



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Snohomish

For the period January 1, 2018 through December 31, 2019

Published December 10, 2020

Report No. 1027390





**Office of the Washington State Auditor
Pat McCarthy**

December 10, 2020

Mayor and City Council
City of Snohomish
Snohomish, Washington

Report on Financial Statements

Please find attached our report on the City of Snohomish's financial statements.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	4
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	11
About the State Auditor's Office.....	46

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Snohomish
January 1, 2018 through December 31, 2019**

Mayor and City Council
City of Snohomish
Snohomish, Washington

We have audited, 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, the financial statements of the City of Snohomish, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 3, 2020.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 11 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

December 3, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Snohomish January 1, 2018 through December 31, 2019

Mayor and City Council
City of Snohomish
Snohomish, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Snohomish, for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 from material misstatement.

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Snohomish has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Snohomish, and its changes in cash and investments, for the years ended December 31, 2019 and 2018, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Snohomish, as of December 31, 2019 and 2018, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis

As discussed in Note 11 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

December 3, 2020

FINANCIAL SECTION

City of Snohomish January 1, 2018 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019
Fund Resources and Uses Arising from Cash Transactions – 2018
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2019
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018
Notes to Financial Statements – 2019
Notes to Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019
Schedule of Liabilities – 2018

City of Snohomish
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 General Fund	102 Streets	104 Park Impact Fee
Beginning Cash and Investments					
30810	Reserved	4,947,862	-	-	369,271
30880	Unreserved	23,133,254	3,183,472	356,038	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	9,120,732	7,448,642	-	-
320	Licenses and Permits	257,863	255,103	-	-
330	Intergovernmental Revenues	1,201,709	259,204	228,040	-
340	Charges for Goods and Services	11,729,811	1,536,182	-	413,950
350	Fines and Penalties	51,682	51,682	-	-
360	Miscellaneous Revenues	1,154,829	190,787	12,580	13,636
Total Revenues:		23,516,626	9,741,600	240,620	427,586
Expenditures					
510	General Government	3,013,753	2,258,286	-	-
520	Public Safety	3,350,761	3,350,761	-	-
530	Utilities	4,101,120	-	-	-
540	Transportation	2,336,260	-	959,650	-
550	Natural and Economic Environment	667,664	667,664	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	904,930	855,748	-	-
Total Expenditures:		14,374,488	7,132,459	959,650	-
Excess (Deficiency) Revenues over Expenditures:		9,142,138	2,609,141	(719,030)	427,586
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,019,988	-	840,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	168,905	52,812	-	-
Total Other Increases in Fund Resources:		3,188,893	52,812	840,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,084,297	781,697	-	-
591-593, 599	Debt Service	804,638	-	-	-
597	Transfers-Out	3,019,988	894,088	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	4,900	4,900	-	-
Total Other Decreases in Fund Resources:		6,913,823	1,680,685	-	-
Increase (Decrease) in Cash and Investments:		5,417,208	981,268	120,970	427,586
Ending Cash and Investments					
5081000	Reserved	5,654,966	30	-	796,857
5088000	Unreserved	27,843,362	4,164,715	477,011	-
Total Ending Cash and Investments		33,498,328	4,164,745	477,011	796,857

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, 2019

	107 Visitor Promotion	108 PBIA	125 Street Impact Reserve	130 Transportation Benefit District	
Beginning Cash and Investments					
30810	Reserved	23,081	61,543	412,899	3,077,813
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	18,562	-	-	1,056,662
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	95,843	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	643	18,885	8,753	69,041
Total Revenues:		19,205	18,885	104,596	1,125,703
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	50,155
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	8,437	23,900	-	-
Total Expenditures:		8,437	23,900	-	50,155
Excess (Deficiency) Revenues over Expenditures:		10,768	(5,015)	104,596	1,075,548
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	74,400	625,500
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	74,400	625,500
Increase (Decrease) in Cash and Investments:		10,768	(5,015)	30,196	450,048
Ending Cash and Investments					
5081000	Reserved	33,850	56,528	443,095	3,527,862
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		33,850	56,528	443,095	3,527,862

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, 2019

	205 Debt Service Fund	305 Real Estate Excise Tax	310 Municipal Capital Projects	311 Street Improvements
Beginning Cash and Investments				
30810	Reserved	-	1,003,255	-
30880	Unreserved	14,604	-	375,983
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	19	596,847	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	664,465
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	710	19,142	12,325
Total Revenues:		729	615,989	12,325
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	-	-
Excess (Deficiency) Revenues over Expenditures:		729	615,989	12,325
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	61,588	-	951,000
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	-	-	29,876
Total Other Increases in Fund Resources:		61,588	-	951,000
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	299,825
591-593, 599	Debt Service	62,723	-	-
597	Transfers-Out	-	822,500	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		62,723	822,500	299,825
Increase (Decrease) in Cash and Investments:		(406)	(206,511)	663,500
Ending Cash and Investments				
5081000	Reserved	-	796,744	-
5088000	Unreserved	14,199	-	1,039,484
Total Ending Cash and Investments		14,199	796,744	1,039,484
				1,773,609

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, 2019

		<u>401 Water Utility</u>	<u>402 Wastewater Utility</u>	<u>403 Solid Waste</u>	<u>404 Stormwater Utility</u>
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	4,152,112	9,239,230	171,249	2,551,375
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	1,060	1,700	-	-
330	Intergovernmental Revenues	-	-	-	50,000
340	Charges for Goods and Services	2,794,680	4,083,289	280	1,387,144
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	316,037	496,124	3,586	(4,359)
Total Revenues:		<u>3,111,777</u>	<u>4,581,113</u>	<u>3,866</u>	<u>1,432,785</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	2,154,640	1,872,766	5	73,709
540	Transportation	-	-	-	539,939
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>2,154,640</u>	<u>1,872,766</u>	<u>5</u>	<u>613,648</u>
Excess (Deficiency) Revenues over Expenditures:		957,137	2,708,347	3,861	819,137
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	100,000	-	347,500
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	17,593	2,966	-	65,658
Total Other Increases in Fund Resources:		<u>17,593</u>	<u>102,966</u>	<u>-</u>	<u>413,158</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	296,618	320,436	-	187,082
591-593, 599	Debt Service	-	741,915	-	-
597	Transfers-Out	112,500	385,000	-	82,500
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>409,118</u>	<u>1,447,351</u>	<u>-</u>	<u>269,582</u>
Increase (Decrease) in Cash and Investments:		565,612	1,363,962	3,861	962,713
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	4,717,722	10,603,193	175,109	3,514,089
Total Ending Cash and Investments		4,717,722	10,603,193	175,109	3,514,089

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, 2019

		501 City Shop	502 Information Services	503 Unemployment Insurance Fund	505 Equipment Replacement
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	680,677	527,506	4,724	289,000
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	816,239	563,375	-	38,829
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	13,133	9,594	98	3,391
Total Revenues:		829,372	572,969	98	42,220
Expenditures					
510	General Government	168,807	586,660	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	622,365	-	-	164,151
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	16,845
Total Expenditures:		791,172	586,660	-	180,996
Excess (Deficiency) Revenues over Expenditures:		38,200	(13,691)	98	(138,776)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	23,500	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		23,500	-	-	-
Increase (Decrease) in Cash and Investments:		14,700	(13,691)	98	(138,776)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	695,373	513,811	4,823	150,224
Total Ending Cash and Investments		695,373	513,811	4,823	150,224

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, 2018

		Total for All Funds (Memo Only)	001 General Fund	102 Streets	104 Park Impact Fee
Beginning Cash and Investments					
30810	Reserved	4,981,740	-	-	319,460
30880	Unreserved	21,032,052	2,520,644	254,326	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	8,850,429	7,218,232	-	-
320	Licenses and Permits	208,048	203,598	-	-
330	Intergovernmental Revenues	1,168,359	231,929	233,226	-
340	Charges for Goods and Services	11,322,447	1,496,029	-	45,400
350	Fines and Penalties	47,420	47,420	-	-
360	Miscellaneous Revenues	565,706	92,608	8,693	4,411
Total Revenues:		22,162,409	9,289,817	241,919	49,811
Expenditures					
510	General Government	2,930,691	2,226,652	-	-
520	Public Safety	3,514,807	3,514,807	-	-
530	Utilities	4,077,463	-	-	-
540	Transportation	2,339,945	-	960,384	-
550	Natural and Economic Environment	579,041	579,041	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	811,273	779,253	-	-
Total Expenditures:		14,253,220	7,099,753	960,384	-
Excess (Deficiency) Revenues over Expenditures:		7,909,189	2,190,063	(718,465)	49,811
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,355,443	-	820,000	-
385	Special or Extraordinary Items	4,960	-	178	-
386 / 389	Custodial Activities	24	24	-	-
381, 395, 398	Other Resources	63,918	63,918	-	-
Total Other Increases in Fund Resources:		3,424,345	63,942	820,178	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	5,094,287	801,249	-	-
591-593, 599	Debt Service	805,033	-	-	-
597	Transfers-Out	3,355,443	778,943	-	-
585	Special or Extraordinary Items	11,448	11,109	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		9,266,212	1,591,302	-	-
Increase (Decrease) in Cash and Investments:		2,067,322	662,703	101,713	49,811
Ending Cash and Investments					
5081000	Reserved	4,947,861	-	-	369,271
5088000	Unreserved	23,133,254	3,183,348	356,038	-
Total Ending Cash and Investments		28,081,115	3,183,348	356,038	369,271

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, 2018

		107 Visitor Promotion	108 PBIA	113 Police Operational Reserve	117 Real Estate Excise Tax
Beginning Cash and Investments					
30810	Reserved	18,360	59,612	-	1,535,466
30880	Unreserved	-	-	123	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	14,143	-	-	613,690
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	295	23,957	2	16,599
Total Revenues:		14,438	23,957	2	630,289
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	9,717	22,026	-	-
Total Expenditures:		9,717	22,026	-	-
Excess (Deficiency) Revenues over Expenditures:		4,721	1,931	2	630,289
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	1,162,500
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	1,162,500
Increase (Decrease) in Cash and Investments:		4,721	1,931	2	(532,211)
Ending Cash and Investments					
5081000	Reserved	23,081	61,543	-	1,003,255
5088000	Unreserved	-	-	124	-
Total Ending Cash and Investments		23,081	61,543	124	1,003,255

City of Snohomish
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		125 Street Impact Reserve	130 Transportation Benefit District	205 Debt Service Fund	310 Municipal Capital Projects
Beginning Cash and Investments					
30810	Reserved	488,513	2,560,329	-	-
30880	Unreserved	-	-	14,673	149,437
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	1,004,357	7	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	30,649	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	5,736	38,127	524	3,321
Total Revenues:		36,385	1,042,484	531	3,321
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	278
Total Expenditures:		-	-	-	278
Excess (Deficiency) Revenues over Expenditures:		36,385	1,042,484	531	3,044
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	58,943	970,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	58,943	970,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	746,498
591-593, 599	Debt Service	-	-	59,543	-
597	Transfers-Out	112,000	525,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		112,000	525,000	59,543	746,498
Increase (Decrease) in Cash and Investments:		(75,615)	517,484	(69)	226,545
Ending Cash and Investments					
5081000	Reserved	412,899	3,077,813	-	-
5088000	Unreserved	-	-	14,604	375,983
Total Ending Cash and Investments		412,899	3,077,813	14,604	375,983

City of Snohomish
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		<u>311 Street Improvements</u>	<u>401 Water Utility</u>	<u>402 Wastewater Utility</u>	<u>403 Solid Waste</u>
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	806,953	3,671,449	8,810,942	160,769
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	2,500	1,950	-
330	Intergovernmental Revenues	703,204	-	-	-
340	Charges for Goods and Services	-	2,803,251	4,031,334	9,271
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	18,730	140,971	153,279	2,257
Total Revenues:		<u>721,934</u>	<u>2,946,721</u>	<u>4,186,562</u>	<u>11,528</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	2,162,814	1,832,672	1,048
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>-</u>	<u>2,162,814</u>	<u>1,832,672</u>	<u>1,048</u>
Excess (Deficiency) Revenues over Expenditures:		721,934	783,908	2,353,891	10,480
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,506,500	-	-	-
385	Special or Extraordinary Items	-	-	4,782	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>1,506,500</u>	<u>-</u>	<u>4,782</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,448,103	143,244	1,004,895	-
591-593, 599	Debt Service	-	-	745,491	-
597	Transfers-Out	-	160,000	180,000	-
585	Special or Extraordinary Items	-	0	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>1,448,103</u>	<u>303,245</u>	<u>1,930,385</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		780,331	480,663	428,288	10,480
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	1,587,284	4,152,112	9,239,230	171,249
Total Ending Cash and Investments		1,587,284	4,152,112	9,239,230	171,249

City of Snohomish
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		404 Stormwater Utility	501 City Shop	502 Information Services	503 Unemployment Insurance Fund
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	3,268,951	671,965	456,411	4,662
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,358,239	851,327	580,195	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	36,257	8,709	7,672	62
Total Revenues:		1,394,496	860,036	587,867	62
Expenditures					
510	General Government	-	187,606	516,433	-
520	Public Safety	-	-	-	-
530	Utilities	80,929	-	-	-
540	Transportation	684,625	663,719	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		765,554	851,324	516,433	-
Excess (Deficiency) Revenues over Expenditures:		628,942	8,712	71,434	62
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	0	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	0	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	909,518	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	437,000	-	-	-
585	Special or Extraordinary Items	0	-	339	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,346,518	-	339	-
Increase (Decrease) in Cash and Investments:		(717,576)	8,711	71,095	62
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	2,551,375	680,677	527,506	4,724
Total Ending Cash and Investments		2,551,375	680,677	527,506	4,724

City of Snohomish
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		<u>505 Equipment Replacement</u>
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	240,748
388 / 588	Prior Period Adjustments, Net	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	116,752
350	Fines and Penalties	-
360	Miscellaneous Revenues	3,497
Total Revenues:		<u>120,249</u>
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	31,217
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>31,217</u>
Excess (Deficiency) Revenues over Expenditures:		89,032
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<u>-</u>
Other Decreases in Fund Resources		
594-595	Capital Expenditures	40,780
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
581	Other Uses	-
Total Other Decreases in Fund Resources:		<u>40,780</u>
Increase (Decrease) in Cash and Investments:		<u>48,252</u>
Ending Cash and Investments		
5081000	Reserved	-
5088000	Unreserved	289,000
Total Ending Cash and Investments		<u>289,000</u>

City of Snohomish
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

	Total for All Funds (Memo Only)	Investment Trust
308	Beginning Cash and Investments	12,664
388 & 588	Net Adjustments	-
310-390	Additions	264
510-590	Deductions	-
	Net Increase (Decrease) in Cash and Investments:	264
508	Ending Cash and Investments	12,928

The accompanying notes are an integral part of this statement.

City of Snohomish
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	Investment Trust
308	Beginning Cash and Investments	12,497	12,497
388 & 588	Prior Period Adjustment, Net	-	-
310-390	Additions	167	167
510-590	Deductions	-	-
	Net Increase (Decrease) in Cash and Investments:	167	167
508	Ending Cash and Investments	12,664	12,664

The accompanying notes are an integral part of this statement.

City of Snohomish
Notes to the Financial Statements
For the year ended December 31, 2019

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 Mayor-Council form of government. The City is a general purpose local government and provides public safety, street improvements, parks and recreation, municipal utilities (water-sewer-storm water-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 in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter [43.09](#) RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements. (see note to the financial statements)
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

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

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Annual leave may be accumulated up to 30 days and is payable upon separation or retirement. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 4 - Debt Service Requirements.

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

Fund	Title	Amount	Description
001	General Fund	\$30	Affordable Housing
104	Park Impact Fee	\$796,857	Park Capital Improvements
107	Visitor Promotion	\$33,850	Tourism Promotion
108	PBIA	\$56,528	Improvements in the Historic Downtown Business Area
125	Street Impact Reserve	\$443,095	Transportation Capital Improvements
130	Transportation Benefit District	\$3,527,862	Transportation Capital Improvements
305	Real Estate Excise Tax	\$796,744	Capital Improvements
	TOTAL	\$5,654,966	

Note 2 – Budget Compliance

The City adopts a biennial appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the fiscal year end.

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

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

Fund	Fund Name	Final Appropriation	Actual Expenditures	Variance
001	General	19,391,055	8,813,139	10,577,916
102	Streets	2,223,025	959,648	1,263,377
104	Park Impact Fee	0	0	0
107	Visitor Promotion	23,000	8,437	14,563
108	PBIA	50,000	23,900	26,100
113	Police Seizure	0	0	0
125	Traffic Impact Fee	148,800	74,400	74,400
130	Transportation Benefit Dist.	1,359,679	675,655	684,024
205	Debt Service	123,175	62,723	60,453
305	Real Estate Excise Tax	1,645,000	822,500	822,500
310	Municipal Capital Projects	2,616,938	299,824	2,317,114
311	Street Capital Projects	5,162,223	1,198,638	3,963,585
401	Water Utility	5,201,364	2,563,759	2,637,605
402	Wastewater Utility	10,910,426	3,320,117	7,590,309
403	Solid Waste	0	5	(5)
404	Stormwater Utility	3,316,654	883,229	2,433,425
501	Fleet & Facilities	1,824,885	814,672	1,010,213
502	Information Services	1,192,689	586,658	606,031
503	Unemployment Insurance	10,000	0	10,000
505	Equipment Replacement	189,000	180,996	8,004
	Fund Totals	55,387,913	21,288,298	34,099,615

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's legislative body.

Note 3 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2019 are as follows:

Cash & Cash Equivalent Portfolio			Trust & Agencies
	Total	City	
Petty Cash	570	570	
Cash Accounts	6,446,105	6,433,176	12,929
LGIP	20,442,839	20,442,839	
Investment Accounts	6,621,742	6,621,742	
Total Portfolio	33,511,256	33,498,327	12,929

It is the City’s policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City’s deposits are covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City or its agent in the government’s name.

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the City and summarizes the City’s debt transactions for year ended December 31, 2019.

The debt service payment for general obligation bonds and Public Works Trust Fund Loans are as follows:

City of Snohomish Debt Service Obligations as of December 31, 2019					
Year	General Obligation Bonds	Interest	Other Debt	Interest	Total Debt
2020	45,000	15,053	715,403	22,933	798,389
2021	50,000	12,960	715,403	19,356	797,719
2022	50,000	10,560	715,403	15,779	791,742
2023	55,000	8,160	660,304	12,202	735,667
2024	55,000	5,520	660,304	8,901	729,725
2024-2028	60,000	2,880	1,119,851	13,445	1,196,176
Totals	315,000	55,133	4,586,668	92,617	5,049,419

Note 5 - Property Tax

The County Treasurer for Snohomish County acts as an agent to collect property taxes levied in their respective county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after the tax is levied.

The City's regular levy for 2019 was \$. 0.78475369236 per \$1,000 on an overall final assessed valuation of \$1,588,044,672 for a regular levy of \$1,246,224.

Note 6 – Pension Plans

Substantially all city’s full-time and qualifying part-time employees participate in the Public Employees’ Retirement System (PERS) Plans 2 and 3 administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, 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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov

At June 30, 2019 the city’s proportionate share of the collective net pension liabilities, as reported on Schedule 09 was as follows:

	Allocation %	Liability(Asset)
PERS 1	0.027961%	1,075,200
PERS 2 and 3	0.036113%	350,780
LEOFF 1	0.005512%	(108,951)

LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, the funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

Note 7 – OPEB Plans

The City provides benefits for two LEOFF 1 retirees for medical and long term care. The medical plan is administered by Association of Washington Cities Employee Benefit Trust Health Care Program and long term care plan is administered by Unum. These are defined benefit plans. The City reimburses the retirees any out of pocket costs not covered by the medical plan.

The OPEB liability as of December 31, 2019 is \$879,137. The City contributed \$26,262 for the year ended December 31, 2019.

NOTE 8 – HEALTH & WELFARE

The City of Snohomish is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2019, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250

employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Note 9 – 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 (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 163 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, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, 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, reinsurance and other 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.

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 10: Joint Venture

AHA – Alliance for Housing Affordability:

In September, 2013, the City of Snohomish joined the cities of Edmonds, Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Greek, Mountlake Terrace, Mukilteo, and the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May, 2014 to add the City of Arlington and in June, 2014 to add the City of Stanwood.

The purpose of AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County (HASCO). Fiscal agent duties were transferred to HASCO during fiscal year 2018. The values included in the table below were audited and updated by the new fiscal agent and may be different than what was reported in previous years.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first two years of organizational start-up. The City of Snohomish’s equity share to date is:

Fiscal Year 7/1/XX – 6/30/XX	AHA’s Total Fiscal Year Budget	Snohomish’s Share of Budget	Snohomish’s Share as % of Total AHA Budget
2014	\$89,850	\$1,000	1.11%
2015	\$92,543	\$1,030	1.11%
2016	\$93,651	\$1,061	1.13%
2017	\$97,934	\$1,591	1.62%
2018	\$102,586	\$1,639	1.60%

2019	\$107,391	\$1,688	1.57%
2020	\$112,408	\$1,738	1.55%

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

Budget monitoring information can be obtained from Pam Frost, Director of Finance, HASCO, 12711 4th Ave W, Everett WA 98204 (or email: pfrost@hasco.org) or from Chris Collier, Program Manager, Alliance for Housing Affordability, 12711 4th Ave W, Everett WA 98204.

Note 11: Subsequent Events

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The City is planning for decreases of up to 40% in revenues for the general fund in 2020 mainly due to sales tax revenue reductions and a decrease of up to 15% in utility revenues due to delinquent payments.

The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

City of Snohomish
Notes to the Financial Statements
For the year ended December 31, 2018

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 Mayor-Council form of government. The City is a general purpose local government and provides public safety, street improvements, parks and recreation, municipal utilities (water-sewer-storm water-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 in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

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

FIDUCIARY FUND TYPES:

Custodial Funds

These funds are used to account for assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

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

C. Budgets

The City adopts annual appropriated budgets for General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Proprietary Funds, and Trust and Custodial funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follow:

City of Snohomish
Final Appropriations vs. Actual Expenditures
By Fund as of December 31, 2018

Fund	Fund Name	Final Appropriation	Actual Expenditures	Variance
001	General	9,398,497	8,691,055	707,442
102	Streets	1,095,026	960,384	134,642
104	Park Impact Fee	0		0
107	Visitor Promotion	11,500	9,717	1,783
108	PBIA	25,000	22,026	2,974
113	Police Seizure	0		0
117	Real Estate Excise Tax	1,287,500	1,162,500	125,000
125	Traffic Impact Fee	145,800	112,000	33,800
130	Transportation Benefit Dist.	650,000	525,000	125,000
205	Debt Service	59,443	59,543	-100
310	Municipal Capital Projects	1,172,944	746,775	426,169
311	Street Capital Projects	2,598,795	1,448,103	1,150,692
401	Water Utility	3,757,242	2,466,058	1,291,184
402	Wastewater Utility	4,605,624	3,763,057	842,567
403	Solid Waste	0	1,048	-1,048
404	Stormwater Utility	2,116,178	2,112,072	4,106
501	Fleet & Facilities	909,349	851,324	58,025
502	Information Services	674,056	516,433	157,623
503	Self-insurance	5,000		5,000
505	Equipment Replacement	72,000	71,997	3
	Fund Totals	28,583,954	23,519,092	5,064,862

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's legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Annual leave may be accumulated up to 30 days and is payable upon separation or retirement. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 5, *Debt Service Requirements*.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when expenditure is subject to restrictions imposed by external parties or due to internal commitments established by the City Council. When expenditures that meet the restrictions are incurred, the City intends to use the reserved resources first before using unreserved amounts.

Reservation of Ending Cash and Investments consist of:

Fund	Title	Amount	Description
104	Park Impact Fee	\$369,271	Park Capital Improvements
107	Visitor Promotion	\$23,081	Tourism Promotion
108	PBIA	\$61,543	Improvements in the Historic Downtown Business Area
117	Real Estate Excise Tax	\$1,003,255	Capital Improvements
125	Street Impact Reserve	\$412,899	Transportation Capital Improvements
130	Transportation Benefit District	\$3,077,813	Transportation Capital Improvements
	TOTAL	\$4,947,861	

Note 2 – Deposits and Investments

It is the City's policy to invest all temporary cash surpluses. The amounts are included in the 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.

The City's deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. The City's deposits and investments are insured, registered or held by the City or it's agent in the City's name. Deposits and investments are presented at their cost basis. The City's Cash and Cash Equivalents at December 31, 2018 are as follows:

Cash & Cash Equivalent Portfolio			
	Total	City	Trust & Agencies
Petty Cash	570	570	
Cash Accounts	5,522,219	5,509,556	12,664
LGIP	18,052,077	18,052,077	
Investment Accounts	4,518,913	4,518,913	
Total Portfolio	28,093,779	28,081,116	12,664

Note 3 - Property Tax

The County Treasurer for Snohomish County acts as an agent to collect property taxes levied in their respective county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after the tax is levied.

The City's regular levy for 2018 was \$.84230424560 per \$1,000 on an overall final assessed valuation of \$1,454,286,413 for a regular levy of \$1,224,952.

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the City and summarizes the City’s debt transactions for year ended December 31, 2018.

The debt service payment for general obligation bonds and Public Works Trust Fund Loans are as follows:

City of Snohomish Debt Service Obligations as of December 31, 2018					
Year	General Obligation Bonds	Interest	Other Debt	Interest	Total Debt
2019	45,000	17,123	715,403	26,510	804,036
2020	45,000	15,053	715,403	22,933	798,389
2021	50,000	12,960	715,403	19,356	797,719
2022	50,000	10,560	715,403	15,779	791,742
2023	55,000	8,160	660,304	12,202	735,667
2024-2028	115,000	8,400	1,780,151	22,346	1,925,897
Totals	360,000	72,256	5,302,067	119,128	5,853,451

Note 5 – Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the Public Employees’ Retirement System (PERS) Plans 2 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 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov

At June 30, 2018(the measurement date of the plans) the city’s proportionate share of the collective net pension liabilities, as reported on schedule 9 was as follows:

	Allocation %	Liability(Asset)
PERS 1	0.025763%	1,150,584
PERS 2 and 3	0.032904%	561,807
LEOFF 1	0.005416%	(98,328)

LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, the funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

Note 6: Health and Welfare

The City of Snohomish is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2018, 257 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance

through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2018, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers' contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns.

The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Note 7: 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 160 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, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sub-limits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sub-limits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sub-limits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, 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, reinsurance and other administrative expenses. As outlined in the inter-local, 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.

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 8: Joint Venture

AHA – Alliance for Housing Affordability:

In September, 2013, the City of Snohomish joined the cities of Edmonds, Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Greek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May, 2014 to add the City of Arlington and in June, 2014 to add the City of Stanwood.

The purpose of AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County (HASCO). Fiscal agent duties were transferred to HASCO during fiscal year 2018. The values included in the table

below were audited and updated by the new fiscal agent and may be different than what was reported in previous years.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first two years of organizational start-up. The City of Snohomish's equity share to date is:

Fiscal Year 7/1/XX – 6/30/XX	AHA's Total Fiscal Year Budget	Snohomish's Share of Budget	Snohomish's Share as % of Total AHA Budget
2014	\$89,850	\$1,000	1.11%
2015	\$92,543	\$1,030	1.11%
2016	\$93,651	\$1,061	1.13%
2017	\$97,934	\$1,591	1.62%
2018	\$102,586	\$1,639	1.60%
2019	\$107,391	\$1,688	1.57%

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

Budget monitoring information can be obtained from Pam Frost, Director of Finance, HASCO, 12711 4th Ave W, Everett WA 98204 (or email: pfrost@hasco.org) or from Chris Collier, Program Manager, Alliance for Housing Affordability, 12711 4th Ave W, Everett WA 98204.

**City of Snohomish
Schedule of Liabilities
For the Year Ended December 31, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	ULMT Bond Rivertrail 800mhz	6/7/2025	360,000	-	45,000	315,000
	Total General Obligation Debt/Liabilities:		360,000	-	45,000	315,000
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liability		1,712,391	-	286,411	1,425,980
264.40	OPEB		-	879,137	-	879,137
259.12	Compensated Absence		217,337	192,240	175,608	233,969
259.12	Compensated Absences		99,690	269,382	263,241	105,831
263.82	PWTFL-Phase 1 CSO Improvements	5/3/2027	1,043,859	-	104,386	939,473
263.82	PWTFL-CTED WWTP Upgrades	7/3/2028	1,203,125	-	120,313	1,082,812
263.82	PWTFL-Cemetary Creek Trunk 1	3/1/2022	220,398	-	55,099	165,299
263.82	PWTFL- Cemetary Creek Trunk 2	5/1/2024	2,171,531	-	361,922	1,809,609
263.82	PWTFL-Cemetary Creek Trunk 3	7/1/2027	663,158	-	73,684	589,474
	Total Revenue and Other (non G.O.) Debt/Liabilities:		7,331,489	1,340,759	1,440,664	7,231,584
	Total Liabilities:		7,691,489	1,340,759	1,485,664	7,546,584

**City of Snohomish
Schedule of Liabilities
For the Year Ended December 31, 2018**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	ULMT Bond Rivertrail	7/1/2025	400,000	-	40,000	360,000
263.98	Compensated Absences GO	1/1/2014	207,960	288,646	279,269	217,337
Total General Obligation Debt/Liabilities:			607,960	288,646	319,269	577,337
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liability		2,324,008	-	611,617	1,712,391
263.82	PWTF Phase 1 CSO	5/1/2027	1,148,245	-	104,386	1,043,859
263.82	PWTF CTED WWTP	7/1/2028	1,323,438	-	120,313	1,203,125
263.82	PWTF Cemetary Creek 1	3/1/2022	275,497	-	55,099	220,398
263.82	PWTF Cemetary Creek 2	5/1/2024	2,533,453	-	361,922	2,171,531
263.82	PWTF Cemetary Creek 3	7/1/2027	736,842	-	73,684	663,158
259.12	Compensated Abs Proprietary	1/1/2014	101,407	131,995	133,712	99,690
Total Revenue and Other (non G.O.) Debt/Liabilities:			8,442,890	131,995	1,460,732	7,114,152
Total Liabilities:			9,050,850	420,641	1,780,001	7,691,489

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
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