 110		Police Operation Res. 113	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$214,062	\$251,704	\$38,283	\$40,216
Revenue and Other Financing Sources	9,000	7,291	1,500	4,663
Total Resources	223,062	258,994	39,783	44,879
Expenditures And Other Financing Uses	0	0	1,500	0
Excess (Deficit) of Resources Over Uses	223,062	258,994	38,283	44,879
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$223,062	\$258,994	\$38,283	\$44,879

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City of Snohomish
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2008

Fund Type: Special Revenue Funds	Real Estate Excise Tax 117		Municipal Cap. Res. 118	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$78,206	\$123,442	\$121,173	\$41,352
Revenue and Other Financing Sources	363,000	206,829	3,000	928
Total Resources	441,206	330,271	124,173	42,280
Expenditures And Other Financing Uses	440,000	289,000	25,000	12,500
Excess (Deficit) of Resources Over Uses	1,206	41,271	99,173	29,780
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$1,206	\$41,271	\$99,173	\$29,780

Fund Type: Special Revenue/Debt Service	Harbor Improvement 174		Debt Service 205	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$2,705	\$2,683	\$30,183	\$30,638
Revenue and Other Financing Sources	100	77	146,656	148,517
Total Resources	2,805	2,760	176,839	179,155
Expenditures And Other Financing Uses	0	0	146,337	146,334
Excess (Deficit) of Resources Over Uses	2,805	2,760	30,502	32,820
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$2,805	\$2,760	\$30,502	\$32,820

Fund Type: Special Revenue Funds	LID Guaranteee 206		CLID 86-187-1 214	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$9,243	\$9,269	\$0	\$622
Revenue and Other Financing Sources	360	268	0	18
Total Resources	9,603	9,537	0	640
Expenditures And Other Financing Uses	0	0	0	0
Excess (Deficit) of Resources Over Uses	9,603	9,537	0	640
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$9,603	\$9,537	\$0	\$640

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, 2008

Fund Type: Special Revenue Funds	Rivertrail Construction 303		Municipal Cap Projects 310	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$85,103	\$80,958	\$216,774	\$264,431
Revenue and Other Financing Sources	4,000	2,280	2,506,000	221,329
Total Resources	89,103	83,238	2,722,774	485,760
Expenditures And Other Financing Uses	70,000	6,279	2,704,000	160,013
Excess (Deficit) of Resources Over Uses	19,103	76,960	18,774	325,747
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$19,103	\$76,960	\$18,774	\$325,747

Fund Type: Special Revenue Funds	Stormwater Management 434		W/S Bond Reserve 451	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$0	\$4,144	\$1,004,001	\$1,007,868
Revenue and Other Financing Sources	0	120	40,000	28,733
Total Resources	0	4,264	1,044,001	1,036,602
Expenditures And Other Financing Uses	0	0	40,000	28,000
Excess (Deficit) of Resources Over Uses	0	4,264	1,004,001	1,008,602
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$0	\$4,264	\$1,004,001	\$1,008,602

Fund Type: Special Revenue Funds	Utility Rate Reserve 452		W/S Equip. Replac. 472	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$147,105	\$155,870	\$670,694	\$707,271
Revenue and Other Financing Sources	40,000	32,976	81,319	67,164
Total Resources	187,105	188,846	752,013	774,435
Expenditures And Other Financing Uses	0	0	80,000	35,926
Excess (Deficit) of Resources Over Uses	187,105	188,846	672,013	738,509
Nonrevenues (Except 384 and 388.80)	0	0		
Nonexpenditures (Except 584 and 588.80)	0	0		
Ending Net Cash and Investments	\$187,105	\$188,846	\$672,013	\$738,509

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, 2008

Fund Type: Special Revenue Funds	Sewer Bio-Solid 474		Self Insurance Fund 503	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$546,919	\$522,037	\$82,819	\$95,324
Revenue and Other Financing Sources	0	9,461	19,585	2,143
Total Resources	546,919	531,497	102,404	97,466
Expenditures And Other Financing Uses	450,000	450,000	62,000	55,978
Excess (Deficit) of Resources Over Uses	96,919	81,497	40,404	41,489
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$96,919	\$81,497	\$40,404	\$41,489

Fund Type: Special Revenue Funds	Equipment Replacement 505		Miller Library Trust 602	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$287,749	\$568,594	\$5,519	\$5,546
Revenue and Other Financing Sources	170,697	185,739	200	161
Total Resources	458,446	754,333	5,719	5,706
Expenditures And Other Financing Uses	145,400	75,373	0	0
Excess (Deficit) of Resources Over Uses	313,046	678,960	5,719	5,706
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$313,046	\$678,960	\$5,719	\$5,706

Fund Type: Special Revenue Funds	Senior Center Trust 603		Carnegie Restoration 604	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$635	\$642	\$64,409	\$62,677
Revenue and Other Financing Sources	20	19	13,500	13,303
Total Resources	655	661	77,909	75,981
Expenditures And Other Financing Uses	0	0	0	0
Excess (Deficit) of Resources Over Uses	655	661	77,909	75,981
Nonrevenues (Except 384 and 388.80)	0	0	0	0
Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments	\$655	\$661	\$77,909	\$75,981

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, 2008

Fund Type: Special Revenue Funds	Gateway Trust 605		UGA Expansion Trust 621	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$871	\$842	\$10,025	(\$8,876)
Revenue and Other Financing Sources	25	24	67,025	88,938
Total Resources	896	867	77,050	80,061
Expenditures And Other Financing Uses	0	0	70,000	68,270
Excess (Deficit) of Resources Over Uses	896	867	7,050	11,792
Nonrevenues (Except 384 and 388.80)	0	0		
Nonexpenditures (Except 584 and 588.80)	0	0		
Ending Net Cash and Investments	\$896	\$867	\$7,050	\$11,792

The Accompanying Notes Are An Integral Part Of This Statement.

**Notes to the Financial Statements
For the Year Ended December 31, 2009**

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 revenues that are legally restricted or designated to finance particular activities of the City.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Project Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

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. The financial statements include budgetary comparisons for those 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.

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, 2009 is \$541,804.

Owing Fund	Annual Leave Compensatory Time	Sick Leave	Totals
General Fund	\$325,551	\$136,437	\$461,988
Street Fund	14,982	0	14,982
Internal Services Funds	23,889	0	23,889
Utility Funds	40,945	0	40,945
Total	\$405,367	\$136,437	\$541,804

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, 2009 the balance in this fund was \$58,327.

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.

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, 2009 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
Local Government Investment Pool	<u>\$ 9,132,397</u>
Total	<u>\$ 9,132,397</u>

To meet immediate claims and payroll demands, the City had deposits at their primary financial institution, a total amount of \$897,118 as of December 31, 2009. To meet daily liquidity needs, the City held \$5,820 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.

The City's regular levy for 2009 was \$0.7806 per \$1,000 on an assessed valuation of \$1,288,902,877 for a regular levy of \$1,006,153.

The City's General Obligation bond levies for 2009 were \$0.0495 per \$1,000 on an assessed valuation of \$1,142,290,911 for a bond levy of \$56,545.

The total 2009 levy for the City was \$1,062,698

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, 2009, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%	5.31%	5.31%**
Employee	6.00%	3.90%	***

- * 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
2009	\$ 1,784	\$ 200,804	\$ 5,327
2008	\$ 3,948	\$ 213,189	\$ 3,829
2007	\$ 3,235	\$ 156,537	\$ 0

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, 2009, 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 8.99%.

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
2009	\$ -0-	\$ 92,113
2008	\$ -0-	\$ 92,207
2007	\$ -0-	\$ 74,354

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 129 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

\$500,000, 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, 2009, the City has outstanding councilmanic debt of \$795,000.

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.

Debt Outstanding at 12/31/09.

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 \$245,000

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 795,000

Total General Obligation Debt Outstanding \$ 1,040,000

Revenue Bonds and 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 \$667,000

The 1996 Refunding Bonds provided funding for the redemption of 1990A Water and Sewer Revenue Bonds, which refunded 1987 Revenue Bonds, which provided infrastructure improvements to the water and wastewater system. The bonds mature serially to 2009. The interest rates range from 4.00% to 5.4%.

Outstanding Debt \$0

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 \$847,292

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 \$ 716,283

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. 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 \$ 5,428,827

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 12/31/2009.

Outstanding Debt \$ 1,326,316

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. Payments begin in 2009 with interest only. Principal and interest payments begin in 2009.

Outstanding Debt \$ 275,625

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 2009 with interest only. Principal and interest payments begin in 2009.

Outstanding Debt \$ 414,375

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 \$ 3,587,656

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 Waste-water Treatment Plant Upgrade project. The City may change the scope of work to the construction of a pump station, force main and a connection to the City of Everett Wastewater Treatment System. On March 2, 2009, the Public Works Trust Fund Board has stated that the loan amount may not be available for 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 has not drawn on this loan as of the date of this report.

Outstanding Debt \$ 0

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 5, 2009 the City drew \$400,000 on this loan. Principal and interest payments begin in 2010.

Outstanding Debt \$ 400,000

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 2009, the City drew \$90,000 on this loan. Principal payments begin in 2011.

Outstanding Debt \$ 90,000

Total Revenue Bonds and Other Revenue Debt Obligations Outstanding \$ 13,753,374
Total Debt Obligations Outstanding \$ 14,793,374

Annual Debt Service to Maturity

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

	General Obligation Debt Bonded	
Year	Principal	Interest
2010	95,000	52,497
2011	95,000	47,410
2012	100,000	42,300
2013	105,000	36,875
2014	110,000	31,200
2015-2019	220,000	104,503
2020-2024	255,000	52,252
2025	60,000	2,880
Totals	\$1,040,000	\$369,917

	Revenue Debt - Other	
Year	Principal	Interest
2010	\$1,351,770	\$119,159
2011	1,372,553	112,850
2012	1,375,376	106,067
2013	1,149,242	99,143
2014	1,152,154	93,172
2015-2019	3,811,368	371,267
2020-2024	2,717,282	206,591
2025-2036	823,629	185,700
Totals	\$13,753,374	\$1,293,949

NOTE 9: CONTINGENCIES AND LITIGATION

As of December 31, 2009, 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 10: INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activities during 2009. Interest of \$6,477 was paid for the year ended 12/31/2009:

Borrowing Fund	Lending Fund	Balance 1-Jan-09	New Loans	Payments	Balance 31-Dec-09
433	473	\$602,500	\$0	\$0	\$602,500
Totals		\$602,500	\$0	\$0	\$602,500

NOTE 11: SUBSEQUENT EVENT – DRAW ON PWTF LOAN

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, the City of Snohomish drew \$122,500 on this loan fully drawing down the loan amount.

On January 20, 2009, the City signed a grant agreement in the amount of \$653,949 with the Washington State Military Department and the Federal Emergency Management Agency. The funds are to provide flood retrofits and back-up power for three sewage lift stations. The local match requirement is \$93,421. The City has not received this grant as of the date of this report.

**Notes to the Financial Statements
For the Year Ended December 31, 2008**

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 revenues that are legally restricted or designated to finance particular activities of the City.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Project Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

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. The financial statements include budgetary comparisons for those 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.

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, 2008 is \$413,526.

Owing Fund	Annual Leave Compensatory Time	Sick Leave	Totals
General Fund	\$236,891	\$107,521	\$344,412
Street Fund	24,536	0	24,536
Internal Services Funds	19,030	0	19,030
Utility Funds	<u>25,548</u>	<u>0</u>	<u>25,548</u>
Total	\$306,005	\$107,521	\$413,526

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, 2008 the balance in this fund was \$57,951.

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.

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, 2008 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
Local Government Investment Pool	<u>\$ 8,861,988</u>
Total	<u>\$ 8,861,988</u>

To meet immediate claims and payroll demands, the City had deposits at their primary financial institution a total amount of \$2,148,370 as of December 31, 2008. To meet daily liquidity needs, the City held \$5,820 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.

The City's regular levy for 2008 was \$0.8216 per \$1,000 on an assessed valuation of \$1,147,261,357 for a regular levy of \$942,547

The City's General Obligation bond levies for 2008 were \$0.0546 per \$1,000 on an assessed valuation of \$1,076,703,901 for a bond levy of \$58,805

The total 2008 levy for the City was \$1,001,352

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. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 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

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

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

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 participants 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. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is reduced to reflect the choice of a survivor option. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. 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 if twelve months of that service are earned after age 44; or after five service 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 to retire with full benefits at age 65, or at age 55 with 10 years of service. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
Total	255,849

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. 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 Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee’s age. 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, 2008, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	8.31%	8.31%	8.31%**
Employee	6.00%	5.45%	***

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

** 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
2008	\$ 3,948	\$ 213,189	\$ 3,829
2007	\$ 3,235	\$ 156,537	\$ 0
2006	\$ 3,651	\$ 80,124	\$ 0

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

Plan Description

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

Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. 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. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established 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 defined benefit 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. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

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

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

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53 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 (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

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, 2007:

Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	633
Active Plan Members Vested	12,904
Active Plan Members Nonvested	3,708
Total	26,330

Funding Policy

Starting on July 1, 2000, 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. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature has the ability, by means of a special funding arrangement, to appropriate money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements 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 this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.46%**
Employee	0.00%	8.83%
State	N/A	3.53%

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

** The employer rate for ports and universities is 8.99%.

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
2008	\$ -0-	\$ 92,207
2007	\$ -0-	\$ 74,354
2006	\$ -0-	\$ 56,760

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 129 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 \$500,000, 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, 2008, the City had no outstanding councilmanic debt.

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.

Debt Outstanding at 12/31/08.

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 \$285,000

The 2005 Unlimited 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 835,000

1988 Public Works Trust Fund loan provided funding for improvements to Avenue J. The loan is paid in equal installments and matured in 2008. The interest rate is 3% on the outstanding principal balance.

Outstanding Debt 0

Total General Obligation Debt Outstanding \$ 1,120,000

Revenue Bonds and 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 \$708,000

1988 Public Works Trust Fund loan provided funding for construction of the 2.6 million gallon North Zone Water Tank. The loan is paid in equal installments and matured in 2008. The interest rate is 1% on the outstanding principal balance.

Outstanding Debt 0

The 1996 Refunding Bonds provided funding for the redemption of 1990A Water and Sewer Revenue Bonds, which refunded 1987 Revenue Bonds, which provided infrastructure improvements to the water and wastewater system. The bonds mature serially to 2009. The interest rates range from 4.00% to 5.4%.

Outstanding Debt \$210,000

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 \$861,614

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 \$ 771,382

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. 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 \$ 5,790,749

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.

Outstanding Debt \$ 1,400,000

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. Payments begin in 2008 with interest only. Principal and interest payments begin in 2009.

Outstanding Debt \$ 367,500

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. Payments begin in 2008 with interest only. Principal and interest payments begin in 2009.

Outstanding Debt \$382,500

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 \$ 4,139,603

In May, 2008 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 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 has not drawn on this loan as of the date of this report. (See Note 11-Subsequent Events)

Outstanding Debt \$ 0

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 other state and federal loan programs. The City of Snohomish has not drawn on this loan as of the date of this report

Outstanding Debt \$ 0

Total Revenue Bonds and Other Revenue Debt Obligations Outstanding \$ 14,631,348
Total Debt Obligations Outstanding \$ 15,751,348

Annual Debt Service to Maturity

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

	General Obligation Debt Bonded	
Year	Principal	Interest
2009	\$80,000	\$56,778
2010	95,000	52,497
2011	95,000	47,410
2012	100,000	42,300
2013	105,000	36,875
2014-2018	285,000	118,580
2019-2023	245,000	63,855
2024-2025	115,000	8,400
Totals	\$1,120,000	\$426,695

	Revenue Bonded	Debt -	Revenue Debt - Other			
Year	Principal	Interest	Principal	Interest	Total-Principal	Total-Interest
2009	\$210,000	\$11,340	\$1,285,474	123,039	\$1,495,474	\$134,379
2010	0	0	1,288,218	116,854	1,288,218	116,854
2011	0	0	1,291,000	110,530	1,291,000	110,530
2012	0	0	1,293,823	104,066	1,293,823	104,066
2013	0	0	1,110,190	97,459	1,110,190	97,459
2014-2018	0	0	4,222,736	395,885	4,222,736	395,885
2019-2023	0	0	2,724,268	232,498	2,724,268	232,498
2024-2036	0	0	1,205,639	215,714	1,205,639	215,714
Totals	\$210,000	\$11,340	\$14,421,348	\$1,396,045	\$14,631,348	\$1,407,385

NOTE 9: CONTINGENCIES AND LITIGATION

As of December 31, 2008, 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 10: INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activities during 2008:

Borrowing	Lending Fund	Balance	New		Balance
Fund		1-Jan-08	Loans	Payments	31-Dec-08
433	473	602,500	780,000	(780,000)	602,500
Totals		\$602,500	\$780,000	\$(780,000)	\$602,500

NOTE 11: SUBSEQUENT EVENT – DRAW ON PWTF LOAN

In May, 2008 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 may change the scope of work to the construction of a pump station, force main and a connection to the City of Everett Wastewater Treatment System. On March 2, 2009, the Public Works Trust Fund Board has stated that the loan amount may not be available for the change in scope of work.

The City of Snohomish has not drawn on this loan as of the date of this report.

In April, 2009 the City of Snohomish was approved for a Public Works Trust Fund Construction Loan in the amount of \$100,000 for its Comprehensive Water System Plan. The loan agreement has not been signed as of the date of this report. 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.

The City of Snohomish has not drawn on this loan as of the date of this report

In January 2009, the City received \$1,264,310 through the Washington State Department of Transportation from the Federal Transportation Equity Act for the Twenty-first Century (TEA-21.) The grant was for the purchase of approximately $\frac{3}{4}$ mile of railroad right-of -way from Burlington Northern Santa Fe Railroad. The city plans to improve the property as an extension of the Centennial Trail.

On January 20, 2009, the City signed a grant agreement in the amount of \$653,949 with the Washington State Military Department and the Federal Emergency Management Agency. The funds are to provide flood retrofits and back-up power for three sewage lift stations. The local match requirement is \$93,421.

**City of Snohomish
Schedule of Long Term Debt
For The Year Ending December 31, 2009**

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

I.D. Number And 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	Ending Outstanding Debt
251.15 ULMT Bond - Rivertrail/800 MHZ	07/2005	07/2025	835,000	391.10	0	40,000	591.10.71	205	795,000
251.15 ULMT G.O. Bond - 1995 Fire Station	07/1995	07/2114	285,000	391.10	0	40,000	591.10.71	205	245,000
TOTAL G.O. DEBT			\$1,120,000		\$0	\$80,000			\$1,040,000

City of Snohomish
Schedule of Long Term Debt
For The Year Ending December 31, 2009

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

I.D. Number And 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
251.11 Federal Home Loan -WWTP	12/1981	12/2021	\$708,000	382.80	\$0	\$41,000	534.90.78	401	\$667,000
251.11 Refunding Bond - 1996	11/1996	11/2009	210,000	382.10	0	210,000	535.80.72	401	\$0
251.11 RECD Loan - WWTP	10/1996	10/2036	861,614	382.80	0	14,322	535.85.78	402	\$847,292
251.11 SRF Loan - Loan # L9400002	05/1994	05/2015	4,139,603	382.80	0	551,947	535.85.78	402	\$3,587,656
251.11 PWTF-Phase 1 CSO IMP	09/2007	09/2012	382,500	382.80	127,500	95,625	592.35.78	432	\$414,375
251.11 PWTF-Phase 1 CSO IMP	05/2008	05/2027	0	382.80	400,000	0	592.35.78	432	\$400,000
251.11 PWTF-Comp Water System Plan	09/2009	09/2014	0	382.80	90,000	0	592.35.78	432	\$90,000
251.11 PWTF-CTED-WWTP-upgrades	09/2007	07/2012	367,500	382.80	0	91,875	592.35.83	432	\$275,625
251.11 PWTF-Cemetery Creek Trunk Sewer 1	03/2002	03/2022	771,382	382.80	0	55,099	591.35.78	433	\$716,284
251.11 PWTF-Cemetery Creek Trunk Sewer 2	05/2004	05/2024	5,790,749	382.80	0	361,922	591.35.78	433	\$5,428,827
251.11 PWTF-Cemetery Creek Trunk Sewer 3	06/2007	07/2027	1,400,000	382.80	0	73,684	591.35.78	433	\$1,326,316
TOTAL REVENUE DEBT			\$14,631,348		\$617,500	\$1,495,474			\$13,753,374

**City of Snohomish
Schedule of Long Term Debt
For The Year Ending December 31, 2008**

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

I.D. Number And 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
251.11 Federal Home Loan -WWTP	12/1981	12/2021	\$747,000	382.80	\$0	\$39,000	534.90.78	401	\$708,000
252.11 PWTF-N. Pressure Zone Water Tower	06/1988	06/2008	33,375	382.80	0	33,375	534.80.78	401	\$0
251.11 Refunding Bond - 1996	11/1996	11/2009	410,000	382.10	0	200,000	534.80.72	402	\$210,000
251.11 RECD Loan - WWTP	10/1996	10/2037	875,228	382.80	0	13,614	535.85.78	402	\$861,614
251.11 SRF Loan - Loan # L9400002	05/1994	05/2015	4,691,550	382.80	0	551,947	535.85.78	402	\$4,139,603
251.11 PWTF-Cemetery Creek Trunk Sewer 1	09/2007	09/2012	382,500	382.80	0	0	592.35.78	432	\$382,500
251.11 PWTF-CTED-WWTP-upgrades	09/2007	07/2012	367,500	382.80	0	0	592.35.83	432	\$367,500
251.11 PWTF-Cemetery Creek Trunk Sewer 1	03/2002	03/2022	826,480	382.80	0	55,099	591.35.78	433	\$771,382
251.11 PWTF-Cemetery Creek Trunk Sewer 2	05/2004	05/2024	6,152,670	382.80	0	361,922	591.35.78	433	\$5,790,749
251.11 PWTF-Cemetery Creek Trunk Sewer 3	06/2007	07/2027	1,400,000	382.80	0	0	591.35.78	433	\$1,400,000
TOTAL REVENUE DEBT			\$15,886,303		\$0	\$1,254,956			\$14,631,348

City of Snohomish
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

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	
US DOJ	Bulletproof Vest Partnership Program	16.607	BUBX05027409		4,352	\$ 4,352	
US DOJ	ARRA- Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0898		45,623	\$ 45,623	
FEMA/WASTATEMILITARY DEPT	Disaster Grants - Public Assistance(Presidentially Declared Disasters)	97.036	1817-DR-WA	62,338			
FEMA/WASTATEMILITARY DEPT	Disaster Grants - Public Assistance(Presidentially Declared Disasters)	97.036	1825-DR-WA	15,244			
St of WA DOT	Highway Planning and Construction	20.205	Subtotal LA5882	77,582 1,269,024		\$ 77,582 \$ 1,269,024	
Total Federal Awards Expended				1,346,606	49,975	1,396,581	

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
AND STATE / LOCAL FINANCIAL ASSISTANCE**

For the Year Ended December 31, 2009

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.



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 in cooperation 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 our 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 continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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 Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
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