

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

Snohomish County

Audit Period
January 1, 2012 through December 31, 2012

Report No. 1010255

Issue Date
August 19, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

August 19, 2013

Board of Commissioners
Snohomish County
Everett, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Federal Summary

Snohomish County January 1, 2012 through December 31, 2012

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

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information.

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 County.

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 unmodified opinion on the County's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.218	CDBG - Entitlement Grants Cluster - Community Development Block Grants/Entitlement Grants
14.238	Shelter Plus Care
14.253	ARRA - CDBG - Entitlement Grants Cluster - Community Development Block Grants/Entitlement Grants (Recovery Act)
20.106	Airport Improvement Program
81.128	ARRA-Energy Efficiency and Conservation Block Grant Program (Recovery Act)
93.568	Low Income Home Energy Assistance
93.600	Head Start Cluster - Head Start
93.778	Medicaid Cluster - Medical Assistance Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$1,305,563.

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

Schedule of Prior Federal Audit Findings

Snohomish County January 1, 2012 through December 31, 2012

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

Audit Period: 1/1/2011-12/31/2011	Report Reference No: 1008263	Finding Reference No: 1	CFDA Number(s): 93.600 and 93.709
Federal Program Name and Granting Agency: Head Start and ARRA - Early Head Start, U.S. Department of Health and Human Services		Pass-Through Agency Name: NA	
Finding Caption: The County did not comply with federal requirements for procurement, suspension and debarment and earmarking related to its Head Start Grant Cluster.			
Background: <u>Procurement and Suspension and Debarment</u> The County Human Services Department paid a vendor \$29,635 for interpreter services. It did not have procedures to obtain quotes or bids to ensure it met competitive procurement requirements. The County also did not have procedures to obtain information necessary to meet suspension and debarment verification for this vendor. As a result, the County cannot ensure it obtained the best services for the most competitive price. Without adequate internal controls, the risk is increased for paying vendors that were not eligible to participate in the federal program. <u>Earmarking</u> The grantor for the Head Start grant bases funding on the number of children required to be enrolled. The grantor required the County Human Services Department to enroll 82 children in its program for 2011. However, the County did not do so.			
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <u>Procurement and Suspension and Debarment</u> <i>The Department initiated a competitive process for the procurement of interpreter services during the fall of 2012. The process resulted in the awarding of contracts to four successful vendors effective April 1, 2013. The Department also has existing procedures in place to verify and document suspension and debarment using the Excluded Parties List System (EPLS), before entering into any contract with all service providers.</i>			

Earmarking

Beginning with the grant period starting September 30, 2011, the County has significantly improved procedures to ensure the program is fully enrolled. We have assigned recruitment to a staff person and conduct monthly recruitment meetings to ensure we have full enrollment and maintain a waiting list. We reached full enrollment in January 2012, and remain fully enrolled.

Audit Period: 1/1/2011-12/31/2011	Report Reference No: 1008263	Finding Reference No: 2	CFDA Number(s): 16.808
Federal Program Name and Granting Agency: ARRA - Edward Byrne Memorial Competitive Grant Program, U.S. Department of Justice		Pass-Through Agency Name: NA	
Finding Caption: The County's internal controls over its American Recovery and Reinvestment Act Edward Byrne Memorial Competitive Grant Program are inadequate to ensure compliance with federal regulations.			
Background: <u>Allowable activities and allowable costs</u> The County Superior Court purchased unallowable items, such as gift cards and movie theater passes, as incentives for drug court participants. Further, the Court did not ensure all incentives were monitored and tracked and provided only to participants who had earned them. Our audit identified questioned costs of \$863 for incentives for program participants. <u>Procurement and suspension and debarment</u> The County Superior Court paid a vendor \$30,891 for laboratory services, but could not demonstrate it met competitive procurement requirements. Further, the Court did not meet suspension and debarment verification requirements. The Court also paid a vendor \$42,711 for a case management software database, but did not meet suspension and debarment verification requirements by confirming the status of this vendor. The County cannot ensure it obtained the best services for the most competitive price. In addition, without adequate internal controls, the risk is increased for paying vendors that were not eligible to participate in the federal program.			
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>In 2011 the Court started including a paragraph in every Request for Proposal and Contract requiring that the responder ensure that his/her entity is not suspended or debarred from receiving federal funds.</i> <i>Staff has been provided additional training regarding allowable costs. A system is in place to ensure that every gift card that is purchased is logged into a spreadsheet and every gift card that is given out is recorded as to who gave out the card, recipients are required to sign for receipt of the card(s). These receipts are then matched with the inventory spreadsheet to be sure there are no discrepancies.</i>			

Audit Period: 1/1/2011-12/31/2011	Report Reference No: 1008263	Finding Reference No: 3	CFDA Number(s): 97.036
Federal Program Name and Granting Agency: Disaster Grants - Public Assistance, U.S. Department of Homeland Security		Pass-Through Agency Name: Military Department	
Finding Caption: Snohomish County's internal controls were inadequate to ensure compliance with federal grant requirements of the Disaster Grant Program.			
Background: The County's equipment use records do not distinguish between operating time and standby time at the job site. Without adequate internal controls or documentation over the tracking of the use of equipment, the County cannot ensure or demonstrate that federal funds are only being used to pay for time in which equipment is being used. Our audit identified \$122 in questioned costs and estimated additional likely unsupported equipment charges of \$39,291.			
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input checked="" type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The audit finding was reviewed by FEMA and the Washington State Department of Military Public Assistance Program. An excerpt from their March 15, 2013, Management Decision report is as follows:</i> <p style="margin-left: 40px;"><i>WA EMD is confident that Snohomish County has maintained internal controls that provide a reasonable assurance of compliance and eligibility. Based on the extensive sampling of equipment done by the State Project Officer and the auditor, it is apparent, the County has more than demonstrated standby time for equipment was not claimed. The auditor seems to feel that the County was remiss in not showing how much standby time there was. However, this is an unreasonable expectation and not defined in FEMA record keeping guidance.</i></p>			

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*

Snohomish County
January 1, 2012 through December 31, 2012

Board of Commissioners
Snohomish County
Everett, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Snohomish County, Washington, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 21, 2013. During the year ended December 31, 2012, the County implemented Governmental Accounting Standards Board Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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 County's financial statements are free from material misstatement, we performed tests of the County'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 County'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 County'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.



TROY KELLEY
STATE AUDITOR

June 21, 2013

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Snohomish County
January 1, 2012 through December 31, 2012

Board of Commissioners
Snohomish County
Everett, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Snohomish County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report 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 black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR

July 10, 2013

Independent Auditor's Report on Financial Statements

Snohomish County January 1, 2012 through December 31, 2012

Board of Commissioners
Snohomish County
Everett, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Snohomish County, Washington, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed on page 14.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Snohomish County, as of December 31, 2012, and the respective changes in financial position thereof, and the respective budgetary comparison for the General, Special Revenue, County Road and Human Services funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2012, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26 and information on postemployment benefits other than pensions on page 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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*. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013 on our consideration of the County'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 County's internal control over financial reporting and compliance.

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

TROY KELLEY
STATE AUDITOR

June 21, 2013

Financial Section

Snohomish County January 1, 2012 through December 31, 2012

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2012

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2012
Statement of Activities – 2012
Balance Sheet – Governmental Funds – 2012
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – 2012
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – 2012
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – 2012
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund – 2012
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund – 2012
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – County Roads Fund – 2012
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Human Services Fund – 2012
Statement of Net Position – Proprietary Funds – 2012
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2012
Statement of Cash Flows – Proprietary Funds – 2012
Statement of Net Position – Fiduciary Funds – 2012
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2012
Notes to Financial Statements – 2012

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Plan (OPEB) – Schedule of Funding Progress – 2012

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards and Notes – 2012

Our discussion and analysis of Snohomish County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2012. Please read it in conjunction with the transmittal letter at the front of this report, the County's financial statements and the notes to the financial statements, which follow.

FINANCIAL HIGHLIGHTS

- As of December 31, 2012, total assets of the County exceeded total liabilities plus deferred inflows of resources by \$1.1 billion (net position). \$913 million, or 84%, of this amount is net investment in capital assets. Of the remaining amount reported as net position, \$33 million, or 3%, is unrestricted and may be used to meet the County's ongoing obligations.
- In 2012, the County's total net position increased by 7% or \$68 million from the prior year. The governmental net position increased by 6% or \$51 million from the prior year. The business type net position increased 10% or \$17 million.
- As of December 31, 2012, the County's governmental funds reported combined ending fund balances of \$142.4 million. Approximately 12% or \$16.6 million is unassigned and available for spending at the government's discretion within the purposes specified for the County's funds.
- As of December 31, 2012, the County's business-type funds reported a combined net position of \$192.5 million. Of that amount \$(3.5) million is unrestricted. The negative balance reflects the Airport Fund's significant investment in capital assets as well as its unspent bond proceeds.
- At the end of 2012, the general fund total assigned fund balance was \$3 million and the unassigned fund balance was \$16.6 million. The fund balance amounts to 10% of total general fund expenditures for 2012. Total fund balance for the general fund decreased by 2% or \$360.5 thousand for the year.
- General obligation debt issued during 2012 totaled \$48.2 million. Of that amount, \$3.7 million represented advance refunding, which resulted in an economic gain of \$526 thousand. Total activity for all general obligation debt during 2012 resulted in a net increase of \$25.1 million in total general obligation debt liability.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Basic Financial Statements include the Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements. Within the Government-wide financial Statements, the Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund Financial Statements for governmental activities tell how these funds' services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the County's operations in more detail than the Government-wide Statements by providing information about the County's most significant funds. The remaining Basic Financial

Statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

The Comprehensive Annual Financial Report (CAFR) also includes a Supplemental Schedules section that provides more detailed information about the County.

Reporting the County as a Whole - Countywide Financial Statements

The Countywide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Statement of Net Position and Statement of Activities

The **Statement of Net Position** presents information on all of the County's assets, liabilities plus deferred inflows of resources, with the difference between the two reported as net position. **The Statement of Activities** presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

These two statements report the County's net position and changes in it. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. Readers of these statements should also consider other non-financial factors, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

Within the Statement of Net Position and the Statement of Activities, the County's financial information is divided into three types of activities:

Governmental Activities:

Most of the County's functions are reported here, including general government, judicial, public safety, physical environment, transportation, health and human services, economic environment, and culture and recreation. Governmental activities are primarily supported by property taxes, sales taxes, federal and state grants, and state shared revenues.

Business-Type Activities:

These functions are intended to recover all, or a significant portion of, their costs through user fees and charges to external users of goods and services. User fees are charged for surface water management, solid waste disposal, and the Paine Field Airport.

Discretely Presented Component Units:

The County's financial statements include financial information of the Pilchuck Development Corporation (PDC) and the Snohomish County Public Facilities District (PFD). These component units are described in the notes to the financial statements. The component units are separate legal entities that may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

Reporting the County's Most Significant Funds

Fund Financial Statements:

The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by state law or by bond covenants. The County Council establishes funds to help it control and manage money for particular purposes (an example would be the Snohomish County Road Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (an example would be grants received from the federal government for various services provided by the Human Services Department). The County's governmental and proprietary funds use different accounting methods, which are described in the following sections.

Governmental funds:

Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information assists in determining if fewer financial resources can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliation Statements are provided to describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds. The County's major governmental funds are the General Fund, the Special Revenue Fund, the County Road Fund and the Human Services Fund. Individual fund data for each of the non-major funds is provided in the form of combining statements in the supplemental schedules section.

Proprietary funds:

Proprietary funds are generally used to account for services for which the County charges customers a fee. Proprietary funds are reported using the accrual method of accounting, which is the same method used for reporting the Statement of Net Position and the Statement of Activities. The proprietary fund statements provide additional types of information as compared to the governmental fund statements, such as cash flows.

Reporting the County's Fiduciary Responsibilities:

The County is the trustee, or fiduciary, for several entities such as fire districts. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and, for the external investment pool, a Statement of Changes in Fiduciary Net Position. These activities are excluded from the County's other financial statements because the County cannot use the assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – Combining Statements

The combining statements, which provide detail information for non-major governmental, internal service funds, component units, and agency funds, are presented in the supplemental schedules section.

FINANCIAL ANALYSIS

As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. The following schedule provides a summary of the assets, liabilities, deferred inflows of resources and net position of the County.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current	\$ 265,735,641	\$ 263,535,858	\$ 84,058,917	\$ 53,288,552	\$ 349,794,558	\$ 316,824,410
Noncurrent	19,574,020	18,775,430	1,071,763	801,815	20,645,783	19,577,245
Capital Assets	987,039,131	963,845,755	253,975,658	234,411,079	1,241,014,789	1,198,256,834
Total Assets	1,272,348,792	1,246,157,043	339,106,338	288,501,446	1,611,455,130	1,534,658,489
Liabilities						
Current Liabilities	91,606,133	115,975,094	17,613,602	15,668,862	109,219,735	131,643,956
Noncurrent Liabilities	284,776,248	287,023,747	128,981,075	97,348,591	413,757,323	384,372,338
Total Liabilities	376,382,381	402,998,841	146,594,677	113,017,453	522,977,058	516,016,294
Deferred Inflows of Resources						
Deferred Service Concession Agreements	1,586,709	-	-	-	1,586,709	-
Total Deferred Inflow of Resources	1,586,709	-	-	-	1,586,709	-
Net Position						
Net Investment in Capital Assets	746,925,944	716,330,913	166,476,140	152,494,980	913,402,084	868,825,893
Restricted	110,972,156	94,461,981	29,551,183	563,490	140,523,339	95,025,471
Unrestricted	36,481,602	32,365,308	(3,515,662)	22,425,523	32,965,940	54,790,831
Total Net Position	\$ 894,379,702	\$ 843,158,202	\$ 192,511,661	\$ 175,483,993	\$ 1,086,891,363	\$ 1,018,642,195

Snohomish County's overall financial position improved for 2012. For the year ended December 31, 2012, net position changed as follows:

Total Net Position of the County increased by \$68.2 million or 7% from the prior year. Governmental Activities' Total Net Position increased by 6% from the prior year. The increase was primarily due to increases in all reported revenue streams as compared to a net reduction in total expense functions. Business-Type Activities' Total Net Position increased by 10% from the prior year. The increase was primarily due to increases in charges for services and rent/lease/concession revenues and expense streams that were stable as compared to the prior year.

Total assets of the County exceeded total liabilities and deferred inflows of resources by just over \$1 billion (net position). The unrestricted net position for governmental activities was \$36.5 million and for business-type activities was \$(3.5) million. The unrestricted amounts assist the County in meeting ongoing

obligations to citizens and creditors. The negative balance in unrestricted net position of the business type activities indicates that no funds are available for discretionary purposes. The negative balance is specific to the Airport Fund. Governmental activities restricted net position was \$111 million. The restricted net position of business-type activities was \$29.6 million. Amounts reported in restricted net position are subject to external legal or contractual restrictions, such as those imposed by the Revised Code of Washington or by contractual agreements with parties outside the County.

The County's total assets were \$1.6 billion as of December 31, 2012. Capital assets represent \$1.2 billion of this amount. As required by GASB Statement No. 34, the County reports its infrastructure assets as a component of total capital assets; infrastructure assets amounted to \$518 million, net of depreciation, at December 31, 2012. The County's current assets consist of \$275.6 million of cash and investments, \$72.1 million of receivables, net of allowance for uncollectible accounts, and miscellaneous other current assets of \$2.1 million. Total non-current assets include \$7.1 million for the County's equity interest in the Snohomish Emergency Radio System joint venture, \$3.6 million for deferred charges, and \$10 million for notes/contracts receivable.

The largest portion of the County's net position, \$913 million, or 84%, reflects its investment in capital assets (e.g., land and improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets for operations and to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At December 31, 2012, the County had total outstanding liabilities of \$523 million. General obligation bonds and other long-term loans payable were \$393.7 million, of which \$21.6 million was due within one year. Other current liabilities consist of accounts payable of \$19.2 million, due to other governments in the amount of \$12.9 million, unearned revenues of \$36.4 million, accrued liabilities of \$11.2 million and current portion of landfill closure costs reserve of \$901 thousand. A liability of \$13 million is recorded for general liability and workers' compensation claims, of which \$3.4 million was due within one year. Other significant non-current liabilities include compensated absences of \$22 million and future landfill closure costs reserve of \$9.6 million.

The following schedule provides a summary of the changes in net assets:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$ 78,737,117	\$ 67,546,315	\$ 81,915,665	\$ 78,604,414	\$ 160,652,782	\$ 146,150,729
Operating Grants and Contributions	91,334,657	96,109,008	1,250,914	2,494,917	92,585,571	98,603,925
Capital Grants and Contributions	31,804,474	36,980,415	13,273,150	3,554,186	45,077,624	40,534,601
Total Program Revenues	201,876,248	200,635,738	96,439,729	84,653,517	298,315,977	285,289,255
General Revenues						
Property Taxes	128,735,600	126,372,999	-	-	128,735,600	126,372,999
Sales/Use Taxes	51,972,125	47,247,127	-	-	51,972,125	47,247,127
Real Estate Excise Tax	9,843,014	7,351,824	-	-	9,843,014	7,351,824
Business and Other Taxes	14,172,048	13,097,688	-	-	14,172,048	13,097,688
Intergovernmental Revenues	26,031,281	13,973,089	-	-	26,031,281	13,973,089
Interest and Investment Earnings	9,851,193	11,318,962	343,985	365,877	10,195,178	11,684,839
Miscellaneous Revenues	117,457	115,844	53,006	26,073	170,463	141,917
Total General Revenues	240,722,718	219,477,533	396,991	391,950	241,119,709	219,869,483
Total Revenues	442,598,966	420,113,271	96,836,720	85,045,467	539,435,686	505,158,738
Expenses						
General Government	46,449,546	51,672,661	-	-	46,449,546	51,672,661
Judicial	40,250,440	32,181,326	-	-	40,250,440	32,181,326
Public Safety	123,396,116	121,254,086	-	-	123,396,116	121,254,086
Physical Environment	680,773	1,234,475	-	-	680,773	1,234,475
Transportation	75,851,260	94,433,357	-	-	75,851,260	94,433,357
Health and Human Services	47,740,267	51,557,316	-	-	47,740,267	51,557,316
Economic Environment	29,169,379	27,194,328	-	-	29,169,379	27,194,328
Culture and Recreation	16,413,182	13,437,749	-	-	16,413,182	13,437,749
Interest on Long-Term Debt	10,905,994	12,919,605	-	-	10,905,994	12,919,605
Airport	-	-	19,397,201	18,135,767	19,397,201	18,135,767
Solid Waste	-	-	44,788,079	44,465,301	44,788,079	44,465,301
Surface Water	-	-	16,144,281	17,693,416	16,144,281	17,693,416
Total Expenses	390,856,957	405,884,903	80,329,561	80,294,484	471,186,518	486,179,387
Excess (Deficiency) Before Transfers	51,742,009	14,228,368	16,507,159	4,750,983	68,249,168	18,979,351
Transfers In (Out)	(520,509)	(999,001)	520,509	999,001	-	-
Change in Net Position	51,221,500	13,229,367	17,027,668	5,749,984	68,249,168	18,979,351
Net Position, Beginning of Year	\$ 843,158,202	\$ 829,928,835	\$ 175,483,993	\$ 169,734,009	\$ 1,018,642,195	\$ 999,662,844
Net Position, End of Year	\$ 894,379,702	\$ 843,158,202	\$ 192,511,661	\$ 175,483,993	\$ 1,086,891,363	\$ 1,018,642,195

The Total Change in Net Position was an increase of 7% or \$68.2 million from the prior year. Of that total, Governmental Activities' most significant revenue increase was reported in charges for services. Governmental Activities' expense decreased from the prior year by 4%, resulting in an Excess Before Transfers of \$51.7 million. In total, governmental activities net position increased \$51.2 million or 6% from the prior year. Business-type Activities' net position increased 10% from the prior year primarily due to increases in the Airport's capital grants and contributions revenue.

Total 2012 revenues for the County were \$539 million. Of the total County revenues, governmental activities provided 82%, or \$442.6 million, while business-type activities provided 18%, or \$96.8 million.

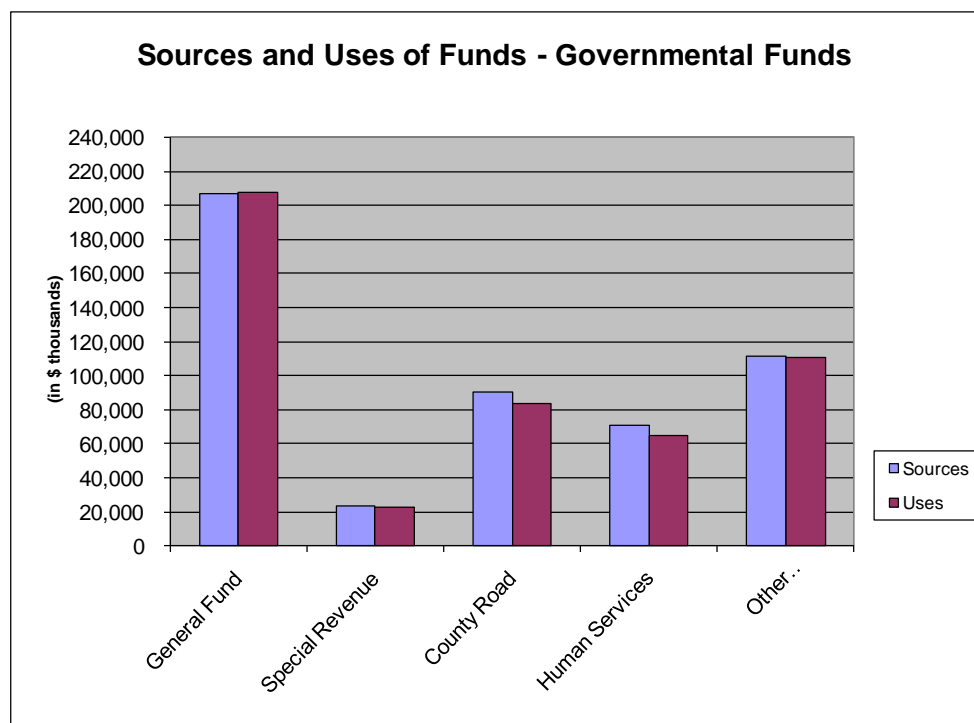
The majority of revenues for governmental activities were derived from property taxes, operating grants and contributions, charges for services and sales/use taxes. Together those revenue sources accounted for 80% of total governmental activity revenues. Property taxes provided 29% or \$128.7 million, operating grants and contributions provided 21% or \$91.3 million, charges for services provided 18% or \$78.7 million, and sales/use taxes provided 12% or \$52 million of total governmental activity revenues. Most of the governmental activities' resources were spent for Public Safety, 32%, Transportation, 20%, Health and Human Services, 13%, General Government, 12%, and Judicial, 11%. Interest on long-term debt and amortization of debt related items totaled \$10.9 million, which was 3% of governmental activities expenses for 2012.

Revenues for business-type activities consisted primarily of charges for services of \$81.9 million, which were 85% of total business-type activities revenues. Operating expenses for Solid Waste Management represented 56% of total expenses for business-type activities, Surface Water Management expenses were at 20%, and Airport expenses were at 24%.

FUND FINANCIAL INFORMATION

Governmental Funds

The General Fund, Special Revenue Fund, County Road Fund and Human Services Fund are the County's 2012 major funds. These funds account for 65% of total governmental fund assets and 56% of total governmental fund balances. Governmental funds' total assets amounted to \$211 million and total liabilities were \$66.9 million. The governmental funds' sources of funds exceeded the uses of funds, resulting in a net increase in fund balance of \$13.8 million. This was largely due to Special Revenue fund revenues that increased at a greater rate than expenditures as well as County Road Fund, Human Services Fund and Other Governmental Funds overall positive changes in fund balance. The total fund balance for all governmental funds at December 31, 2012 was \$142.4 million.



General Fund

The County's General Fund is the primary operating fund of the County and is used to account for all financial resources other than the resources that are required to be accounted for separately. As of December 31, 2012, total assets were \$29.5 million and total liabilities were \$8.4 million. The ending fund balance of \$19.6 million represents approximately 10% of the 2013 budgeted uses of funds for the 2013 fiscal year. The net change in fund balance for the general fund in 2012 was a decrease of \$360 thousand or 2%. The decrease was immaterial due to an overall revenue increase of 5% as compared to an overall expenditure increase of 3%. Sales tax and intergovernmental revenue increased at the greatest rate. Public safety functions experienced the greatest expenditure increases.

The Special Revenue Fund

The Special Revenue Fund accounts for various revenues that are restricted for specific purposes and are either small in amount or are for projects that have a limited life. The single largest source of project assets currently reported in the Special Revenue Fund is related to Brightwater Mitigation fees received from King County. Current deferred revenues related to those fees amount to \$22.6 million and account for 69% of the fund's total assets and 99.9% of the fund's total liabilities. The fund reported insignificant revenue and expense for other projects.

The County Road Fund

The County Road Fund accounts for the construction, maintenance and inspection of county streets, roads, and bridges and other countywide public works projects. The fund reported total assets of \$32.7 million, total liabilities of \$6.4 million and an ending fund balance of \$26.3 million, an increase of \$6.6 million or 34% from the prior year. Overall, both revenues and expenditures decreased during 2012. However, a \$3.3 million, or 36%, increase in transfers in of mitigation fees that were originally collected in other funds resulted in an increased fund balance at year-end.

The Human Services Fund

The Human Services Fund accounts for the administration, planning, development and provision of the following services: energy assistance; long term care and aging; developmental disabilities; mental health; alcohol and other drugs; community services; children and youth; veteran's relief; and other human services in Snohomish County. Total assets for this fund were \$43.3 million and total liabilities were \$18.7 million with ending fund balance at \$24.5 million, an increase of \$6 million, or 33% from the prior year. The majority of change resulted from a one-time increase in transfers in from two housing funds that were closed out during 2012. A significant decrease in transfers out to the general fund was offset by increased payments of judicial expenditures that had previously been paid by the general fund, resulting in minimal change to fund balance. Other less significant changes include increased charges for services revenue, which was derived from increased recording fee activity, and decreased grant revenues.

Other Governmental Funds

The County has 25 other special revenue funds, four debt service funds and six capital projects funds. These funds reported total assets of \$72.6 million, total liabilities of \$10.9 million and fund balances of \$61.7 million. \$46 million of the ending fund balance was restricted and \$15.7 million was committed.

Proprietary Funds

The County reported three major enterprise funds that represent the business-type activities in the government-wide financial statements. Eight internal service funds account for the operation of services provided to the different departments of the County. The principal users of internal service fund services

are the County's governmental activities; therefore, the internal service funds are consolidated into the governmental column in the Government-wide Financial Statements.

Net Position - Proprietary Funds										
	Solid Waste		Airport		Surface Water		Total		Internal Service Funds	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Assets										
Current Assets	\$ 28,803,039	\$ 26,703,774	\$ 33,293,784	\$ 4,797,732	\$ 21,962,094	\$ 21,787,046	\$ 84,058,917	\$ 53,288,552	\$ 40,734,933	\$ 30,390,938
Noncurrent Assets	246,889	199,077	745,103	514,103	79,771	88,635	1,071,763	801,815	12,404	13,720
Capital Assets	68,502,102	64,178,793	140,977,875	128,638,507	44,495,681	41,593,779	253,975,658	234,411,079	39,422,438	42,120,029
Total Assets	97,552,030	91,081,644	175,016,762	133,950,342	66,537,546	63,469,460	339,106,338	288,501,446	80,169,775	72,524,687
Liabilities										
Current Liabilities	6,033,366	5,990,252	7,981,304	6,057,345	3,598,932	3,621,265	17,613,602	15,668,862	13,273,525	13,698,920
Noncurrent Liabilities	41,915,392	37,276,348	77,268,089	49,445,831	9,797,594	10,626,412	128,981,075	97,348,591	19,431,171	18,101,187
Total Liabilities	47,948,758	43,266,600	85,249,393	55,503,176	13,396,526	14,247,677	146,594,677	113,017,453	32,704,696	31,800,107
Net Position										
Net Investment in Capital Assets	37,033,276	38,294,884	94,392,547	82,935,217	35,050,317	31,264,879	166,476,140	152,494,980	34,017,260	36,380,015
Restricted	-	-	28,487,394	563,490	1,063,789	-	29,551,183	563,490	5,698,071	3,525,122
Unrestricted	12,569,996	9,520,160	(33,112,572)	(5,051,541)	17,026,914	17,956,904	(3,515,662)	22,425,523	7,749,748	819,443
Total Net Position	\$ 49,603,272	\$ 47,815,044	\$ 89,767,369	\$ 78,447,166	\$ 53,141,020	\$ 49,221,783	\$ 192,511,661	\$ 175,483,993	\$ 47,465,079	\$ 40,724,580

Changes in Net Position – Proprietary Funds										
	Solid Waste		Airport		Surface Water		Total		Internal Service Funds	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Operating Income (Loss)	\$ 1,471,867	\$ 1,588,079	\$ 941,125	\$ 157,785	\$ 2,165,866	\$ 399,846	\$ 4,578,858	\$ 2,145,710	\$ 7,218,009	\$ 2,108,634
Non-Operating Revenues (Expenses)	249,725	(69,760)	(1,534,306)	(1,917,887)	(60,268)	1,038,735	(1,344,849)	(948,912)	39,058	695,997
Contributions and Transfers	66,636	35,769	11,913,384	1,456,673	1,813,639	3,060,744	13,793,659	4,553,186	(516,568)	(333,019)
Changes in Net Position	\$ 1,788,228	\$ 1,554,088	\$ 11,320,203	\$ (303,429)	\$ 3,919,237	\$ 4,499,325	\$ 17,027,668	\$ 5,749,984	\$ 6,740,499	\$ 2,471,612

Statement of Cash Flow – Proprietary Funds										
	Solid Waste		Airport		Surface Water		Total		Internal Service Funds	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cash Flow from Operating Activities	\$ 4,457,394	\$ 4,579,557	\$ 7,955,856	\$ 4,835,120	\$ 4,095,591	\$ 3,444,907	\$ 16,508,841	\$ 12,859,584	\$ 13,286,425	\$ 5,850,501
Cash Flow from Capital and Related Financing Activities	(3,045,036)	(3,456,548)	20,079,831	(7,383,281)	(4,679,454)	(2,126,499)	12,355,341	(12,966,328)	(2,463,913)	(3,221,018)
Cash Flow from Non-Capital Financing Activities	448,938	989,280	540,582	1,337,164	1,488,900	1,028,742	2,478,420	3,355,186	(439,550)	(240,583)
Cash Flow from Investing Activities	963,766	1,018,926	46,155	51,311	122,638	173,149	1,132,559	1,243,386	112,848	150,864
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,825,062	\$ 3,131,215	\$ 28,622,424	\$ (1,159,686)	\$ 1,027,675	\$ 2,520,299	\$ 32,475,161	\$ 4,491,828	\$ 10,495,810	\$ 2,539,764
Cash and Cash Equivalents, January 1	12,012,501	8,881,286	4,350,668	5,510,354	19,005,142	16,484,843	35,368,311	30,876,483	28,207,025	25,667,261
Cash and Cash Equivalents, December 31	\$ 14,837,563	\$ 12,012,501	\$ 32,973,092	\$ 4,350,668	\$ 20,032,817	\$ 19,005,142	\$ 67,843,472	\$ 35,368,311	\$ 38,702,835	\$ 28,207,025
Non-Cash Investing, Capital and Related Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ 27,934	\$ -	\$ 27,934	\$ -	\$ 420,363	\$ 60,315

Solid Waste Management Fund

This fund is used to account for solid waste disposal operations, capital improvements and debt service. Restricted investments in the amount of \$10.5 million represent funds set aside to finance long-term landfill post-closure care costs. Total assets as of December 31, 2012 were \$97.6 million, total liabilities were \$47.9 million, and net position was \$49.6 million. Net Position increased \$1.8 million or 4% from the prior

year primarily due to increased charges for services revenue and decreased interest expense as well as a reduction in expense related to the post closure cost estimate. Operating income was \$1.5 million, a decrease of \$116 thousand as compared to last year's operating income.

Airport Fund

This fund is used to account for the operation, capital improvements and debt service of Paine Field, Snohomish County's Airport. Total assets were \$175 million, total liabilities were \$85.2 million, and net position was \$89.8 million. Operating income was \$941 thousand, an increase of \$783 thousand from the prior year. Increases in charges for services and rents/lease/concessions revenues offset increases in various operating expenses, which resulted in increased operating income for the year.

Surface Water Management Fund

This fund accounts for the operations of the Surface Water Management Division. The purpose of this division is to protect and enhance water quality and aquatic habitats, and to minimize damage from flooding and erosion. Total assets as of December 31, 2012 were \$66.5 million, total liabilities were \$13.4 million, and net position was \$53.1 million. Surface Water's 2012 operating income of \$2.2 million was an increase of \$1.8 million from last year's operating income. The 2012 increase in operating income was largely due to decreased intergovernmental and contractual services expenses.

Internal Service Funds

The County's internal service funds are used to provide fleet management, information services, risk management, road surface materials (pits and quarries), employee benefits, facility services, employee training and security services. Total assets as of December 31, 2012 were \$80.2 million, total liabilities were \$32.7 million and net position was \$47.5 million. Internal service funds' operating income of \$7.2 million was an increase of \$5.1 million from prior year. The increase in total internal service funds operating income was primarily the result of increased charges for services revenue in the Equipment Rental and Revolving Fund, the Information Services Fund and the Employee Benefits Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2012 General Fund budget was crafted at a level that utilized position vacancies to live within available revenues. The General Fund's fund balance did not change significantly during 2012 as the result of careful management of expenditures as authorized in the budget and modest growth from the economy that produced aggregate revenues in line with budgetary expectations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following schedule provides a summary of the County's capital assets activity. Snohomish County's total investment in capital assets, including construction in progress, amounts to \$1.2 billion. Infrastructure assets, net of accumulated depreciation, represent \$518 million of capital assets. More detailed information on the County's capital assets can be found in this report in Note 3D.

	Capital Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Capital Assets						
Land	\$ 205,070,394	\$ 186,092,439	\$ 42,889,677	\$ 35,016,940	\$ 247,960,071	\$ 221,109,379
Building and Structures, Net	181,642,212	188,283,036	70,854,617	71,676,220	252,496,829	259,959,256
Other Improvements, Net	61,816,568	53,840,160	58,137,129	61,708,238	119,953,697	115,548,398
Machinery and Equipment, Net	38,935,619	40,779,760	2,827,397	2,768,882	41,763,016	43,548,642
Infrastructure Assets, Net	452,158,360	447,532,042	66,069,978	56,489,394	518,228,338	504,021,436
Construction in Progress	33,228,301	33,963,703	12,723,653	6,189,830	45,951,954	40,153,533
Intangibles, Net	14,187,677	13,354,615	473,207	561,575	14,660,884	13,916,190
Total Capital Assets	\$ 987,039,131	\$ 963,845,755	\$ 253,975,658	\$ 234,411,079	\$ 1,241,014,789	\$ 1,198,256,834

Governmental Activities - Capital Assets

Governmental Activities reported an overall increase of \$23.2 million, or 2.4%, in capital assets primarily due to land purchased/donated for parks and right of way projects.

Business-Type Activities - Capital Assets

Business-type activities reported an overall increase in capital assets of 19.6 million, or 8.4%, primarily due to land purchase for the Solid Waste intermodal facility.

Governmental Activities – Debt

General obligation debt of \$9.5 million was issued during 2012. Of that amount, \$3.7 million was issued for refunding bonds and \$5.4 million, or 56.8%, was issued for various facility projects. Principal payments made during 2012 for governmental activities' debt totaled \$17.9 million, which included \$16.8 million for general obligation bond debt, \$145 thousand for special assessment debt and \$907 thousand for loans. Interest expense for 2012 was \$10.8 million.

See Note 3F to the financial statements for additional information on long-term debt.

Business-Type Activities – Debt

General obligation debt of \$38.7 million was issued during 2012. Of that amount \$30.8 million, or 79.7%, was issued for various Airport projects including the Boeing Company's dream lifter operations center. The remaining \$7.7 million was issued to fund the purchase of the Solid Waste intermodal transfer center. Total principal payments made during 2012 for business-type activities were \$5.3 million, of which all but \$31 thousand was used for general obligation bond debt. Interest expense for 2012 was \$3.1 million.

See Note 3F to the financial statements for additional information on long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Nationally, regionally, and for Snohomish County specifically, 2008, 2009 and 2010 were years of economic hardship. 2011 showed economic stabilization. 2012 was a year of modest growth across multiple sectors. County programs, while having benefitted from the stronger economy, are being managed carefully with full recognition by County leadership that revenues will continue to lag behind the overall economic growth.

The County's adopted 2013 budget included a 3% increase in General Fund property taxes utilizing a portion of the County's banked capacity. The property tax increase is largely focused on funding the portion of the budget that had previously depended upon ongoing department vacancies.

In anticipating the 2014 budget, projected General Fund revenues should fully fund anticipated expenditure growth trends. Current revenue projections, however, will not allow significant increases in General Fund expenditures. As the overall size of the General Fund budget grows, the County's fund balance must grow. In addition to normal reserves, the County is looking to develop emergency fund balance reserves in anticipation of challenging economic periods that may occur in future years.

While Snohomish County and the Puget Sound Area continue to demonstrate a stronger than average recovery, the area is dependent upon the national economy for long-term sustainable economic health. Gross domestic product (GDP) is the broadest gauge of the nation's economic health. It measures the total output of goods and services produced in the United States. In a healthy economy, with an unemployment rate between 5 percent and 6 percent, GDP growth of 2.5 percent or 3 percent would be considered solid. Today's still-struggling economy, with national unemployment at 7.6 percent, needs faster growth to generate enough jobs to quickly shrink unemployment. Since the Great Recession officially ended in June 2009, growth has remained weaker than usual after a severe downturn. In part, that is because the recession followed the worst financial crisis since the Great Depression.

The economy expanded just 2.4 percent in 2010, 1.8 percent in 2011 and 2.2 percent in 2012. 2013 had been expected to be the year when growth would finally reach a more robust 3 percent to 4 percent pace. However, across-the-board government spending cuts have made that unlikely. The cuts are forcing federal agencies and other agencies and governments dependent upon federal grants to furlough workers, reducing spending on public projects and making businesses nervous about investing and hiring. Unless Congress and the White House reach a deal to reverse them, the government spending cuts will continue through the end of the 2013 and beyond.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the following address: Snohomish County, 3000 Rockefeller, M/S 610, Everett, WA 98201 or by calling 425-388-3401 or by visiting our website:

<http://www1.co.snohomish.wa.us/Departments/Finance/>.

Snohomish County, WA
Statement of Net Position
December 31, 2012



	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 190,475,139	\$ 39,038,184	\$ 229,513,323	\$ -
Cash and Equivalents, Restricted	6,802,341	28,805,288	35,607,629	277,613
Investments, Restricted	-	10,514,433	10,514,433	-
Taxes Receivables	5,463,121	-	5,463,121	-
Other Receivables, Net	14,188,596	3,888,910	18,077,506	-
Interest Receivable	12,869,190	72,928	12,942,118	-
Due from Other Governments	33,875,118	1,739,174	35,614,292	-
Inventories	1,815,724	-	1,815,724	-
Prepayments	1,817	-	1,817	-
Other Current Assets	244,595	-	244,595	-
Total Current Assets	265,735,641	84,058,917	349,794,558	277,613
Non-Current Assets				
Notes/Contracts Receivable	9,970,397	-	9,970,397	-
Investment in Joint Venture	7,101,025	-	7,101,025	-
Deferred Charges	2,502,598	1,071,763	3,574,361	-
Land	205,070,394	42,889,677	247,960,071	-
Buildings and Structures, Net	181,642,212	70,854,617	252,496,829	-
Other Improvements, Net	61,816,568	58,137,129	119,953,697	-
Machinery and Equipment, Net	38,935,619	2,827,397	41,763,016	-
Infrastructure Assets, Net	452,158,360	66,069,978	518,228,338	-
Construction in Progress	33,228,301	12,723,653	45,951,954	-
Intangible Assets, Net	14,187,677	473,207	14,660,884	-
Total Non-Current Assets	1,006,613,151	255,047,421	1,261,660,572	-
Total Assets	1,272,348,792	339,106,338	1,611,455,130	277,613
LIABILITIES				
Current Liabilities				
Accounts Payable	14,416,469	4,791,457	19,207,926	325
Payable from Restricted Assets	-	173,476	173,476	-
Claims and Judgments Payable	3,384,989	-	3,384,989	-
Due to Other Governments	12,931,323	-	12,931,323	-
Accrued Liabilities	8,819,723	2,413,956	11,233,679	-
Unearned Revenue	33,926,408	2,495,344	36,421,752	-
Custodial Accounts	609,122	-	609,122	-
Employee Benefits Payable	2,740,800	-	2,740,800	-
Bonds, Notes and Loans Payable	14,777,299	6,837,725	21,615,024	-
Landfill Closure Costs	-	901,644	901,644	-
Total Current Liabilities	91,606,133	17,613,602	109,219,735	325

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Net Position
December 31, 2012



	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
			Total
Non-Current Liabilities			
Employee Benefits Payable	20,397,438	1,610,199	22,007,637
Special Assessment Debt w/ Govt Commitment	360,000	-	360,000
Bonds, Notes and Loans Payable	254,366,273	117,758,087	372,124,360
Claims and Judgments Payable	9,652,537	-	9,652,537
Landfill Closure Costs	-	9,612,789	9,612,789
Total Non-Current Liabilities	284,776,248	128,981,075	413,757,323
Total Liabilities	376,382,381	146,594,677	522,977,058
DEFERRED INFLOWS OF RESOURCES			
Deferred Service Concession Arrangement Receipts	1,586,709	-	1,586,709
Total Deferred Inflows of Resources	1,586,709	-	1,586,709
NET POSITION			
Net Investment in Capital Assets	746,925,944	166,476,140	913,402,084
Restricted for:			
General Government	10,198,058	-	10,198,058
Judicial	983,556	-	983,556
Public Safety	5,525,845	-	5,525,845
Physical Environment	4,371,171	1,063,789	5,434,960
Transportation	38,809,652	-	38,809,652
Health and Human Services	19,896,106	-	19,896,106
Economic Environment	10,053,480	-	10,053,480
Culture and Recreation	3,095,734	-	3,095,734
Capital Purposes	17,817,895	28,487,394	46,305,289
Debt Service	220,659	-	220,659
Total Restricted Net Position	110,972,156	29,551,183	140,523,339
Unrestricted	36,481,602	(3,515,662)	32,965,940
Total Net Position	\$ 894,379,702	\$ 192,511,661	\$ 1,086,891,363
			\$ 277,288

The notes to the financial statements are an integral part of this statement.

SNOHOMISH COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
						Governmental Activities	Business-type Activities	Component Units
Governmental activities:								
General Government	\$ 50,262,599	\$ (3,813,053)	\$ 15,389,469	\$ 6,092,292	\$ 734,289	\$ (24,233,496)	\$ -	\$ (24,233,496)
Judicial	40,181,882	68,558	12,873,616	4,142,246	-	(23,234,578)	-	(23,234,578)
Public Safety	123,260,155	135,961	19,711,283	17,521,716	479,085	(85,684,032)	-	(85,684,032)
Physical Environment	644,748	36,025	103	30,697	457,168	(192,805)	-	(192,805)
Transportation	74,427,697	1,423,563	3,089,631	13,463,262	29,743,665	(29,554,702)	-	(29,554,702)
Health and Human Services	47,195,650	544,617	148,202	40,787,498	-	(6,804,567)	-	(6,804,567)
Economic Environment	28,901,616	267,763	21,134,146	8,899,066	335,488	1,199,321	-	1,199,321
Culture and Recreation	16,332,411	80,771	6,390,667	397,880	54,779	(9,569,856)	-	(9,569,856)
Interest on Long-Term Debt	10,905,994	-	-	-	-	(10,905,994)	-	(10,905,994)
Total governmental activities	392,112,752	(1,255,795)	78,737,117	91,334,657	31,804,474	(188,980,709)	-	(188,980,709)
Business-type activities:								
Airport	19,020,264	376,937	18,320,562	466,708	11,880,230	-	11,270,299	11,270,299
Solid Waste Management	44,265,520	522,559	45,764,790	494,739	66,636	-	1,538,086	1,538,086
Surface Water Management	15,787,982	356,299	17,830,313	289,467	1,326,284	-	3,301,783	3,301,783
Total business-type activities	79,073,766	1,255,795	81,915,665	1,250,914	13,273,150	-	16,110,168	16,110,168
Total primary government	471,186,518	-	160,652,782	92,585,571	45,077,624	(188,980,709)	16,110,168	(172,870,541)
Component units:	1,854,957	-	-	-	-	-	-	(1,854,957)
Total component units	1,854,957	-	-	-	-	-	-	(1,854,957)
General revenues:								
Property Taxes						128,735,600	-	128,735,600
Sales/Use Taxes						51,972,125	-	51,972,125
Real Estate Excise Taxes						9,843,014	-	9,843,014
Business and Other Taxes						14,172,048	-	14,172,048
Intergovernmental Revenues						26,031,281	-	26,031,281
Interest and Investment Earnings						9,851,193	343,985	10,195,178
Miscellaneous Revenues						117,457	53,006	170,463
Total General Revenues						240,722,718	396,991	241,119,709
Transfers						(520,509)	520,509	-
Total General Revenue and Transfers						240,202,209	917,500	241,119,709
Change in net position						51,221,500	17,027,668	68,249,168
Net position - Beginning						843,158,202	175,483,993	1,018,642,195
Net position - Ending						\$ 894,379,702	\$ 192,511,661	\$ 1,086,891,363

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Balance Sheet
Governmental Funds
December 31, 2012



	General Fund	Special Revenue Fund	County Road Fund	Human Services	Other Governmental Funds	Total
ASSETS						
Cash and Cash Equivalents	\$ 9,595,160	\$ 32,686,533	\$ 24,599,895	\$ 22,550,163	\$ 62,340,551	\$ 151,772,302
Cash and Cash Equivalents, Restricted	-	33,041	2,585,809	-	4,183,492	6,802,342
Taxes Receivable	2,895,409	-	2,351,477	61,336	154,900	5,463,122
Other Receivables, Net	4,904,445	5,744	44,914	23,498	818,324	5,796,925
Interest Receivable	224,194	29,852	13,244	395,771	100,994	764,055
Due From Other Governments	11,871,903	179,690	3,084,277	10,053,894	4,955,801	30,145,565
Other Current Assets	49,001	-	-	195,594	-	244,595
Notes / Contracts Receivable	-	-	-	9,970,397	-	9,970,397
Total Assets	<u>\$ 29,540,112</u>	<u>\$ 32,934,860</u>	<u>\$ 32,679,616</u>	<u>\$ 43,250,653</u>	<u>\$ 72,554,062</u>	<u>\$ 210,959,303</u>
LIABILITIES						
Accounts Payable	1,747,323	30,765	2,751,675	4,350,983	2,895,184	11,775,930
Due To Other Governments	330	-	-	12,279,675	651,318	12,931,323
Accrued Liabilities	3,125,507	3,926	1,254,763	316,959	723,305	5,424,460
Deferred Revenue	3,473,812	22,558,272	2,351,477	1,778,987	6,039,422	36,201,970
Custodial Accounts	54,091	-	-	-	555,031	609,122
Total Liabilities	<u>8,401,063</u>	<u>22,592,963</u>	<u>6,357,915</u>	<u>18,726,604</u>	<u>10,864,260</u>	<u>66,942,805</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Service Concession Arrangement Receipts	1,586,709	-	-	-	-	1,586,709
Total Deferred Inflows of Resources	<u>1,586,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586,709</u>
FUND BALANCES						
Restricted	-	10,240,130	24,541,094	24,524,049	45,968,817	105,274,090
Committed	-	101,767	1,780,607	-	15,720,985	17,603,359
Assigned	2,998,933	-	-	-	-	2,998,933
Unassigned	16,553,407	-	-	-	-	16,553,407
Total Fund Balance	<u>19,552,340</u>	<u>10,341,897</u>	<u>26,321,701</u>	<u>24,524,049</u>	<u>61,689,802</u>	<u>142,429,789</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,540,112</u>	<u>\$ 32,934,860</u>	<u>\$ 32,679,616</u>	<u>\$ 43,250,653</u>	<u>\$ 72,554,062</u>	<u>\$ 210,959,303</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation
Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2012**



Total fund balance as shown on the Governmental Funds Balance Sheet	\$ 142,429,789
Amounts reported for governmental activities in the statement of activities are different because:	
Capital Assets used in governmental activities are not financial resources and are therefore not reported in the fund statement. This includes Investment in Joint Venture of \$7 million.	954,717,717
Long-term debt is not due and payable in the current period and is therefore not reported in the fund statement. This includes the current and non-current portion of the long-term debt, and accrued interest payable.	(260,395,063)
Internal service funds are used by the County to charge the costs of certain activities, like insurance and fleet services, to individual funds. The assets and liabilities of these funds are included in governmental activities in the Statement of Net Position.	47,465,079
Full accrual adjustments to the governmental funds, such as to record long term compensated absences payable, to record allowance for doubtful accounts, and to reclassify deferred revenues for property taxes.	10,162,180
Net Position of Governmental Activities as shown on the Statement of Net Position	<u><u>\$ 894,379,702</u></u>

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures
and Changes In Fund Balances
Governmental Funds
For the Year Ended December 31, 2012



	General Fund	Special Revenue Fund	County Road Fund	Human Services	Other Governmental Funds	Total
Detailed Revenues						
Property Taxes	\$ 70,348,780	\$ -	\$ 53,846,211	\$ 1,488,579	\$ 3,724,255	\$ 129,407,825
Sales/Use Taxes	40,789,792	-	-	10,832,332	350,000	51,972,124
Real Estate Excise Taxes	825,320	-	-	-	9,017,693	9,843,013
Business and Other Taxes	2,674,013	1,040,738	681,850	14,276	9,761,170	14,172,047
Licenses and Permits	3,974,418	-	-	-	-	3,974,418
Charges for Services	33,501,978	232,501	6,087,442	4,836,869	19,696,863	64,355,653
Operating Assessments	20,750	-	-	-	-	20,750
Intergovernmental Revenues	23,595,887	21,847,498	16,957,186	47,474,478	15,796,346	125,671,395
Fines and Forfeitures	6,549,845	-	-	89,995	631,851	7,271,691
Interest and Investment Earnings	10,272,808	228,104	76,096	79,106	383,303	11,039,417
Rents, Leases, and Concessions	3,944,730	-	147,404	-	4,973,480	9,065,614
Contributions and Donations	-	39,754	-	197,819	451,254	688,827
Miscellaneous Revenues	1,036,209	190,588	84,205	3,660	519,020	1,833,682
Total Detail Revenues	197,534,530	23,579,183	77,880,394	65,017,114	65,305,235	429,316,456
Detailed Expenditures						
<i>Current</i>						
General Government	45,130,303	104,549	4,482,631	335,691	9,776,039	59,829,213
Judicial	31,885,989	33,067	-	2,611,128	548,995	35,079,179
Public Safety	106,541,572	139,339	-	194,978	16,012,315	122,888,204
Physical Environment	-	-	-	-	893,556	893,556
Transportation	-	-	70,813,834	-	531,988	71,345,822
Health and Human Services	3,053,799	-	-	44,650,232	-	47,704,031
Economic Environment	4,052,608	189,804	-	13,788,204	12,077,325	30,107,941
Culture and Recreation	8,685,700	84,876	-	986,380	19,734,521	29,491,477
<i>Debt Service</i>						
Principal Payments	-	-	695,584	-	13,008,716	13,704,300
Interest and Other Charges	3,665	-	49,592	-	10,805,093	10,858,350
Total Detail Expenditures	199,353,636	551,635	76,041,641	62,566,613	83,388,548	421,902,073
Excess (deficiency) of revenues over (under) expenditures	(1,819,106)	23,027,548	1,838,753	2,450,501	(18,083,313)	7,414,383
Other Financial Sources (Uses)						
Disposition Of Capital Assets	2,968	-	8,648	-	-	11,616
Transfers In	9,536,959	-	12,452,305	5,868,114	35,713,202	63,570,580
Transfers Out	(8,081,357)	(21,911,365)	(7,719,370)	(2,332,332)	(23,109,734)	(63,154,158)
Debt Proceeds	-	-	-	-	5,420,000	5,420,000
Issuance of Refunding Bonds	-	-	-	-	3,655,000	3,655,000
Payment to Refunded Bonds Escrow Agent	-	-	-	-	(4,061,064)	(4,061,064)
Issuance Premium on Long Term Debt	-	-	-	-	992,942	992,942
Total Other Financial Sources (Uses)	1,458,570	(21,911,365)	4,741,583	3,535,782	18,610,346	6,434,916
Net Change in Fund Balance	(360,536)	1,116,183	6,580,336	5,986,283	527,033	13,849,299
Fund Balance - Beginning	19,912,876	9,225,714	19,741,365	18,537,766	61,162,769	128,580,490
Fund Balance - Ending	\$ 19,552,340	\$ 10,341,897	\$ 26,321,701	\$ 24,524,049	\$ 61,689,802	\$ 142,429,789

The notes to the financial statements are an integral part of this statement.

**Reconciliation
Governmental Funds Statement
Of Revenues, Expenditures, and
Changes in Fund Balances to the
Statement of Activities
For the Year Ended December 31, 2012**



Net change in fund balances of Governmental Funds	\$ 13,849,299
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and is reported as depreciation expense.	(601,683)
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Capital contributions, donations, and equity adjustment to the investment in joint venture do not provide current financial resources and therefore are not reported as revenues in governmental funds.	26,487,347
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Amounts transferred to escrow for bond refunding are reported as expenditures in the funds statement and as a reduction of long-term liabilities in the statement of net position.	4,061,064
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Repayment of bond principal are reported as expenditures in the fund statements and as a reduction of long-term liabilities in the statement of net position.	13,704,300
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Debt proceeds are reported as current financial resources in the funds statement and as increases long-term liabilities in the statement of net position.	(10,536,155)
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Accrued interest payable is not recorded on the fund statements.	47,547
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Internal service funds are used by the County to charge the costs of certain activities, such as insurance and fleet management services, to individual funds. The net cost of the internal service funds are reported as governmental activities in the statement of activities.	6,740,499
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Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures and revenues in governmental funds.	(2,530,718)
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Change in net position of governmental activities on the statement of activities	<u>\$ 51,221,500</u>
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The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2012



	Budgeted Amounts		Actual	Variance
	Original	Final		
Budgeted Fund Balance, January 1	\$ 2,237,649	\$ 4,282,914	\$ 19,912,876	\$ 15,629,962
Resources (in-flows)				
Property Taxes	\$ 69,838,843	\$ 69,838,843	\$ 70,348,780	\$ 509,937
Sales/Use Taxes	39,601,383	39,601,383	40,789,792	1,188,409
Real Estate Excise Taxes	644,329	644,329	825,320	180,991
Business and Other Taxes	2,652,277	2,652,277	2,674,013	21,736
License and Permits	4,037,734	4,037,734	3,974,418	(63,316)
Charges for Services	34,758,373	34,795,847	33,501,978	(1,293,869)
Operating Assessments	20,923	20,923	20,750	(173)
Intergovernmental Revenues	22,033,387	24,805,868	23,595,887	(1,209,981)
Fines and Forfeitures	6,436,109	6,436,109	6,549,845	113,736
Interest and Investment Earnings	9,261,142	9,261,142	10,272,808	1,011,666
Rents, Leases, and Concessions	3,936,508	3,936,508	3,944,730	8,222
Miscellaneous Revenues	1,233,396	1,233,396	1,036,209	(197,187)
Transfers In	9,537,787	9,537,787	9,536,959	(828)
Disposition of Capital Assets	-	-	2,968	2,968
Total Resources (in flows)	\$ 203,992,191	\$ 206,802,146	\$ 207,074,457	\$ 272,311
Amounts Available for Appropriation	206,229,840	211,085,060	226,987,333	15,902,273
Charges to Appropriations (out flows)				
Executive				
Administration	1,566,477	1,574,216	1,508,291	65,925
Economic Development	489,918	492,897	394,961	97,936
Legislative				
Legislative Svs.	3,590,967	3,622,594	3,610,644	11,950
Performance Auditing	124,174	109,824	9,228	100,596
Board of Equalization/Boundary Review Board				
Board Of Equalization	182,768	183,866	182,114	1,752
Boundary Review Board	179,533	180,631	179,089	1,542
Human Services				
Human Services Administration	805,070	885,778	800,599	85,179
Human Services Support	2,814,189	2,814,189	2,814,189	-
Planning and Development Services				
County Fire Marshal	526,878	528,948	503,872	25,076
Long Range Planning	2,775,768	2,942,322	2,924,247	18,075
Code Enforcement	845,794	865,375	857,672	7,703
Hearing Examiner				
Hearing Examiner	646,929	649,462	554,312	95,150

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2012



	Budgeted Amounts		Actual	Variance
	Original	Final		
Parks and Recreation				
Division Management	672,419	674,845	673,684	1,161
Parks Maintenance	1,792,578	1,826,701	1,817,216	9,485
Fair Administration General	2,244,161	2,315,424	2,315,334	90
Fairgrounds Maintenance	1,234,393	1,239,892	1,239,783	109
Fair Operations General	640,539	641,658	641,488	170
Routine Maint & Operation	2,364,809	2,380,856	2,367,396	13,460
Assessor				
Tax Assessments	7,131,379	7,169,840	7,098,250	71,590
Auditor				
Administration	576,794	578,831	569,650	9,181
Records Services	1,209,363	1,214,575	1,104,990	109,585
Licensing	2,622,832	2,634,578	2,193,863	440,715
Election Services	3,035,787	3,037,895	2,215,120	822,775
Voter Registration Service	1,214,171	1,218,409	965,778	252,631
Finance				
Budget And Systems Service	821,176	826,564	782,698	43,866
Finance Operations	2,272,138	2,285,807	2,198,504	87,303
Human Resources				
Administration	1,562,303	1,571,527	1,468,377	103,150
Equal Employ Opportunity	139,132	139,815	119,428	20,387
Nondepartmental				
Public Health	2,253,200	2,253,200	2,253,200	-
Miscellaneous	7,827,137	6,722,424	6,295,550	426,874
Facilities Management				
Purchasing Services	605,878	608,987	530,120	78,867
Treasurer				
Administration	3,222,215	3,236,293	3,154,400	81,893
District Court				
District Court	6,864,602	7,041,289	7,039,398	1,891
Probation & Parole Services	1,385,522	1,299,234	1,296,907	2,327
Dispute Resolution Center	150,000	137,000	133,038	3,962
Sheriff				
Administration	2,543,758	2,507,557	2,488,304	19,253
Administrative Services	1,187,557	1,199,641	1,187,593	12,048
Field Operations	4,755,195	4,666,485	4,656,375	10,110
Technical Operations	887,315	849,357	824,952	24,405
Investigation	4,667,290	4,757,290	4,752,865	4,425
Patrol	16,316,583	17,166,973	17,152,763	14,210
Narcotics Enforcement	988,522	1,013,522	1,009,370	4,152

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2012



	Budgeted Amounts		Actual	Variance
	Original	Final		
Civil	442,804	448,393	444,525	3,868
Law Enforcement - Contract	4,107,185	6,082,916	6,076,142	6,774
Training	570,635	511,635	497,612	14,023
Traffic Policing	2,703,013	2,853,013	2,846,590	6,423
Communication	3,940,845	3,940,845	3,940,844	1
Technical Services	1,555,694	1,490,702	1,486,234	4,468
Evidence	634,302	694,547	675,808	18,739
Search And Rescue	470,909	511,472	506,961	4,511
Prosecuting Attorney				
Administration	686,359	689,302	659,634	29,668
Criminal	10,754,762	10,843,477	10,730,491	112,986
Civil	2,589,539	2,606,918	2,484,127	122,791
10* Permanent Transfer Ou	45,607	45,607	45,607	-
Office of Public Defense				
Office of Public Defense	7,094,272	7,099,105	7,073,387	25,718
Medical Examiner				
Medical Examiner Services	2,077,635	2,113,601	2,085,538	28,063
Superior Court				
Juvenile Court Operations	9,874,788	9,761,605	9,756,589	5,016
Superior Court Operations	6,078,449	6,514,277	6,507,188	7,089
Administrative Services	4,322,191	4,296,722	4,265,293	31,429
Clerk				
Administration	1,976,608	1,983,642	1,982,368	1,274
Judicial Acctg/Judgmts &	693,346	679,342	677,503	1,839
Case Management	1,028,465	998,239	996,316	1,923
Document Control	570,284	575,172	573,193	1,979
Courtroom Operations	1,671,596	1,746,142	1,739,777	6,365
Customer Service	888,494	898,864	898,527	337
Corrections				
Administration	6,056,125	6,011,388	6,006,281	5,107
Special Detention	2,518,454	2,333,454	2,329,573	3,881
Detention	28,367,007	29,545,885	29,529,483	16,402
Food Service	1,646,014	1,677,014	1,675,701	1,313
Medical Services	4,089,912	5,023,874	5,016,907	6,967
Department of Emergency Management				
DEM Operations	1,037,333	1,041,336	1,041,182	154
Amount Charged to Appropriations (out flows)	206,229,840	211,085,060	207,434,993	3,650,067
Budgeted Fund Balance, December 31	\$ -	\$ -	\$ 19,552,340	\$ 19,552,340

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Special Revenue Fund
For the Year Ended December 31, 2012



	Budgeted Amounts		Actual	Variance
	Original	Final		
Budgeted Fund Balance, January 1	\$ 571,361	\$ 23,771,361	\$ 9,225,714	\$ (14,545,647)
Resources (in-flows)				
Business and Other Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,040,738	\$ 40,738
Charges for Services	60,000	60,000	232,501	172,501
Intergovernmental Revenues	10,096,200	10,096,200	21,847,498	11,751,298
Interest and Investment Earnings	434,753	434,753	228,104	(206,649)
Contributions and Donations	159,300	171,300	39,754	(131,546)
Miscellaneous Revenues	200,000	200,000	190,588	(9,412)
Transfers In	164,964	164,964	-	(164,964)
Total Resources (in flows)	<u>\$ 12,115,217</u>	<u>\$ 12,127,217</u>	<u>\$ 23,579,183</u>	<u>\$ 11,451,966</u>
Amounts Available for Appropriation	12,686,578	35,898,578	32,804,897	(3,093,681)
Charges to Appropriations (out flows)				
Executive				
Economic Development	1,169,964	1,169,964	269,785	900,179
Parks and Recreation				
Division Management	147,000	147,000	4,896	142,104
Auditor				
Licensing	5,000	5,000	4,963	37
Nondepartmental				
Trial Court Improvement	270,000	270,000	17,277	252,723
Brightwater Mitigation	10,309,336	33,509,336	21,642,493	11,866,843
Animal Control	268,872	268,872	268,872	-
Sheriff				
Patrol	130,000	130,000	116,546	13,454
Prosecuting Attorney				
Community Impact	288,006	288,006	99,586	188,420
Superior Court				
Investigations/Diagnosis	28,000	28,000	22,793	5,207
Juvenile Court Operations	10,400	22,400	11,573	10,827
Superior Court Operations	60,000	60,000	4,216	55,784
Amount Charged to Appropriations (out flows)	<u>12,686,578</u>	<u>35,898,578</u>	<u>22,463,000</u>	<u>13,435,578</u>
Budgeted Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,341,897</u></u>	<u><u>\$ 10,341,897</u></u>

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
County Roads Fund
For the Year Ended December 31, 2012



	Budgeted Amounts		Actual	Variance
	Original	Final		
Budgeted Fund Balance, January 1	\$ (1,644,812)	\$ (1,644,812)	\$ 19,741,365	\$ 21,386,177
Resources (in-flows)				
Property Taxes	\$53,419,415	\$53,419,415	\$ 53,846,211	\$ 426,796
Business and Other Taxes	515,000	515,000	681,850	166,850
Charges for Services	6,173,943	6,173,943	6,087,442	(86,501)
Intergovernmental Revenues	20,137,511	20,137,511	16,957,186	(3,180,325)
Interest and Investment Earnings	36,000	36,000	76,096	40,096
Rents, Leases, and Concessions	110,000	110,000	147,404	37,404
Miscellaneous Revenues	15,000	15,000	84,205	69,205
Transfers In	17,232,570	17,232,570	12,452,305	(4,780,265)
Disposition of Capital Assets	500,000	500,000	8,648	(491,352)
Total Resources (in flows)	<u>\$98,139,439</u>	<u>\$98,139,439</u>	<u>\$ 90,341,347</u>	<u>\$ (7,798,092)</u>
Amounts Available for Appropriation	96,494,627	96,494,627	110,082,712	13,588,085
Charges to Appropriations (out flows)				
Public Works				
TES Operations	4,792,421	4,792,421	4,473,694	318,727
TES Maintenance	1,265,601	1,265,601	1,218,149	47,452
TES Capital	1,527,119	1,479,119	990,962	488,157
TES Reimbursables	464,613	512,613	489,125	23,488
RM Operations	1,591,700	1,591,700	365,197	1,226,503
RM Maintenance	24,482,670	24,482,670	23,257,423	1,225,247
RM Capital	2,797,000	2,797,000	2,715,334	81,666
RM Reimbursables	2,625,000	2,625,000	1,803,652	821,348
ES Operations	3,720,530	3,720,530	3,434,818	285,712
ES Maintenance	742,316	742,316	529,494	212,822
ES Capital	28,274,137	28,274,137	20,929,475	7,344,662
ES Reimbursables	2,594,004	2,594,004	2,191,257	402,747
Admin Operations	100,000	100,000	-	100,000
Admin Operations	21,333,772	21,333,772	21,276,784	56,988
Admin Operations Capital	183,744	183,744	85,647	98,097
Amount Charged to Appropriations (out flows)	<u>96,494,627</u>	<u>96,494,627</u>	<u>83,761,011</u>	<u>12,733,616</u>
Budgeted Fund Balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,321,701</u>	<u>\$ 26,321,701</u>

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Human Services Fund
For the Year Ended December 31, 2012



	Budgeted Amounts		Actual	Variance
	Original	Final		
Budgeted Fund Balance, January 1	\$ (462,063)	\$ (481,063)	\$ 18,537,766	\$ 19,018,829
Resources (in-flows)				
Property Taxes	\$ 1,454,068	\$ 1,454,068	\$ 1,488,579	\$ 34,511
Sales/Use Taxes	10,518,985	10,518,985	10,832,332	313,347
Business and Other Taxes	10,978	10,978	14,276	3,298
Charges for Services	3,590,177	3,671,537	4,836,869	1,165,332
Intergovernmental Revenues	50,379,800	54,156,204	47,474,478	(6,681,726)
Fines and Forfeitures	110,000	110,000	89,995	(20,005)
Interest and Investment Earnings	100,000	100,000	79,106	(20,894)
Contributions and Donations	195,133	216,733	197,819	(18,914)
Miscellaneous Revenues	6,196,315	2,335,951	3,660	(2,332,291)
Transfers In	5,892,859	5,892,859	5,868,114	(24,745)
Total Resources (in flows)	\$ 78,448,315	\$ 78,467,315	\$ 70,885,228	\$ (7,582,087)
Amounts Available for Appropriation	77,986,252	77,986,252	89,422,994	11,436,742
Charges to Appropriations (out flows)				
Human Services				
CAP/CSBG	201,642	201,642	174,854	26,788
Children's Administration	207,745	207,745	207,745	-
Family Support Services	273,858	273,858	270,069	3,789
Community Information Line	19,600	19,600	19,585	15
Agriculture	370,018	456,278	414,777	41,501
Youth Services	378,938	378,938	370,763	8,175
Natural Resources	94,000	106,700	89,836	16,864
Family Living	111,243	111,243	111,005	238
Self-Sufficiency Project	242,441	252,441	241,379	11,062
DUI Countermeasure	179,877	194,877	184,723	10,154
Access to Recovery	456,117	536,117	505,777	30,340
ECEAP Administration	202,425	277,162	277,162	-
ECEAP Operations	874,225	807,399	690,651	116,748
Early Head Start Admin	166,170	168,105	163,183	4,922
Early Head Start Ops	957,894	1,018,855	1,018,600	255
Energy Administration	171,793	164,793	152,181	12,612
Energy Program Support	210,228	252,791	244,844	7,947
Energy Consumer Education	168,713	143,150	139,497	3,653
Energy Dir Svcs - EAP/ECIP	1,488,947	2,388,947	2,125,494	263,453

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Human Services Fund
For the Year Ended December 31, 2012



	Budgeted Amounts		Actual	Variance
	Original	Final		
Weatherization Administration	242,193	242,193	230,685	11,508
Weatherization Program Support	728,466	728,466	728,132	334
Weatherization Labor	1,174,180	1,774,180	1,340,350	433,830
Veterans Relief	737,872	737,872	607,267	130,605
Mental Health Administration	522,019	522,019	366,246	155,773
Housing, Homeless, Comm Dev	4,609,192	4,600,624	2,890,935	1,709,689
Housing, Homeless Services	2,895,850	2,895,850	2,140,861	754,989
Involuntary Treatment Admin	1,824,172	1,824,172	1,712,363	111,809
Resource Management	280,810	280,810	218,951	61,859
Aging Administration	756,757	756,757	651,257	105,500
Transportation	110,000	110,000	110,000	-
Information & Assistance	30,328	30,328	30,328	-
Case Management	5,875,903	5,875,903	5,572,598	303,305
Adult Day Health	7,000	7,000	7,000	-
Home Delivered Meals	20,000	20,000	20,000	-
Recreational	60,000	60,000	51,852	8,148
Long-term Care Ombudsman	267,161	267,161	211,534	55,627
Senior Center Operations	550,000	550,000	549,997	3
Alcohol & Other Drugs	937,687	937,687	682,348	255,339
Dev Dis Program Admin	1,109,103	1,099,103	990,714	108,389
Infant Toddler Early Intervent	509,118	494,118	450,820	43,298
Chem Dependency/Mental Hlth Svcs	9,026,523	9,026,523	7,336,025	1,690,498
EECBG ARRA GRANT	276,814	276,814	158,799	118,015
Pass-Through Grants	35,309,170	33,557,971	27,480,683	6,077,288
Sheriff				
Training	38,575	38,575	10,255	28,320
Prosecuting Attorney				
Criminal	278,544	278,544	260,695	17,849
Civil	84,754	84,754	74,996	9,758
Office of Public Defense				
Office of Public Defense	232,538	232,538	207,538	25,000
Superior Court				
Superior Court Operations	2,502,556	2,502,556	2,190,498	312,058
Clerk				
Courtroom Operations	213,093	213,093	213,093	-
Amount Charged to Appropriations (out flows)	77,986,252	77,986,252	64,898,945	13,087,307
Budgeted Fund Balance, December 31	\$ -	\$ -	\$ 24,524,049	\$ 24,524,049

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Net Position
Proprietary Funds
December 31, 2012



	Business Type Activities			Governmental Activities	
				Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 14,654,069	\$ 4,351,298	\$ 20,032,817	\$ 39,038,184	\$ 38,702,835
Cash and Cash Equivalents, Restricted	183,494	28,621,794	-	28,805,288	-
Investments, Restricted	10,514,433	-	-	10,514,433	-
Other Receivables, Net	2,861,621	182,594	844,695	3,888,910	65,768
Interest Receivable	44,512	5,612	22,804	72,928	33,040
Due From Other Governments	544,910	132,486	1,061,778	1,739,174	115,749
Inventories	-	-	-	-	1,815,724
Prepayments	-	-	-	-	1,817
Total Current Assets	28,803,039	33,293,784	21,962,094	84,058,917	40,734,933
Non-Current Assets					
Deferred Charges	246,889	745,103	79,771	1,071,763	12,404
Capital assets					
Land	11,502,351	22,081,360	9,305,966	42,889,677	392,678
Buildings and Structures, Net	23,930,755	46,923,862	-	70,854,617	11,034,764
Other Improvements, Net	30,321,471	-	27,815,658	58,137,129	2,274,185
Machinery and Equipment, Net	2,281,762	507,649	37,986	2,827,397	25,543,396
Infrastructure Assets, Net	432,979	60,778,626	4,858,373	66,069,978	-
Construction in Progress	32,784	10,213,171	2,477,698	12,723,653	177,415
Intangibles, Net	-	473,207	-	473,207	-
Total Non-Current Assets	68,748,991	141,722,978	44,575,452	255,047,421	39,434,842
Total Assets	97,552,030	175,016,762	66,537,546	339,106,338	80,169,775

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Net Position
Proprietary Funds
December 31, 2012



	Business Type Activities			Governmental Activities	
	Solid Waste	Airport	Surface Water	Total Enterprise Funds	Internal Service Funds
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 1,849,944	\$ 2,039,883	\$ 901,630	\$ 4,791,457	\$ 2,640,537
Claims and Judgments Payable	-	-	-	-	3,384,989
Accrued Liabilities	444,694	1,698,328	270,934	2,413,956	508,598
Unearned Revenue	89,361	1,000,539	1,405,444	2,495,344	3,631,956
Employee Benefits Payable	-	-	-	-	2,740,800
Bonds, Notes and Loans Payable	2,574,247	3,242,554	1,020,924	6,837,725	366,645
Landfill Closure Costs	901,644	-	-	901,644	-
Payable from Restricted Assets	173,476	-	-	173,476	-
Total Current Liabilities	6,033,366	7,981,304	3,598,932	17,613,602	13,273,525
Non-Current Liabilities					
Employee Benefits Payable	657,651	393,470	559,078	1,610,199	4,576,966
Landfill Closure Costs	9,612,789	-	-	9,612,789	-
Bonds, Notes, and Loans Payable	31,644,952	76,874,619	9,238,516	117,758,087	5,201,668
Claims and Judgments Payable	-	-	-	-	9,652,537
Total Non-Current Liabilities	41,915,392	77,268,089	9,797,594	128,981,075	19,431,171
Total Liabilities	47,948,758	85,249,393	13,396,526	146,594,677	32,704,696
NET POSITION					
Net Investment in Capital Assets	37,033,276	94,392,547	35,050,317	166,476,140	34,017,260
Restricted for:					
Capital Purposes	-	28,487,394	-	28,487,394	5,698,071
Physical Environment	-	-	1,063,789	1,063,789	-
Total Restricted Net Position	-	28,487,394	1,063,789	29,551,183	5,698,071
Unrestricted	12,569,996	(33,112,572)	17,026,914	(3,515,662)	7,749,748
Total Net Position	\$ 49,603,272	\$ 89,767,369	\$ 53,141,020	\$ 192,511,661	\$ 47,465,079

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012



	Business Type Activities			Governmental Activities
	Solid Waste	Airport	Surface Water	Total Enterprise Funds Internal Service Funds
Operating Revenues				
Charges for Services	\$ 45,586,864	\$ 4,546,327	\$ 427,415	\$ 50,560,606
Operating Assessments	-	-	17,825,317	17,825,317
Rents, Leases, and Concessions	182,594	14,235,956	-	14,418,550
Total Operating Revenues	45,769,458	18,782,283	18,252,732	82,804,473
Operating Expenses				
Personnel Services	10,505,837	5,133,648	8,109,799	23,749,284
Supplies	641,745	583,533	201,761	1,427,039
Interfund-Intergovernmental Payments for Service	6,309,311	1,039,960	3,864,497	11,213,768
Depreciation	3,622,374	6,200,726	1,654,836	11,477,936
Miscellaneous Expenses	-	134,499	-	134,499
Contractual Services	23,218,324	4,748,792	2,255,973	30,223,089
Total Operating Expenses	44,297,591	17,841,158	16,086,866	78,225,615
Operating Income (Loss)	1,471,867	941,125	2,165,866	4,578,858
Non-Operating Revenues (Expenses)				
Intergovernmental Revenues	494,739	466,708	280,451	1,241,898
Interest and Investment Earnings	206,100	47,574	127,837	381,511
Miscellaneous Revenues	44,042	41,426	12,752	98,220
Disposition of Capital Assets	33,185	-	-	33,185
Interest and Other Charges	(585,757)	(2,090,014)	(481,308)	(3,157,079)
Change in Accounting Estimate	57,416	-	-	57,416
Total Non-Operating Revenues (Expenses)	249,725	(1,534,306)	(60,268)	(1,344,849)
Income (Loss) Before Contributions and Transfers	1,721,592	(593,181)	2,105,598	3,234,009
Capital Contributions	66,636	11,880,230	1,326,284	13,273,150
Transfers In	-	160,408	1,083,896	1,244,304
Transfers Out	-	(127,254)	(596,541)	(723,795)
Change in Net Position	1,788,228	11,320,203	3,919,237	17,027,668
Net Position, Beginning	47,815,044	78,447,166	49,221,783	175,483,993
Net Position, Ending	\$ 49,603,272	\$ 89,767,369	\$ 53,141,020	\$ 192,511,661

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012



	Business Type Activities				Governmental Activities Internal Service Funds
	Solid Waste	Airport	Surface Water	Total	
Cash Flows from Operating Activities					
Receipts from Operations	\$ 45,816,929	\$ 18,370,935	\$ 18,402,214	\$ 82,590,078	\$ 103,824,282
Payments to Employees	(10,487,488)	(5,121,066)	(8,099,927)	(23,708,481)	(20,621,360)
Payments of Claims	(24,562,736)	(4,254,053)	(2,342,199)	(31,158,988)	(64,606,598)
Internal Activity - Payment to Other Funds	(6,309,311)	(1,039,960)	(3,864,497)	(11,213,768)	(5,309,899)
Total Cash Flows from Operating Activities	\$ 4,457,394	\$ 7,955,856	\$ 4,095,591	\$ 16,508,841	\$ 13,286,425
Cash Flows from Capital and Related Financing Activities					
Capital Acquisition and Construction	\$ (7,938,685)	\$ (18,540,095)	\$ (4,528,804)	\$ (31,007,584)	\$ (2,224,609)
Bond Proceeds	7,860,000	30,815,000	-	38,675,000	-
Capital Grants	66,636	8,380,230	1,298,350	9,745,216	-
Capital Contributions	-	3,500,000	-	3,500,000	-
Sale of Capital Assets	33,185	-	-	33,185	402,818
Principal Paid on Loans	(2,326,676)	(1,985,352)	(990,924)	(5,302,952)	(349,699)
Interest Paid on Loans	(739,496)	(2,089,952)	(458,076)	(3,287,524)	(292,423)
Total Cash Flows from Capital and Related Financing Activities	\$ (3,045,036)	\$ 20,079,831	\$ (4,679,454)	\$ 12,355,341	\$ (2,463,913)
Cash Flows from Non-Capital Financing Activities					
Intergovernmental Revenue	\$ 404,896	\$ 466,003	\$ 988,794	\$ 1,859,693	\$ 212,906
Miscellaneous Revenue	44,042	41,425	12,751	98,218	284,475
Transfers	-	33,154	487,355	520,509	(936,931)
Total Cash Flows from Non-Capital Financing Activities	\$ 448,938	\$ 540,582	\$ 1,488,900	\$ 2,478,420	\$ (439,550)
Cash Flows from Investing Activities					
Interest on Investments	\$ 194,152	\$ 46,155	\$ 122,638	\$ 362,945	\$ 112,848
Purchase of Investments	769,614	-	-	769,614	-
Total Cash Flows from Investing Activities	\$ 963,766	\$ 46,155	\$ 122,638	\$ 1,132,559	\$ 112,848
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,825,062	\$ 28,622,424	\$ 1,027,675	\$ 32,475,161	\$ 10,495,810
Cash and Cash Equivalents, January 1, 2012	12,012,501	4,350,668	19,005,142	35,368,311	28,207,025
Cash and Cash Equivalents, December 31, 2012	\$ 14,837,563	\$ 32,973,092	\$ 20,032,817	\$ 67,843,472	\$ 38,702,835
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Net Operating Income (loss)	\$ 1,471,867	\$ 941,125	\$ 2,165,866	\$ 4,578,858	\$ 7,218,009
Depreciation Expense	3,622,374	6,200,726	1,654,836	11,477,936	4,797,604
Changes in Receivables, net	47,071	128,497	(1,126)	174,442	(18,494)
Changes in Inventories	-	-	-	-	28,170
Changes in Accounts Payable & Other Liabilities	(694,822)	685,508	125,406	116,092	1,262,953
Changes in Prepaid Items and Operating Assessments	10,904	-	150,609	161,513	(1,817)
Net Cash Provided (Used) by Operating Activities	\$ 4,457,394	\$ 7,955,856	\$ 4,095,591	\$ 16,508,841	\$ 13,286,425
Non-Cash Investing, Capital and Related Financing Activities:					
Contributions of Capital Assets	-	-	27,934	27,934	420,363

The notes to the financial statements are an integral part of this statement.

Snohomish County, WA
Statement of Net Position
Fiduciary Funds
December 31, 2012



	<u>Agency Funds</u>	<u>Investment Trust Fund</u>
ASSETS		
Current Assets		
Deposits and Investments with County Treasurer	\$ 445,979,203	\$ 90,588,815
Taxes Receivable	33,940,536	-
Other Receivables, Net	2,593,710	-
Interest Receivable	138,795	193,030
Total Assets	<u><u>482,652,244</u></u>	<u><u>90,781,845</u></u>
LIABILITIES		
Current Liabilities		
Due to Other Governments	<u>482,652,244</u>	<u>-</u>
Total Liabilities	<u><u>\$ 482,652,244</u></u>	<u><u>\$ -</u></u>
NET POSITION		
Held in Trust for External Pool Participants		<u><u>\$ 90,781,845</u></u>

The notes to the financial statements are an integral part of this statement.

**Snohomish County, WA
Statement of Changes
in Fiduciary Net Position
For the Year Ended December 31, 2012**



	<u>Investment Trust Fund</u>
ADDITIONS:	
Contributions	\$61,261,717
Interest	<u>930,038</u>
Total Additions	62,191,755
DEDUCTIONS:	<u>52,471,382</u>
Change in Net Position	9,720,373
Net Position - January 1, 2012	<u>81,061,472</u>
Net Position - December 31, 2012	<u><u>\$90,781,845</u></u>

The notes to the financial statements are an integral part of this statement.

Note 1 Summary of Significant Accounting Policies

General

The County of Snohomish, Washington (the “County”), was incorporated in 1861 and operates under the laws of the State of Washington applicable to a home rule charter county. The charter was adopted by a vote of the citizens of Snohomish County in 1979 and was amended through the charter review process effective January 1, 1997 and January 1, 2007. The executive branch of the county government is elected at large and consists of the county executive, the prosecuting attorney, the sheriff, the auditor, the clerk, the treasurer, and the assessor. Fifteen superior court judges and eight district court judges are also elected at large. A five-member council, elected by district, constitutes the legislative body.

Snohomish County is a general-purpose government and provides services such as public safety, fire prevention, road construction and maintenance, parks and recreation, judicial administration, health and social programs and general administration. The County also operates an airport, a fairground, is responsible for the disposal of solid waste, and the control of surface water runoff.

The County’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The County implemented the provisions of the following Governmental Accounting Standards Board (GASB) Statements for 2012. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, which resulted in a deferred inflow of resources in the amount of \$1,586,709 in regard to the concession agreement at the Fairgrounds speedway; GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates certain accounting and financial reporting guidance into GASB literature; GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, requiring changes to net asset reporting by using the terms deferred outflows and deferred inflows of resources to describe the consumption and acquisition of net assets that are applicable to a future reporting period, and by renaming the residual measure as net position rather than net assets.

1.A Reporting Entity

These financial statements present the County (the primary government) and its component units, the Pilchuck Development Corporation (“PDC”) and Snohomish County Public Facilities District (“PFD”). The component units are combined and presented in a single column on the government-wide financial statements.

In determining the financial reporting entity, the County complies with the provisions of GASB Statement No. 14, “The Financial Reporting Entity,” GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units,” and GASB Statement No. 61 “The Financial Reporting Entity: Omnibus”. Accordingly, the County reports as component units those entities where the County appointed a voting majority

of the board of directors, the County is able to impose its will, or where a financial benefit or burden relationship exists.

The County created the PDC in 1983 to promote and finance industrial development. The Snohomish County Council appoints the Corporation's board of directors. The Corporation may issue industrial revenue bonds to finance industrial development facilities upon approval of the County Council; however, the County has no financial responsibility for such bonds.

Snohomish County established the PFD in July 2001 for the sole purpose of pursuing joint ownership, financing, or operational relationships with any other public agency within the County for the development of regional center projects and/or with a nonprofit entity for the development of a regional center project at Paine Field. A five-member board of directors appointed by the County Council governs the PFD.

The PFD has formalized support for four regional centers: the City of Everett Public Facilities District's Arena and Parking Garage, the South Snohomish County Public Facilities District's Regional Convention Center in Lynnwood, the City of Edmonds Public Facilities District's remodel of the Puget Sound Christian College for use as a Performing Arts and Convention Center, and the Future of Flight in conjunction with Snohomish County Paine Field Airport.

Financial statements for the Pilchuck Development Corporation and Snohomish Public Facilities District can be obtained by writing to the Snohomish County Finance Department, MS 610, 3000 Rockefeller Ave., Everett, WA 98201.

1.B Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The *statement of net position* and *statement of activities* present financial information about the County as a whole on a full accrual basis with an economic resource measurement focus. They include all County funds except for the agency funds and external investment pool, which are reported separately. The statements distinguish between governmental and business-type activities. *Governmental activities* generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. *Business-type activities* are financed in whole or in part by fees charged to external parties for goods or services. Program revenues as reported on the statement of activities include charges to customers and users of goods or services provided by that program, and grants or contributions that are restricted for use by that program. Taxes and other revenues that are not specific to a particular program are reported as general revenues.

The expenses and program revenues of governmental activities are reported on the statement of activities by function/program. Fund financial statements also report governmental fund expenditures by function/program. The County reports the following functions/programs:

General Government - Legislative and administrative services, including expenses for recording and elections, financial services, legislative, personnel administration, administration and facility management.

Judicial - Court system for civil, criminal, and juvenile cases, including jury and witness fees and other judicial and legal costs.

Public Safety - Protection and safety of the citizenry at large, including expenses for law enforcement, fire protection services, inspections and regulatory enforcements, detention and corrections, emergency services and juvenile services.

Physical Environment - Conservation and preservation of the environment, and animal control services.

Transportation - Programs to ensure safe and adequate flow of vehicles and pedestrians in the County, including costs for road and street preservation, construction, and maintenance.

Health and Human Services - Programs that provide prevention, intervention, and rehabilitative human services for County citizens with an emphasis on serving those most in need. They include costs associated with programs such as veterans' services, mental health, substance abuse prevention and treatment, public health, and children's services.

Economic Environment - Community planning and development services, housing programs, and promotion of tourism.

Culture and Recreation - Costs associated with the maintenance and general operations of County parks, trails, natural land and recreational facilities, and the fairgrounds.

Interfund Activity

Interfund activity can be classified into two general categories:

- *Reciprocal* interfund activities are transfers similar to exchange and exchange-like transactions (quasi-external). Interfund services provided and used are reported as revenues in the seller funds and expenditures/expenses in the purchaser funds.
- *Nonreciprocal* interfund activities are nonexchange transactions – no equivalent value is received for the assets transferred and there is no requirement for repayment. They include interfund transfers and interfund reimbursements. Interfund transfers have been eliminated within the governmental activities and business-type activities categories. Transfers between these two activities are reported on the statement of activities. Interfund reimbursements have been eliminated from the statement of activities. See Note 3I for details of transfers.

Fund Financial Statements

The fund financial statements individually present major funds and present non-major funds in total. A fund is considered major if it is the primary operating fund of the entity or if its assets, liabilities, revenues, or expenditures/expenses equal at least 10% of the corresponding total for all funds of that category or type, and at least 5% of the corresponding total for all governmental and enterprise funds combined. Separate financial statements are provided for governmental, proprietary, and fiduciary funds.

The governmental fund financial statements are prepared using a modified accrual accounting basis with a current financial resources measurement focus. The modified accrual basis differs from the full accrual basis in the following ways:

- Purchases of capital assets are considered expenditures.
- Redemptions of long-term debt are considered expenditures when due.
- Proceeds from long-term debt are considered "other financing sources" when received.
- Revenues are recognized only when they become both measurable and available to finance expenditures of the current period. Revenues are considered available if received within 60 days.
- Interest on long-term debt is not accrued, but is recorded as an expenditure when due.
- Accumulated unpaid vacation, sick pay, and other employee benefits are considered expenditures when paid.

The *governmental funds* are accounted for with a flow of current financial resources measurement focus, which emphasizes the current sources and uses of resources. The County reports the following governmental funds:

The **general fund** is the primary operating fund of the County. It is used to account for all financial resources except those funds required to be accounted for separately.

Special revenue funds account for revenues which are to be utilized for specific purposes and/or expenditures incurred in the performance of specific activities. Major special revenue funds include the Special Revenue Fund, County Road Fund and the Human Services Fund.

- The Special Revenue Fund accounts for various revenues that are restricted or committed for a specific purpose and are either small in amount or are for projects that have a limited life. Revenue streams and associated expenditures are appropriately segregated and tracked within the fund. Revenue/expenditure streams currently recorded within the fund include Animal Benefit Bequests, Blanche Miller Juvenile Court funds, Parks Donations, Trial Court Improvement funds, Brightwater Mitigation fees, and Community Impact funds.
- The County Road Fund accounts for the construction, maintenance, and inspection of county streets, roads, and bridges and the design and coordination of countywide public works projects. Revenue is primarily from road and other taxes and from state and federal grants.

- The Human Services Fund is for the administration, planning, development, and provision of the following services: energy and weatherization assistance, long-term care and aging, developmental disabilities, mental health, alcohol and other drug treatment, community services, children and family, housing, homelessness and community development, and veteran's relief. Revenue comes from liquor and other taxes, state and federal grants, state and county mandated charges for services, general County revenues, as well as from a tax levy for mental health, developmental disabilities, and veterans' assistance.

The **debt service funds** account for the accumulation of resources for the payment of general and special assessment long-term debt.

Capital projects funds account for the resources and expenditures relating to the acquisition and development of capital improvements other than those accounted for in the proprietary funds.

Proprietary funds are accounted for with a flow of economic resources measurement focus, which emphasizes the measurement of costs and determination of net income. They consist of *enterprise fund types* and *internal service fund types*. All assets and all liabilities are reported on the balance sheet. Revenues and expenses are reported on a full accrual basis - revenues are recorded when earned, expenses are recorded when a measurable liability has been incurred. Proprietary funds disclose the composition of cash flows on a separate statement of cash flows. Operating income for the proprietary funds includes all revenues derived in the normal course of operations except for interest and investment earnings, gain or loss on the sale of capital assets, capital grants and contributions, and some miscellaneous non-recurring revenues which are accounted for as non-operating. Operating expenses include all expenses derived in the normal course of operation. Non-operating expenses include interest expense and any other expenses not incurred as a result of the normal operation and purpose of the fund.

Enterprise funds account for operations of business-type activities, which are financed primarily by user charges. The accounting focus is on the measurement of costs and the determination of net income. The County maintains three enterprise funds: solid waste management, airport operation and maintenance, and surface water management.

- The solid waste management fund, administered by the department of public works, accounts for the operations, capital improvements, and debt service of the County's solid waste facilities. Revenue comes from the collection of fees at the facilities.
- The airport fund accounts for the operations, capital improvements, and debt service of Paine Field, Snohomish County's airport. The fund is wholly supported by fees for services. Additional capital funding is received from federal grants, and bond issues may be used to finance capital improvements.

- The surface water management fund, administered by the department of public works, accounts for operations relating to the management of storm drainage and surface water. Revenue comes from the collection of charges to property owners.

Internal service funds account for centralized operations related to providing goods or services to various County departments on a cost-reimbursement basis. The County's internal service funds are presented in the proprietary fund financial statements. In the government-wide financial statements, interfund transactions relating to internal service fund activity have been eliminated. Any residual activity and net position are reported as governmental activities. The County maintains eight internal service funds: equipment rental and revolving fund, information services fund, Snohomish County insurance fund, pits and quarries fund, employee benefit fund, facility services fund, training fund, and the security services fund.

Fiduciary Funds

Investment Trust Fund is used to report investment activity conducted by the Snohomish County Investment Pool on behalf of legally separate entities that are not part of the County's reporting entity.

Snohomish County has two major classifications of agency funds: (1) those used with the operations of county government such as clearing accounts; and (2) those which account for cash received and disbursed in the County's capacity as *ex officio* treasurer or collection agent for special districts and other governments such as school districts, water and sewer districts, and fire districts.

1.C Assets, Liabilities, and Equity

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include funds held by the County Treasurer, the county investment pool, the Washington State Treasurer's Local Government Investment Pool, and bank accounts not administered by the County Treasurer. These are primarily depository accounts, revolving accounts, and change funds. The Washington State Treasurer's Local Investment Pool and county investment pool are considered to be cash equivalents as funds held within the pools can be liquidated on demand to meet daily cash flow needs.

Investments are recorded at cost, which is materially equivalent to fair value. Additional cash and investment disclosures are presented in Note 3.A.

Interfund Receivables and Payables

Occasionally, transactions for goods and services between County funds may result in amounts which are due but not yet paid. These are reported as "due to/from other funds" on the balance sheet. Short-term interfund loans are reported as "due to/from other funds." Long-term interfund loans (non-current portion) are reported as "advances to/ from other funds."

Receivables

Property taxes levied for the current year are recorded as taxes receivable and deferred revenue. As tax payments are collected, the taxes receivable and deferred revenue balances are reduced and revenue is recognized in the fund statements. Other receivables represent primarily amounts due from private individuals and organizations for goods or services rendered.

Amounts reported as due from other governments and notes/contract receivable represent receivables from other governments for goods and services rendered, grant reimbursements or entitlements. Amounts due for grant reimbursements are recorded in the period in which the authorized disbursements are made.

Inventories and Prepaid Items

Governmental funds use the purchase method whereby inventory items are considered expenditures when purchased. Proprietary funds value inventories using average cost method. Certain other purchases representing costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets are recorded at actual cost. Donated capital assets are recorded at estimated fair market value on the date of donation. Capital costs in the governmental funds are reported as expenditures of the current period in the fund financial statements and as assets in the government-wide financial statements. Individual assets (except infrastructure and software) with a total cost of less than \$5,000 are reported as expenses in the period in which they were incurred. Infrastructure expenditures (roads, bridges, traffic signals, and other public property) and software expenditures in excess of \$100,000 are capitalized and depreciated over their useful life in the government-wide financial statements.

Depreciation of capital assets is reported as an allocated expense in the statement of activities. Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. Generally, buildings and other land improvements are assigned estimated useful lives of 5 to 50 years, machinery and equipment 3 to 20 years, and infrastructure 5 to 60 years. Intangible software has been determined to have an indefinite useful life unless reasonably estimable.

Restricted Assets and Liabilities

Restricted assets include cash and investments that are subject to legal restrictions and other assets which are considered to be restricted for a particular purpose such as debt service payments and unspent bond proceeds. Related liabilities are reported as payable from restricted assets.

Restricted investments of business-type activities in the amount of \$10,514,433 represent funds set aside to finance the post-closure care costs of the Cathcart Landfill, which closed in 1992. Federal, state, and local requirements mandate that such reserves be established to cover future post-closure care costs such as site monitoring, testing, maintenance, and treatment of leachates. The County has no landfills in active

operation. The related liability in the amount of \$10,514,433 represents the estimated cost of future post-closure care as of December 31, 2012. The current portion of this liability is \$901,644 and is estimated based on historical trends. This estimate is subject to change due to inflation, technological changes, or regulatory changes.

Investment in Joint Venture

Snohomish County Emergency Radio Systems (SERS), a public nonprofit corporation, was established via an interlocal agreement between the County, nine cities, and a fire district located within the county. Each member city and the County provide a voting member to the SERS board of directors. The purpose of SERS is to develop a countywide public safety communications system. The County financed its original investment in SERS with general obligation bond proceeds. SERS operations are based on annual assessments from each of its members.

In accordance with generally accepted accounting principles, the investment balance was reduced by \$5,302 for the 2012 year to reflect the County's share of SERS revenues and expenditures. SERS financial statements are subject to audit by the Washington State Auditor's Office and can be obtained by writing to the Snohomish County Finance Department, MS 610, 3000 Rockefeller Ave., Everett, WA 98201.

Long-Term Debt

Long-term debt incurred by the governmental funds is not reported as a liability in the governmental fund financial statements, but is reported in the government-wide statement. The debt proceeds (including any bond premium) are reported as other financing sources and payment of principal, interest, and debt issuance costs are reported as expenditures. Proprietary fund debt is reported on the same basis in both the government-wide and fund financial statements. Bond premiums/discounts and issuance costs are deferred and amortized over the life of the bonds.

Employee Benefits Payable

The County's policies regarding vacation, sick leave and compensatory time permit employees to be compensated for earned but unused vacation leave, compensatory time, and a portion of their sick leave. The liability for such compensated absences in governmental funds is recorded as long-term debt in the government-wide statements. Proprietary fund reporting is the same in both the fund statements and the government-wide statements. The current portion of this debt is estimated based on historical trends.

Deferred Revenues

Deferred revenues are recorded for property taxes, special assessments, grant related advances, and prepaid revenues. There are differences between deferred revenues reported on the fund statements and unearned revenue reported on the entity-wide statements. Deferred revenue for property taxes and special assessments is reclassified to revenue on the entity-wide statements.

Equity Classifications

The government-wide financial statements present equity as net position and are displayed in three components:

- Net invested in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, and contributors; or (2) legal restrictions resulting from constitutional provisions or enabling legislation.
- Unrestricted net position: All other net position that do not meet the definition of “restricted” or “net invested in capital assets.”

The governmental funds’ financial statements present equity as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Unless otherwise directed by the County Council, County Executive, or Director of Finance and committed to writing, resources shall be utilized in the following order: restricted, committed, assigned, and unassigned. Committed fund balance is committed for a specific purpose established by the County Council. Assignments are expressed by the governing body or an official authorized by the governing body. Proprietary fund equity is classified the same as in the government-wide statements.

Note 2 Stewardship, Compliance, And Accountability

2.A Budgetary Data

Budget Policies and Controls

In accordance with the Snohomish County Charter, the County Council is required to adopt annual budgets for all budgeted funds for the next fiscal year no later than thirty days prior to the end of the current fiscal year. Each quarter during the fiscal year, the Executive must submit a written report to the Council explaining the relationship between the estimated income and expenses and actual income and expenses to date. If income is estimated to be less than anticipated, the Council may reduce appropriations as necessary to keep expenditures within income. The County Council may also modify the budget on an emergency basis by appropriating contingency funds, revenues received in excess of budgeted revenues, or funds from any other legally available source. All appropriations lapse at the end of the year with the exception of project-length budgets for capital project funds.

The legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, is at the fund/department/program level for all budgeted funds. For example, the Sheriff’s Office’s budget that is included in the General Fund may have multiple programs that cannot be individually exceeded.

One special revenue fund and one debt service fund were not budgeted for the fiscal year ended December 31, 2012. Per RCW 84.56.020, no budget is required for the *Treasurer's Operations and Maintenance Special Revenue Fund*. Additionally, the *Sno Co Road Improvement Guarantee Fund* was not budgeted as there were no expenditures anticipated for 2012.

Basis of Budgeting

Annual appropriated budgets are adopted for the general, special revenue, debt service, and proprietary funds on the modified accrual basis of accounting. Budgets for capital project funds are adopted at the level of the individual project for fiscal periods that correspond to the lives of the projects. Annual appropriated budgets are adopted at the program level within each fund ("appropriation unit").

Encumbrances

An encumbrance system is maintained to account for commitments resulting from approved purchase orders and contracts. All appropriations lapse at the end of the year with the exception of *Capital Project Funds*. Accordingly, encumbrances outstanding at year-end must be absorbed within budget appropriations for the next year.

2.B Deficit Fund Equity

Insurance Fund

At December 31, 2012, the insurance fund (an internal service fund) reported a deficit fund balance of \$3,233,573. This represents a \$1,652,163 decrease in the deficit from the prior year. The budget deficit resulted from major claims that settled above the original estimated amounts. Adjustments to rates charged to departments are being made to address this deficit.

Note 3 Detail Notes On Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A Deposits And Investments

Deposits

The County's deposits and certificates of deposit 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). The PDPC provides protection for public treasurer deposits that exceed the amount insured by FDIC.

Investments

It is the policy of the Snohomish County Treasurer (Treasurer) to invest funds in accordance with governing statutes to obtain the highest return possible consistent with the safety and liquidity objectives outlined in investment policy and conforming to all state/local statutes governing the investment of public funds. Among the authorized

investments (but not limited to) are U.S. Treasury securities, U.S. Agency Securities, Certificates of Deposit with qualified public depositories, and Washington State Local Government Investment Pool (LGIP). The LGIP is an unrated 2a-7 like pool which has an average maturity which does not exceed 90 days.

Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All County securities are held for safekeeping by the Bank of New York Mellon, as the County's agent, in the County's name.

Interest rate risk: In accordance with its investment policy, the County manages its exposure to investments that are highly sensitive to changes in fair value due to interest rate change by limiting the weighted average of maturity of its investments. In accordance with the policy one half of the portfolio is comprised of investments maturing within a year. The remainder of the portfolio will not exceed five years in maturity. The average maturity of the portfolio shall not exceed two years.

Investments are reported at cost which is materially equivalent to fair value. It includes monies invested by individual funds and residual cash invested for the benefit of the general fund. As of December 31, 2012, the County held the following investments:

Investment Type	Fair Value	Carrying Value	Weighted Average Maturity (Years)
U.S. Agencies	\$175,887,866	\$174,804,274	.72
U.S. Treasury Notes	17,667,600	17,386,133	.10
Local Government Investment Pool	516,042,644	516,042,644	
Municipal Investor Account	7,555,864	7,555,864	
Certificate of Deposit	50,000,000	50,000,000	.10
Municipal Bond	2,946,031	2,952,610	
Total Fair Value	\$770,100,005	\$768,741,525	

Portfolio Weighted Average Maturity	.92
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Credit risk: Credit risk is related to quality ratings of investments held by the County. State law and County Investment Policy limit the type of investments the County can hold. At year end, the county held obligations of the U.S. Government, U.S. agency issues, the Washington State Local Government Investment Pool, and time certificates of deposit with authorized Washington State banks. The ratings as of December 31, 2012 are:

Investment	Fair Value	S&P Rating
Local Government Investment Pool	\$516,042,644	Not subject
Municipal Investor	7,555,864	Not subject
Certificate of Deposit	50,000,000	Not subject
Municipal Bonds	2,946,031	Not subject
US Treasury	17,667,600	Exempt
Federal Agency-FHLB	30,519,437	AAA
Federal Agency- FHLMC	32,071,365	AAA
Federal Agency-FNMA	113,297,064	AAA
Total	\$770,100,005	

Concentration of credit risk: Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County limits its exposure to concentration risk by requiring diversification of its investments by type and institution. The County limits 25% of the portfolio to a single security type or amount deposited with a single financial institution, with the exception of U.S. Treasury, Agency Securities, and the Local Government Investment Pool.

Investment	Fair Value	Percent of Portfolio
Local Government Investment Pool	\$516,042,644	67.13%
Municipal Investor	7,555,864	0.98%
Certificate of Deposit	50,000,000	6.50%
Federal Agencies	175,887,866	22.75%
US Treasury	17,667,600	2.26%
Municipal Bond	2,946,031	0.38%
Total	\$770,100,005	100.00%

Investment Pool

The Snohomish County Investment Pool, SCIP, is not registered with the SEC. Investments are reported at fair value to pool participants. It includes participating funds from the county's primary government and funds from the districts where the County Treasurer serves as ex-officio treasurer. There are no involuntary participants in the SCIP. All participants have notified the Treasurer of their desire to participate in SCIP. The portion of the pool belonging to outside districts is reported in an Investment Trust Fund. SCIP investments are those allowed by County Investment Policy and include savings accounts, CD's and securities.

Fair value of securities is based on the market value reports provided by the county's custodial agent. The market values are uploaded into the county investment software monthly from the custodial agent. The fair value of each participants' investment is determined by calculating the ratio of total investments by pool participants divided into the total fair value of all SCIP underlying assets. Each pool participant can determine their fair value by taking their investment in SCIP times this ratio.

Pool participant shares are based on the dollars that they have invested in SCIP. The income is distributed based on interest rates on investments, amortization of premiums and discounts, and realized gains and losses for the month.

Pool oversight comes from the Snohomish County Finance Committee (SCFC). The SCFC consists of the County Treasurer, County Executive and Chairman of the County Council. SCFC approves investment policies for SCIP.

The Primary Government has \$164,564,757 invested in the SCIP. The change in fair value of SCIP at December 31, 2012 is \$1,358,480.

<u>Condensed Statement of Net Position</u>	<u>External</u>	<u>Internal</u>	<u>Total</u>
Assets	90,781,845	164,564,757	255,346,602
Equity of pool participants	90,781,845	164,564,757	255,346,602
 <u>Condensed Statement of Changes in Net Position</u>			
Net Position January 1, 2012	81,061,472	200,370,230	281,431,702
Net Change in Investments	9,720,373	(35,805,473)	(26,085,100)
Net Position December 31, 2012	90,781,845	164,564,757	255,346,602
 FMV Change	482,972	875,508	1,358,480

3.B Taxes Receivable

Taxing Authority

The County is authorized to levy both “regular” property taxes and “excess” property taxes. Regular property taxes are subject to limitations as to rates and amounts, and are imposed for general municipal purposes, including the payment of debt service on limited tax general obligation bonds. The County also may impose “excess” property taxes that are not subject to limitation when authorized by a 60 percent majority popular vote, as provided in Article VII, Section 2, of the State Constitution and Revised Code of Washington (RCW), RCW 84.52.052. To be valid, such popular vote must have a minimum voter turnout of 40 percent of the number who voted at the last County general election, except that one-year excess tax levies also are valid if the turnout is not less than 24 percent of the number who voted at the last County general election. Excess levies may be imposed without a popular vote when necessary to prevent the impairment of the obligation of contracts.

Property Tax Rates and Limitations

The Washington State Constitution and Washington State law (RCW 84.55.010) allow counties to limit the rate of property taxes. A county may levy taxes at a maximum rate of \$1.80 per \$1,000 of assessed value against all real and personal property subject to taxation for general county purposes. This includes payment of principal and interest on bonds issued by the County without a vote of the people, including limited tax general bond obligations (RCW 84.52). The County’s regular levy for 2012 was \$0.94 per \$1,000 on an assessed valuation of \$76.6 billion for a total regular tax levy of \$71.9 million.

The County is also authorized to levy \$2.25 per \$1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County’s road levy

for 2012 was \$1.72 per \$1,000 on assessed valuation of \$31.1 billion for a total road levy of \$53.6 million.

A county may increase its levy from \$1.80 to \$2.475 for general county purposes if the total levies for both county and road purposes do not exceed \$4.05 per \$1,000 of assessed value and no other taxing district has had its levy reduced as a result of the increased county levy.

The \$1.80 per \$1,000 limitation on the general purposes levy is exclusive of certain regular property taxes: (i) a voted levy for emergency medical services, limited to \$0.50 per \$1,000 (authorized by RCW 84.52.069); (ii) a voted levy to finance affordable housing for very low income households, limited to \$0.50 per \$1,000 (authorized by RCW 84.52.105); and (iii) a non-voted levy for conservation futures, limited to \$0.0625 per \$1,000 (authorized by RCW 84.34.230). The County currently is levying \$0.04 per \$1,000 for conservation futures.

Aggregate regular property tax levies by the State and all taxing districts except port districts and public utility districts are subject to a rate limitation of one percent of the true and fair value of property (or \$10.00 per \$1,000) by Article VII, Section 2 of the State Constitution and by RCW 84.52.050. Within the one percent limitation, aggregate regular property tax levies by all taxing districts except the State, port districts and public utility districts are subject to a rate limitation of \$5.90 per \$1,000 of assessed value (or 0.59%) by RCW 84.52.043(2). This limitation is exclusive of levies for emergency medical services, affordable housing for very low-income households and acquiring conservation futures. If aggregate regular property tax levies exceed the one percent or \$5.90 per \$1,000 limitations, levies requested by “junior” taxing districts within the area affected are reduced or eliminated according to a detailed prioritized list (RCW 84.52.010), in order to bring the aggregate levy into compliance. Junior taxing districts are defined by RCW 84.52.043 as all taxing districts other than the State, counties, cities, towns, road districts, port districts, and public utility districts.

Property Tax Calendar

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. The following is an annual timeline for tax collections:

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

Property taxes are recorded as a receivable and deferred revenue when levied. Property tax collections are recorded as a reduction of the receivable. Also, upon collection, the related deferred revenue is reclassified to revenue, on the modified accrual basis. For

the statement of activities, property taxes are revenue in the year they are levied. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle, and delinquent taxes are evaluated annually.

Property Tax Levy Procedures

In the State of Washington, the county assessor (the “Assessor”) determines the value of all real and personal property throughout the county that is subject to ad valorem taxation. The Assessor’s duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the Department of Revenue of the State of Washington. For tax purposes, the assessed value of property is set at 100% of its actual value. All property is subject to revaluation every year. The Assessor lists the property on a tax roll at its current assessed value and the tax roll is filed in the Assessor’s office.

The Assessor’s determinations are subject to revision by the County Board of Equalization and, for certain property, subject to further revision by the State Board of Equalization. After all administrative procedures are completed, the County receives the Assessor’s final certificate of assessed value of property within the county.

Property taxes are levied in specific amounts, and the rates for all taxes levied for all taxing districts in the county (including the County) are determined, calculated, and fixed by the Assessor based upon the assessed valuation of the property within the various taxing districts. The Assessor extends the taxes to be levied within each taxing district upon a tax roll, which contains the total amount of taxes to be so levied and collected. The tax roll is delivered to the County Treasurer by January 15 of each year, and an abstract of the tax roll showing the total amount of taxes collectible in each of the taxing districts for the year, is delivered to the County Auditor at the same time. The Treasurer creates a tax account for each taxpayer and is responsible for the collection of taxes due on each account. All such taxes are due and payable on the 30th of April of each year, but if the amount due from a taxpayer exceeds \$50, one-half may be paid then, and the balance no later than October 31 of that year.

The method of giving notice of payment of taxes due, the Treasurer’s accounting for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all covered by detailed statutes.

Tax Liens and Foreclosure

Property taxes, and all charges and expenses relating to the taxes, constitute a statutory lien on the property taxed. The lien attaches to the property, from and including January 1 in the year in which the tax is levied, and is discharged only when the taxes are paid. By law, the Treasurer may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency. The County Treasurer may commence foreclosure proceedings in Superior Court upon all tax liens embraced by the certificate of delinquency. The County Treasurer must immediately sell the property to the highest and best bidder for cash upon entry of the order of foreclosure. The minimum bid allowable is the total amount of the taxes, interest, penalty, and costs due. To the extent property is stricken to the County at a foreclosure

sale, that property is exempt from taxation for so long as the County holds it. A property owner may redeem their property at any time prior to the foreclosure sale by paying the County Treasurer the amount of the certificate of delinquency and all taxes, interest, and costs accruing after the certificate of delinquency is issued.

3.C Other Receivables

Other receivables consist primarily of customer accounts receivable. These are reported net of allowance for uncollectible accounts as follows:

Other Receivables
As of December 31, 2012

	Governmental Activities	Business-type Activities	Total Primary Government
Other Receivables	\$ 58,313,249	\$ 4,083,844	\$ 62,397,093
Allowance for Uncollectibles	(44,124,653)	(194,934)	(44,319,587)
Other Receivables, Net	<u>\$ 14,188,596</u>	<u>\$ 3,888,910</u>	<u>\$ 18,077,506</u>

3.D Capital Assets

The following is a summary of changes in capital assets for the County primary government:

CAPITAL ASSETS
For the year ended December 31, 2012

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 186,092,439	\$ 19,530,257	\$ (552,303)	\$ 205,070,393
Construction in progress	33,963,703	20,578,251	(21,313,653)	33,228,301
Total capital assets not depreciated	220,056,142	40,108,508	(21,865,956)	238,298,694
Other capital assets:				
Buildings	276,533,497	158,400	(70,000)	276,621,897
Other improvements	81,445,627	12,670,045	-	94,115,672
Equipment	83,612,496	4,955,272	(2,591,126)	85,976,642
Infrastructure	798,563,917	31,939,001	(1,118,716)	829,384,202
Intangible assets	14,734,125	1,024,314	-	15,758,439
Total other capital assets at historical cost	1,254,889,662	50,747,032	(3,779,842)	1,301,856,852
Less accumulated depreciation for:				
Buildings	(88,250,461)	(6,763,220)	33,996	(94,979,685)
Other improvements	(27,605,467)	(4,693,638)	-	(32,299,105)
Equipment	(42,832,736)	(6,203,497)	1,995,210	(47,041,023)
Infrastructure	(351,031,875)	(26,740,287)	546,319	(377,225,843)
Intangible assets	(1,379,510)	(191,252)	-	(1,570,762)
Total accumulated depreciation	(511,100,049)	(44,591,894)	2,575,525	(553,116,418)
Other capital assets, net	743,789,613	6,155,138	(1,204,317)	748,740,434
Governmental activities capital assets, net	\$ 963,845,755	\$ 46,263,646	\$ (23,070,273)	\$ 987,039,128
Business-type Activities				
Capital assets not depreciated:				
Land	\$ 35,016,940	\$ 7,872,737	\$ -	\$ 42,889,677
Construction in progress	6,189,830	10,180,170	\$ (3,646,346)	12,723,654
Total capital assets not depreciated	41,206,770	18,052,907	(3,646,346)	55,613,331
Other capital assets:				
Buildings	105,660,211	2,305,173	-	107,965,384
Other improvements	91,689,888	-	-	91,689,888
Equipment	7,075,170	705,992	(46,035)	7,735,127
Infrastructure	135,456,401	13,871,882	(2,970,879)	146,357,404
Intangible assets	2,279,036	-	-	2,279,036
Total other capital assets at historical cost	342,160,706	16,883,047	(3,016,914)	356,026,839
Less accumulated depreciation for:				
Buildings	(33,983,991)	(3,126,775)	-	(37,110,766)
Other improvements	(29,981,650)	(3,571,111)	-	(33,552,761)
Equipment	(4,306,288)	(647,475)	46,035	(4,907,728)
Infrastructure	(78,967,007)	(4,291,299)	2,970,879	(80,287,427)
Intangible assets	(1,717,461)	(88,368)	-	(1,805,829)
Total accumulated depreciation	(148,956,397)	(11,725,028)	3,016,914	(157,664,511)
Other capital assets, net	193,204,309	5,158,019	-	198,362,328
Business-type activities capital assets, net	\$ 234,411,079	\$ 23,210,926	\$ (3,646,346)	\$ 253,975,659

Changes to assets and accumulated depreciation may appear skewed due to reclassification of assets between categories.

Depreciation

Amounts posted in the accumulated depreciation account include retirement of assets sold or transferred and current period depreciation expense. Amounts of depreciation expense charged to capital assets by function are as follows:

**Depreciation Expense
For the Year Ended December 31, 2012**

Governmental Activities	
General Government	\$ 8,647,414
Judicial	2,830,995
Public Safety	1,868,647
Physical Environment	134,087
Transportation	28,526,223
Health and Human Services	32,800
Economic Environment	1,242
Culture and Recreation	2,550,485
Total Governmental Activities	<u>44,591,893</u>
Business-type Activities	
Airport	6,200,726
Solid Waste Management	3,622,374
Surface Water Management	1,654,836
Total Business-type Activities	<u>11,477,936</u>
Total Primary Government	<u>\$ 56,069,829</u>

3.E Short-Term Debt

The County had no short-term debt during or at the end of 2012.

3.F Long-Term Debt

The County's long-term debt consists primarily of general obligation bonds, Washington State public works trust fund loans, Community Economic Revitalization Board loans, and special assessment bonds for Road Improvement District (RID) 24A.

RID 24A bonds were issued in 1997 for \$3.8 million as special limited obligation bonds. These are payable solely from assessments levied on property owners. As of December 31, 2012, there were \$121,826 in delinquent assessments, including interest and penalties. Bonds are due in 2019 and are redeemed each year based on paid assessments. RID guaranty funds are required by state law and are reflected by restricted assets of \$168,704 recorded as of December 31, 2012. State law also requires that county road funds be used to make up for any insufficiencies in monies available to make debt payments.

In 2012, Snohomish County issued \$44.1 million of general obligation bonds for acquisition of an intermodal rail yard, maintenance building and office building for the County's Solid Waste Division, construction of a facility at the Snohomish County Airport (Paine Field) for the "Dreamlifter Operations Center Project" and for County

Facilities Projects. In addition, the County received loan proceeds of \$468,214 from the Community Economic Revitalization Board (CERB) for capital improvements in the Airport Building C-71 to expand operations of the Washington Aerospace Training and Research Center (WATR).

Refunded Debt

In 2012, Snohomish County issued \$3.7 million of general obligation refunding bonds to provide resources to an escrow agent to refund \$3.8 million of the 2003 Campus Redevelopment and 2003 Park Improvement Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$303,472. This amount is amortized over the life of the old bonds which has a shorter life than the refunded bonds. This advance refunding resulted in an economic gain of \$525,826.

With the 2012A refunding, the County defeased the general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Payments of principal and interest on these bond issues are the responsibility of the escrow agent. Accordingly, the liability for defeased bonds is not included in the County's financial statements. The total amount of defeased debt outstanding, but removed from the statement of net position, at December 31, 2012, is \$5.7 million.

The following table summarizes the long-term debt issued and outstanding as of December 31, 2012:

2012 Schedule of Long Term Debt

Purpose		Original Issue Amount *	Beginning Outstanding Balance	Ending Outstanding Balance	Scheduled Payoff Date	2013 Redemption	Interest Rate
<u>Governmental Activities</u>							
1997 Bond Issue	Memorial Stadium Series B	1,134,775	1,134,775	1,134,775	2026	-	4.5-6.0%
2003A Bond Issue	County Campus Redevelopment	3,755,000	2,865,000	135,000	2027	135,000	2.0-5.0%
	Park Improvements/Willis Tucker Park	2,035,000	1,390,000	95,000	2023	95,000	2.0-4.9%
	Total 2003A Issue	5,790,000	4,255,000	230,000		230,000	
2005A Bond Issue	County New Administration Building	2,926,055	2,432,192	2,339,415	2030	95,632	3.0-4.4%
	Existing Administration Building Remodel	3,110,324	2,585,361	2,486,741	2030	101,654	3.0-4.4%
	Mission Building	487,688	405,376	389,913	2030	15,939	3.0-4.4%
	County Campus Redevelopment - Jail	1,853,213	1,540,428	1,481,668	2030	60,569	3.0-4.4%
	Other Campus Remodel Projects	975,375	810,751	779,824	2030	31,878	3.0-4.4%
	Fairgrounds Property	507,195	421,590	405,508	2030	16,577	3.0-4.4%
	Sheriff Storage/Gun Range	390,150	324,301	311,930	2030	12,751	3.0-4.4%
	Memorial Stadium	435,000	435,000	435,000	2027	-	3.0-4.4%
	Total 2005A Issue	10,685,000	8,954,999	8,629,999		335,000	
2005B Bond Issue	GTE Building	1,191,659	779,469	666,196	2017	118,994	3.0-5.0%
	Conservation Futures	14,655,477	9,586,216	8,193,136	2017	1,463,437	3.0-5.0%
	Cathcart Athletic Fields	3,507,469	2,157,213	1,470,101	2014	719,071	3.0-5.0%
	Snohomish County Radio Project	2,820,390	2,288,719	2,047,357	2019	253,177	3.0-5.0%
	City of Edmonds Radio Project	940,929	763,554	683,032	2019	84,464	3.0-5.0%
	Fire District No. 1 Radio Project	883,434	716,898	641,296	2019	79,303	3.0-5.0%
	City of Lynnwood Radio Project	1,141,411	926,242	828,563	2019	102,460	3.0-5.0%
	City of Marysville Radio Project	761,119	617,640	552,505	2019	68,323	3.0-5.0%
	City of Mill Creek Radio Project	287,218	233,074	208,495	2019	25,782	3.0-5.0%
	City of Mountlake Terrace Radio Project	511,481	415,061	371,290	2019	45,914	3.0-5.0%
	City of Woodway Radio Project	38,580	31,306	28,004	2019	3,463	3.0-5.0%
	Snocom 800 MHz/Edmonds	257,509	208,966	186,929	2019	23,116	3.0-5.0%
	Snocom 800 MHz/Mountlake Terrace	137,265	111,391	99,644	2019	12,322	3.0-5.0%
	Snocom 800 MHz/Other	575,665	467,147	417,883	2019	51,676	3.0-5.0%
	Various County Remodel/Building Projects	415,000	415,000	415,000	2019	-	4.0%
	Total 2005B Issue	28,124,606	19,717,896	16,809,431		3,051,502	

Notes to the Financial Statements

December 31, 2012

2012 Schedule of Long Term Debt

Purpose		Original Issue Amount *	Beginning Outstanding Balance	Ending Outstanding Balance	Scheduled Payoff Date	2013 Redemption	Interest Rate
Governmental Activities, continued							
2006 Bond Issue	Parks	2,650,000	1,475,000	1,210,000	2016	280,000	4.3-5.1%
	PW Cathcart Fleet/Road Maint Center	10,448,886	8,675,427	8,271,333	2026	423,280	4.3-5.1%
	Sheriff Gun Range/Impound Lot	1,855,410	1,540,498	1,468,743	2026	75,162	4.3-5.1%
	Roads	22,721,054	18,864,681	17,985,981	2026	920,419	4.3-5.1%
	Total 2006 Issue	37,675,350	30,555,606	28,936,057		1,698,861	
2009B Bond Issue	Animal Shelter	3,376,502	3,113,043	2,980,464	2028	137,656	2.0-5.0%
	Facilities HVAC	2,144,566	1,890,656	1,761,927	2023	132,591	2.0-5.0%
	Total 2009B Issue	5,521,068	5,003,699	4,742,391		270,247	
2010A Bond Issue	800 MHZ Radio Project Phase 2 - Refunding	8,708,214	8,122,394	7,428,523	2021	714,798	3.0-4.3%
	Parks - Refunding	4,102,635	3,826,642	3,499,740	2021	336,758	3.0-4.3%
	County Campus Redevelopment - Refunding	98,799,570	97,521,396	95,029,195	2035	2,570,358	3.0-4.3%
	Total 2010A Issue	111,610,419	109,470,432	105,957,458		3,621,914	
2010B Bond Issue	Roads	3,932,748	3,779,330	3,610,341	2030	170,084	1.0-5.9%
	Fairgrounds	7,058,779	6,873,529	6,658,523	2040	223,451	1.0-5.9%
	Emergency Operations Center	2,218,473	2,157,141	2,086,136	2035	71,465	1.0-5.9%
	Total 2010B Issue	13,210,000	12,810,000	12,355,000		465,000	
2011A Bond Issue	Denny Youth Center - Refunding	7,280,000	6,560,000	5,020,000	2015	1,590,000	2.0-5.0%
	Medical Examiner - Refunding	620,000	550,000	425,000	2015	135,000	2.0-5.0%
	Memorial Stadium - Refunding	2,755,000	2,430,000	2,180,000	2018	380,000	2.0-5.0%
	Total 2011A Issue	10,655,000	9,540,000	7,625,000		2,105,000	
2011B Bond Issue	Auditor Equipment - Refunding	2,315,000	2,315,000	1,960,000	2017	365,000	2.0-5.0%
	Gun Range - Refunding	475,000	475,000	440,000	2022	35,000	2.0-5.0%
	County Campus Redevelopment - Refunding	37,875,000	37,875,000	37,715,000	2036	160,000	2.0-5.0%
	Total 2011B Issue	40,665,000	40,665,000	40,115,000		560,000	
2011C Bond Issue	Cathcart - Refunding	23,725,000	23,725,000	22,490,000	2025	1,300,000	0.5-3.6%
2012A Bond Issue	County Campus Redevelopment - Refunding	2,495,000	-	2,495,000	2027	-	2.0-4.0%
	Park Improvements/Willis Tucker Park - Rfndg	1,160,000	-	1,160,000	2023	-	2.0-4.0%
	Facilities Projects 12 yr	1,810,000	-	1,810,000	2024	115,000	2.0-4.0%
	Facilities Projects 20 yr	3,610,000	-	3,610,000	2032	110,000	2.0-4.0%
	Total 2012A Issue	9,075,000	-	9,075,000		225,000	
	Total G.O. Bonds - Governmental Activities	297,871,218	265,832,407	258,100,111		13,862,524	
Public Works Trust Fund Loans	Relocate Road Away from River	500,000	189,120	162,102	2018	27,018	1.0%
	County Wide Payment Overlays	3,703,529	980,028	784,023	2016	196,005	1.0%
	Bridge Replacement Program Phase 111	1,000,000	211,696	158,772	2015	52,924	1.0%
	High Bridge Road Re-alignment	900,000	146,543	97,695	2014	48,848	3.0%
	88th. St. NE Road Improvements	300,000	7,107	4,739	2014	2,368	1.0%
	Granite Falls Alternate Route	7,000,000	6,263,158	5,894,737	2028	368,421	1.0%
	Total PWTFL Loans	13,403,529	7,797,652	7,102,068		695,584	
Other Loans	Furniture, Fixtures and Equipment	1,973,000	774,912	563,793	2015	219,192	3.8%
	Airport CERB Loan	468,214	-	468,214	2033	-	0.0%
	Total Other Loans	2,441,214	774,912	1,032,007		219,192	
Special Assessment Bonds	Road Improvement District	3,856,632	505,000	360,000		-	
	Total Debt - Governmental Activities	317,572,593	274,909,971	266,594,186		14,777,300	

Notes to the Financial Statements
December 31, 2012

2012 Schedule of Long Term Debt

Purpose		Original Issue Amount *	Beginning Outstanding Balance	Ending Outstanding Balance	Scheduled Payoff Date	2013 Redemption	Interest Rate
Business-Type Activities							
2005B Bond Issue	Airport	4,982,863	3,259,314	2,785,667	2017	497,569	3.0-5.0%
	Airport C-3	500,235	307,662	209,666	2014	102,554	3.0-5.0%
	Airport C-5	382,296	235,125	160,233	2014	78,375	3.0-5.0%
	Total 2005B Issue	5,865,394	3,802,101	3,155,566		678,498	
2006 Bond Issue	Surface Water Projects	2,880,000	100,000	90,000	2021	10,000	4.3-5.1%
	Various Airport Projects	4,833,830	4,013,398	3,826,457	2026	195,816	4.3-5.1%
	Airport Runway/Ramp	1,953,063	1,621,577	1,546,045	2026	79,118	4.3-5.1%
	Airport Interfund Loan	1,757,757	1,459,418	1,391,440	2026	71,206	4.3-5.1%
	Total 2006 Issue	11,424,650	7,194,393	6,853,942		356,140	
2009A Bond Issue	Surface Water - 2001 Refunding	11,075,000	8,950,000	8,170,000	2021	785,000	3.0-5.0%
	Surface Water - 2006 Refunding	2,745,000	2,210,000	2,040,000	2021	195,000	3.0-5.0%
	Total 2009A Issue	13,820,000	11,160,000	10,210,000		980,000	
2009B Bond Issue	Solid Waste	4,204,079	3,706,327	3,453,975	2023	259,923	2.0-5.0%
	Airport - Private	2,331,885	2,160,022	2,055,365	2028	107,796	2.0-5.0%
	Airport - Public	297,968	274,954	263,271	2028	12,034	2.0-5.0%
	Total 2009B Issue	6,833,932	6,141,303	5,772,611		379,753	
2010A Bond Issue	Airport Debt Service 20 Year - Refunding	8,003,197	7,899,571	7,697,545	2035	208,086	3.0-4.3%
2010C Bond Issue	Airport 2009 BAN - Refunding	4,950,000	4,845,000	4,705,000	2035	140,000	2.0-4.4%
2011B Bond Issue	Paine Field Various - Refunding	1,775,000	1,775,000	1,730,000	2036	45,000	2.0-5.0%
	Solid Waste Facility Construction - Refunding	12,175,000	12,175,000	11,245,000	2022	955,000	2.0-5.0%
	Paine Field Museum - Refunding	20,555,000	20,555,000	20,050,000	2036	535,000	2.0-5.0%
	Total 2011B Issue	34,505,000	34,505,000	33,025,000		1,535,000	
2012B Bond Issue	Airport	30,815,000	-	30,815,000	2032	1,170,000	2.0-3.6%
	Solid Waste	7,860,000	-	7,860,000	2037	215,000	2.0-3.6%
	Total 2012B Issue	38,675,000	-	38,675,000		1,385,000	
Total G.O. Bonds - Business-Type Activities		124,077,173	75,547,368	110,094,664		5,662,477	
Public Works Trust Fund Loans	Recycling & Transfer Station Construction	10,000,000	5,823,529	5,294,118	2022	529,412	0.5%
	Recycling & Transfer Station Construction	1,000,000	526,314	473,684	2021	52,632	0.5%
	Recycling & Transfer Station Reconstruction	10,000,000	5,060,525	4,498,245	2020	562,281	1.0%
	Dry Creek Estates Drainage Improvements	464,450	47,369	35,527	2015	11,842	1.0%
	Storm Drainage System	547,500	95,410	76,329	2016	19,081	1.0%
	Total PWTF Loans	22,011,950	11,553,147	10,377,903		1,175,248	
Community Economic Revitalization Board							
	Airport CERB Loan	1,700,000	1,700,000	1,700,000	2030	-	2.0%
Total Debt - Business-Type Activities		147,789,123	88,800,515	122,172,567		6,837,725	

* Original issue amounts for PWTF and CERB loans are adjusted to reflect additional loan draws

The following table summarizes the changes in long-term debt during 2012:

Long-term Debt For the Year Ended December 31, 2012						
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Governmental Activities:						
General Obligation Bonds	\$265,832,407	\$ 9,075,000	\$ 16,807,296	\$258,100,111	\$13,862,524	\$244,237,587
Special Assessment Bonds	505,000	-	145,000	360,000	-	360,000
Loans Payable	8,572,564	468,214	906,703	8,134,075	914,776	7,219,299
Total Bonds, Notes, and Loans Payable	274,909,971	9,543,214	17,858,999	266,594,186	14,777,300	251,816,886
Business-type Activities:						
G.O. Bonds/Solid Waste	15,881,328	7,860,000	1,182,353	22,558,975	1,429,923	21,129,052
G.O. Bonds/Airport	48,406,040	30,815,000	1,985,351	77,235,689	3,242,554	73,993,135
G.O. Bonds/Surface Water	11,260,000	-	960,000	10,300,000	990,000	9,310,000
Loans Payable/Solid Waste	11,410,371	-	1,144,324	10,266,047	1,144,325	9,121,722
Loans Payable/Airport	1,700,000	-	-	1,700,000	-	1,700,000
Loans Payable/Surface Water	142,776	-	30,920	111,856	30,923	80,933
Total Bonds, Notes, and Loans Payable	88,800,515	38,675,000	5,302,948	122,172,567	6,837,725	115,334,842
Total Primary Government:	\$363,710,486	\$ 48,218,214	\$ 23,161,947	\$388,766,753	\$21,615,025	\$367,151,728

Debt service requirements at December 31, 2012 are as follows:

Debt Service Requirements For the Year Ended December 31, 2012						
Governmental Activities						
	General Obligation		Other Debt		Special Assessment	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	13,862,523	10,678,275	914,776	62,801		
2014	14,395,328	10,097,664	923,157	48,328		
2015	14,144,153	9,518,918	761,397	33,536		
2016	12,693,855	8,943,126	591,444	26,718	170,000	20,740
2017	13,302,879	8,431,965	395,439	22,646	190,000	11,590
2018-2022	54,964,446	37,287,310	1,993,979	83,165	-	-
2023-2027	53,407,133	26,259,143	1,998,175	36,842	-	-
2028-2032	46,934,795	12,895,017	524,491	1,842	-	-
2033-2037	33,960,000	3,318,371	31,214	-	-	-
2038-2042	435,000	51,560	-	-	-	-
Total	\$ 258,100,112	\$ 127,481,349	\$ 8,134,072	\$ 315,878	\$ 360,000	\$ 32,330

Debt Service Requirements For the Year Ended December 31, 2012								
Business-Type Activities								
	Solid Waste		Airport		Surface Water		Other Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	1,429,923	825,452	3,242,554	2,824,739	990,000	426,348	1,175,248	74,940
2014	1,499,412	756,866	3,425,259	2,643,799	1,015,000	401,172	1,175,248	66,098
2015	1,542,634	714,719	3,323,213	2,532,284	1,050,000	360,472	1,175,247	57,255
2016	1,585,404	669,452	3,455,742	2,424,004	1,090,000	318,373	1,163,405	252,413
2017	1,641,315	613,388	3,565,806	2,305,831	1,135,000	274,673	1,250,747	73,690
2018-2022	9,129,434	2,156,555	16,109,208	9,958,825	5,020,000	625,695	5,109,336	213,282
2023-2027	1,890,853	844,318	18,453,703	6,930,456	-	-	623,704	78,412
2028-2032	1,755,000	574,050	18,205,205	3,598,189	-	-	404,965	16,305
2033-2037	2,085,000	236,985	7,455,000	719,163	-	-	-	-
Total	\$ 22,558,975	\$ 7,391,785	\$77,235,690	\$33,937,290	\$10,300,000	\$2,406,733	\$12,077,900	\$ 832,395

Debt Limitation

Voted Debt - The County may issue general obligation bonds for general county purposes in an amount not to exceed 2.5 percent of the assessed value of all taxable property. Unlimited tax general obligation bonds require an approving vote, and any election to validate general obligation bonds must have a voter turnout of at least 40 percent of those who voted in the last State general election. Of those voting, 60 percent must be in the affirmative. The principal and interest on voted general obligation bonds is payable from property taxes in excess of regular property taxes, without limitation as to rate or amount.

Non-voted Debt - The County Council may, by ordinance, authorize the issuance of limited tax general obligation bonds in an amount up to 1.5 percent of the assessed valuation within the County without authorization of the voters. No combination of limited and unlimited tax bonds may exceed 2.5 percent of the assessed valuation. The principal and interest on non-voted debt is payable from regular property tax levies or from other available revenues of the County.

The computation of the County's general obligation debt capacity is displayed in the statistical section of this report.

Arbitrage

The County issues tax-exempt bonds that are subject to IRS arbitrage regulations. The County contracts with a consultant to analyze arbitrage requirements. For the year ended December 31, 2012, there is no arbitrage liability.

3.G Compensated Absences

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund. Historically, approximately 60% has been paid by the general fund, 15% by the road fund, and the remainder by various other governmental and internal service funds.

Compensated Absences For the Year Ended December 31, 2012

	Beginning Balance	Addition/ (Deletion)	Ending Balance	Amounts Due Within One Year
Governmental Activities	\$ 17,575,440	\$ 321,677	\$ 17,897,117	\$ 357,942
Business-type Activities				
Solid Waste	\$ 646,932	\$ 24,141	\$ 671,073	\$ 13,421
Airport	390,283	\$ 11,217	\$ 401,500	8,030
Surface Water	548,439	22,048	\$ 570,487	11,410
Subtotal Business-type	1,585,654	57,406	1,643,060	32,861
Total Primary Government	\$ 19,161,094	\$ 379,083	\$ 19,540,177	\$ 390,803

3.H Accrued Liabilities

The County's accrued liabilities include the following:

	Accrued Liabilities		
	As of December 31, 2012		
	Governmental Activities	Business-type Activities	Total Primary Government
Retainage Payable	\$ 961,652	\$ 221,062	\$ 1,182,714
Interest Payable	2,586,811	479,182	3,065,993
Wages Payable	4,891,208	477,391	5,368,599
Taxes Payable	29,667	441,464	471,131
Customer Deposits	350,385	794,857	1,145,242
Total	<u>\$ 8,819,723</u>	<u>\$ 2,413,956</u>	<u>\$ 11,233,679</u>

3.I Interfund Transactions

Transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. Most recurring transfers are for the purpose of funding debt service payments. Transfers for general operating purposes and transfers of assets are also done on a routine basis. The following table summarizes the transfers made between funds and activities:

Disbursing Funds	Receiving Funds						Proprietary Funds					Total Fund Statements - Transfers In
	Governmental Funds			Business-type Activities			Governmental Activities					
	General Fund	County Road Fund	Human Services Fund	Other Governmental Funds	Total Governmental Funds	Airport Fund	Surface Water Fund	Subtotal Business-type Activities	Internal Service Funds	Total Fund Statements - Transfers Out		
Governmental Funds												
General Fund	\$ -	\$ 63,570	\$ 2,814,189	\$ 3,312,725	\$ 6,190,484	\$ -	\$ 160,408	\$ 160,408	\$ 1,730,465	\$ 8,081,357		
Special Revenue Fund	-	6,546,534	-	15,248,238	21,794,772	-	-	116,593	-	21,911,365		
County Road Fund	4,520,069	-	112,000	2,722,709	7,354,778	-	-	364,592	-	7,719,370		
Human Services Fund	2,332,332	-	-	-	2,332,332	-	-	-	-	2,332,332		
Other Governmental Funds	1,699,332	5,842,201	2,941,925	12,023,565	22,507,023	-	602,711	602,711	-	23,109,734		
Total Governmental Funds	8,551,733	12,452,305	5,868,114	33,307,237	60,179,389	160,408	1,083,896	1,244,304	1,730,465	63,154,158		
Proprietary Funds												
Business-type Activities												
Airport Fund	-	-	-	-	-	-	-	-	127,254	127,254		
Surface Water Fund	596,541	-	-	-	596,541	-	-	-	-	596,541		
Subtotal Business-type Activities	596,541	-	-	-	596,541	-	-	-	127,254	723,795		
Governmental Activities												
Internal Service Funds	388,685	-	-	2,405,965	2,794,650	-	-	-	-	2,794,650		
Full Accrual Activity*	-	-	-	-	-	-	-	-	305,638	305,638		
Total Fund Statements - Transfers In	\$ 9,536,959	\$ 12,452,305	\$ 5,868,114	\$ 35,713,202	\$ 63,570,580	\$ 160,408	\$ 1,083,896	\$ 1,244,304	\$ 2,163,357	\$ 66,978,241		

Total Transfers on Statement of Activities	
Governmental Activities	
Total transfers in-governmental funds	\$ 63,570,580
Less total transfers out- governmental funds	(63,154,158)
Total transfers in-internal service funds	2,163,357
Less total transfers out-internal service funds	(2,794,650)
Full Accrual Activity*	(305,638)
Net transfers out to business-type activities	<u>\$ (520,509)</u>
Business-type Activities	
Total transfers in	\$ 1,244,304
Less total transfers out	(723,795)
Net transfers in from governmental activities	<u>\$ 520,509</u>

3.J Governmental Fund Balance

The County reported \$105.3 million in restricted fund balance in the governmental funds. Restricted fund balance/net position are subject to external restrictions such as those imposed by state and federal law or by contractual agreements with third parties. Committed fund balance is committed for a specific purpose established by the County Council. Assigned fund balance are resources intended to be used for a specific purpose. Assignments are expressed by the governing body or an official authorized by the governing body.

Unless otherwise directed by the County Council, County Executive, or Director of Finance and committed to writing, resources shall be utilized in the following order: restricted, committed, assigned, and unassigned.

The governmental fund balance is summarized below:

	General Fund	Special Revenue Fund	County Road Fund	Human Services	Other Governmental Funds	Total
Restricted Purpose:						
Animal Benefit	-	11,605	-	-	-	11,605
Artwork	-	-	-	-	231,863	231,863
Benefit National Forest	-	-	-	-	72,626	72,626
Capital Purposes	-	6,685,323	-	-	12,782,358	19,467,681
Court Purposes	-	982,945	-	-	610	983,555
Debt Service	-	34,437	-	-	186,223	220,660
Education and Training	-	-	-	-	7,098	7,098
EECBG Grant	-	-	-	-	77	77
Emergency Svcs Comm System	-	-	-	-	4,364,740	4,364,740
Facilitate victims/witnesses	-	-	-	-	219,799	219,799
Health & Human Services	-	-	-	24,524,049	-	24,524,049
Historical preservation	-	436,879	-	-	-	436,879
Inmate Benefit	-	-	-	-	176,402	176,402
Investigation/prosecution of antiprofitteering	-	-	-	-	79,000	79,000
Juvenile Programs	-	596,427	-	-	-	596,427
Law Enforcement	-	84,117	-	-	297,062	381,179
Parks	-	23,263	-	-	7,009,737	7,033,000
Program Administration/Enforcement	-	-	-	-	886,508	886,508
Prosecuting Attorney	-	174,882	-	-	-	174,882
Refunds	-	-	-	-	311,877	311,877
Roads	-	-	24,541,094	-	14,268,557	38,809,651
Tourism	-	1,210,252	-	-	3,479,893	4,690,145
Treasurer	-	-	-	-	693,428	693,428
Water Quality/Control	-	-	-	-	900,959	900,959
Total Restricted Fund Balance	-	10,240,130	24,541,094	24,524,049	45,968,817	105,274,090
Committed Purpose:						
Capital Purposes	-	-	-	-	2,744,978	2,744,978
Data Processing Systems	-	100,000	-	-	4,079,699	4,179,699
Debt Service	-	-	-	-	5,087,965	5,087,965
Facilitate victims/witnesses	-	-	-	-	14,055	14,055
Grants	-	-	-	-	971,903	971,903
Juvenile Programs	-	-	-	-	178,228	178,228
Law Enforcement	-	1,767	-	-	20,425	22,192
Parks	-	-	-	-	87,175	87,175
Program Administration/Enforcement	-	-	-	-	2,405,962	2,405,962
Roads	-	-	1,780,607	-	-	1,780,607
Treasurer	-	-	-	-	49,570	49,570
Water Quality/Control	-	-	-	-	81,025	81,025
Total Committed Fund Balance	-	101,767	1,780,607	-	15,720,985	17,603,359
Assigned For:						
General Government	2,998,933	-	-	-	-	2,998,933
Total Assigned Fund Balance	2,998,933	-	-	-	-	2,998,933
Unassigned	16,553,407	-	-	-	-	16,553,407
Total Fund Balance	19,552,340	10,341,897	26,321,701	24,524,049	61,689,802	142,429,789

Note 4 Other Notes

4.A Employee Pension And Other Benefit Plans

Substantially all Snohomish County full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to the GASB Statement 27, *Accounting for Pensions by State and Local Government Employers* and the GASB Statement 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

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

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3. 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 is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1

members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement 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 monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. If a survivor option is chosen, the benefit is reduced. Plan 1 members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum payment of the member's contributions plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For DRS' fiscal year 2012, PERS Plan 3 employee contributions were \$95.2 million, and plan refunds paid out were \$66.2 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions.

PERS Plan 2 and Plan 3 members who become totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PERS Plan 2 and Plan 3 members can purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Judicial Benefit Multiplier

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Members who chose to participate would: accrue service credit at the higher multiplier beginning with the date of their election; be subject to the benefit cap of 75 percent of AFC; stop contributing to the Judicial Retirement Account (JRA); pay higher contributions; and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; not be subject to a benefit cap; continue to participate in JRA, if applicable; continue to pay contributions at the regular PERS rate; and never be a participant in the JBM Program.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,184 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Retirees and Beneficiaries Receiving Benefits	79,363
Terminated Plan Members Entitled to but not yet Receiving Benefits	29,925
Active Plan Members Vested	105,578
Active Plan Members Non-vested	46,839
Total	261,705

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates, expressed as a percentage of covered payrolls, for the year ended December 31, 2012 were as follows:

Contributor	PERS 1 Required	PERS 2 Required	PERS 3 Required	
Employer	7.25%	7.25%	7.25%	1/01/12-3/31/12
Employee	6.00%	4.64%	6 options- rates 5-15%	1/01/12-3/31/12
Total	13.25%	11.89%	N/A	
Employer	7.08%	7.08%	7.08%	4/01/12-6/30/12
Employee	6.00%	4.64%	6 options- rates 5-15%	4/01/12-6/30/12
Total	13.08%	11.72%	N/A	
Employer	7.21%	7.21%	7.21%	7/01/12-12/31/12
Employee	6.00%	4.64%	6 options- rates 5-15%	7/01/12-12/31/12
Total	13.21%	11.85%	N/A	

Both Snohomish County and the employees made the required contributions. Snohomish County's required contributions of employees and employers for the years ended December 31 were:

Year	PERS Plan 1	PERS Plan 2	PERS Plan 3
2012	\$632,908	\$13,957,168	\$2,348,293
2011	674,944	12,381,986	2,141,789
2010	726,402	11,082,684	1,973,766

The required contribution rates, expressed as a percentage of covered payrolls, for the year ended December 31, 2012 were:

Contributor	PERS-JBM 1 Required	PERS-JBM 2 Required	PERS-JBM 3 Required	
Employer	7.25%	7.25%	7.21%	1/01/12-3/31/12
Employee	12.26%	11.60%	Minimum of 7.5%	1/01/12-3/31/12
Total	18.51%	18.85%	N/A	
Employer	7.08%	7.08%	7.21%	4/01/12-6/30/12
Employee	12.26%	11.60%	Minimum of 7.5%	4/01/12-6/30/12
Total	19.37%	18.68%	N/A	
Employer	7.21%	7.21%	7.21%	7/01/12-12/31/12
Employee	12.26%	11.60%	Minimum of 7.5%	7/01/12-12/31/12
Total	19.47%	18.81%	N/A	

Both Snohomish County and the employees made the required contributions. Snohomish County's required contributions of employees and employers for the years ended December 31 were:

Year	PERS-JBM Plan 1	PERS-JBM Plan 2	PERS-JBM Plan 3*
2012	\$27,559	\$159,742	\$0
2011	26,230	143,736	0
2010	24,898	128,049	0

*as of 12/31/2012 the County did not have any employees participating in PERS-JBM Plan 3

Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

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

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

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

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

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension

benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can receive service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries. Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

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

There are 373 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2011:

Retirees and Beneficiaries Receiving Benefits	9,947
Terminated Plan Members Entitled to but not yet Receiving Benefits	656
Active Plan Members Vested	13,942
Active Plan Members Non-vested	3,113
Total	27,658

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. 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. For DRS' fiscal year 2012, the state contributed \$52.8 million to LEOFF Plan 2.

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2012, are as follows:

	Contributor	LEOFF 1 Required	LEOFF 2 Required
1/01/2012-12/31/2012	Employer	0.16%	5.24%
1/01/2012-12/31/2012	Employee	0.00%	8.46%
	Total	0.16%	13.70%

Both Snohomish County and the employees made the required contributions. Snohomish County's required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2012	\$364	\$3,244,740
2011	384	3,072,351
2010	481	3,157,657

Public Safety Employee's Retirement System (PSERS) Plan 2

Plan Description

PSERS was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions have been established by Chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS membership includes:

- Full-time employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A *covered employer* is one that participates in PSERS. Covered employers include the following:

- State of Washington agencies: Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol;
- Washington State counties;
- Washington State cities except for Seattle, Tacoma and Spokane; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

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

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

PSERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, or at age 53 with 20 years of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is 2 percent of the AFC for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PSERS Plan 2 members can receive service credit for military service that interrupts employment. Additionally, PSERS members who become totally incapacitated for continued employment while serving in the uniformed services, or a surviving spouse or eligible child(ren), may request interruptive military service credit.

PSERS members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a PSERS Plan 2 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 76 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2011:

Retirees and Beneficiaries Receiving Benefits	15
Terminated Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members Vested	167
Active Plan Members Nonvested	4,020
Total	4,203

Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates, expressed as a percentage of covered payrolls, for the year ended December 31, 2012 were:

Contributor	PSERS 2 Required	
Employer	8.86%	1/01/12-3/31/12
Employee	6.36%	1/01/12-3/31/12
Total	15.22%	
Employer	8.74%	4/01/12-6/30/12
Employee	6.36%	4/01/12-6/30/12
Total	15.10%	
Employer	8.87%	7/01/12-12/31/12
Employee	6.36%	7/01/12-12/31/12
Total	15.23%	

Both Snohomish County and the employees made the required contributions. Snohomish County's required contributions of employees and employers for the years ended December 31 were:

Year	PSERS Plan 2
2012	\$1,791,489
2011	1,613,792
2010	1,561,674

Other Post-Employment Benefit (OPEB) Plans Plan Description

In 1970, LEOFF was established by the Legislature under RCW Chapter 41.26. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. For Plan 1 members, the necessary hospital, medical, and nursing care expenses not payable by workers' compensation, Social Security, etc, are covered.

Under Revised Code of Washington (RCW) Chapter 41.16, all medical, hospital, and nursing care as long as a disability exists are covered for any active member hired prior to March 1, 1970. For any retired member hired prior to March 1, 1970, medical, hospital, and nursing care are covered at the discretion of the Retirement Board. Members retired prior to 1961 for reasons other than duty disability are not eligible for medical benefits during retirement.

Funding Policy

The funding policy is based upon the pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2010. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the County's net OPEB for LEOFF.

Annual Required Contribution (ARC)	12/31/2012
1. Annual Normal Cost (1/1/12)	\$ 45,563
2. Amortization of UAAL (1/1/12)	1,812,156
3. Interest to 12/31/12 [(1)+(2)]x(i)*	0
4. ARC at 12/31/12 [(1)+(2)+(3)]	1,857,719
5. Interest on prior Net OPEB Obligation	136,108
6. Adjustment to ARC	0
7. Annual OPEB cost [(4)+(5)-(6)]	1,993,827
8. Employer Contributions	1,857,719
9. change in Net OPEB Obligation [(7)-(8)]	136,108
10. Net OPEB Obligation at 1/1/12	2,722,155
11. Net OPEB Obligation at 12/31/12 [(9)+(10)]	\$ 2,858,263

* 'i' the assumed interest rate is 0.0% in 2012 and deemed immaterial.
(UAAL is defined as "Unfunded Actuarial Accrued Liability".)

The County's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net change in OPEB obligation, as of December 31, were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Ending Net OPEB Obligation
12/31/2012	\$1,993,827	93.2%	\$2,858,263
12/31/2011	\$1,960,229	65.8%	\$2,722,155
12/31/2010	\$1,792,130	61.7%	\$2,050,199

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$19.5 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$19.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$254,734. The unfunded actuarial accrued liability as a percentage of annual covered payroll is 7640.00%. Snohomish County's plan has fewer than 100 members and, as such, is required to have an actuarial valuation performed at least triennially. The next actuarial reevaluation of the County's OPEB obligation is scheduled for 2013.

Schedule of Funding Progress:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
01/01/2010	\$ 0	\$ 19,461,733	\$ 19,461,733	0 %

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The County's OPEB liability is recorded in an internal service fund. As of December 31, 2012, the County has adequate fund balance to pay the full 2012 annual required contribution (ARC).

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA) located at <http://osa.leg.wa.gov/index/index.htm>. Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2007. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The Actuarial Accrued Liability (AAL) and Net OPEB Obligation (NOO) are amortized on an open basis as a level dollar over 15 years. The following assumptions were used: annual growth in membership – 0%, return on investment earnings – 4.5%, inflation – 3.5%, general salary increases – 4.00%, and the long term medical inflation trend – 4.5%.

Prior to the January 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used.

4.B Risk Management

Snohomish County is exposed to various risks of loss, including theft, property damage, or destruction of assets, business interruption, errors and omissions, injuries to employees, and natural disasters.

The County uses two internal service funds to account for and finance property/casualty, worker's compensation, unemployment, and employee medical and dental benefits self-insurance programs. The County has a professional claims adjuster to adjudicate all general liability claims under \$15,000, per County Code 2.90.060 and contracts with a third-party claim administrator to manage workers' compensation, and employee medical benefits claims. Unemployment claims are administered through Washington State Department of Employment Security. The Civil Division of the County's Prosecuting Attorney's office handles general liability claims over \$15,000. The County is self-insured for \$1,000,000, and procures excess insurance for damages and/or legal actions settled for more than \$1,000,000. There were no settlements in excess of the insurance coverage in the past three years.

Claims settlements and loss expenses are reported in the Insurance Fund and the Employee Benefit Fund. These funds are responsible for collecting interfund premiums from insured funds and departments, for paying claims and settlements, and for purchasing certain excess insurance policies. Interfund premiums are assessed on the basis of claims experience, insurance policy purchases, and risk management programs. The County's established liabilities for probable losses for 2012 and 2011 are:

	Worker's Compensation		General Liability		Total	
	2012	2011	2012	2011	2012	2011
Claims Liability, Beginning of Year	\$ 5,914,590	\$ 6,425,265	\$ 6,836,407	\$ 7,281,284	\$ 12,750,997	\$ 13,706,549
Incurred Claims and Changes	2,660,065	2,185,146	843,859	672,962	3,503,924	2,858,108
Payments on Claims	(2,294,825)	(2,695,821)	(922,570)	(1,117,839)	(3,217,395)	(3,813,660)
Claims Liability, End of Year	<u>\$ 6,279,830</u>	<u>\$ 5,914,590</u>	<u>\$ 6,757,696</u>	<u>\$ 6,836,407</u>	<u>\$ 13,037,526</u>	<u>\$ 12,750,997</u>
Claims Liability, Current Portion	\$ 1,749,727	\$ 2,466,339	\$ 1,635,262	\$ 1,673,196	\$ 3,384,989	\$ 4,139,535
Claims Liability, Long term Portion	4,530,103	3,448,251	5,122,434	5,163,211	9,652,537	8,611,462
Claims Liability, End of Year	<u>\$ 6,279,830</u>	<u>\$ 5,914,590</u>	<u>\$ 6,757,696</u>	<u>\$ 6,836,407</u>	<u>\$ 13,037,526</u>	<u>\$ 12,750,997</u>

Insurance Fund

The Insurance Fund accounts for the County's property/casualty insurance program. Established in 1977, this fund accounts for the County's exposures to loss due to the tortuous conduct of the County and includes, but is not limited to, those damages which are commonly covered by commercial general liability, business/automobile liability, employment practices and public official errors and omissions policies. In addition to its general liability insurance coverages and excess liability policies, the County has specific liability insurance policies to cover some of its other exposures, and coverage for protection against other types of losses. The Insurance Fund also funds policy deductibles.

The fund also accounts for all Risk Management programs, including safety and worker's compensation. The County is self-insured for workers' compensation as certified under the Revised Code of Washington, Industrial Insurance Act, and Title 51. Additionally, the County purchases an Excess Workers' Compensation insurance policy with statutory limits.

General liability and worker's compensation claim estimates are based on an actuarial analysis prepared by AON Actuarial & Analytical Consulting in February of each year.

The estimate includes all pending claim reserves and estimates for incurred, but not yet received, claims (IBNR). The estimated liability for unpaid claims that are recorded at present value and discounted at 3.5% in the financial statements as of December 31, 2012 is \$13 million.

Unemployment compensation benefits are expensed quarterly as claims are billed from the Washington State Department of Employment Security. All interfund premiums are assessed on loss history, and are reported as revenues in the Self-insurance fund, and as expenses or expenditures by insured funds.

Employee Benefits Program Fund

The Employee Benefits Program Fund accounts for medical, dental, vision, life, accidental death and dismemberment, long-term-disability, and other benefits, including LEOFF retiree medical benefits. The benefits offered by the County include both self-insured medical and vision plans, which the County offers to employees, outside district subscribers, and COBRA subscribers. Snohomish County retirees may participate in a self-insured retiree medical insurance plan. In addition, the County offers a premium-based medical insurance plan to its employees, outside district subscribers, and COBRA subscribers. Interfund premiums are calculated on a per subscriber per month basis and charged to departments through composite rates that include expected claims, expenses, premiums, and administrative expenses. In most cases, employees contribute towards medical insurance premiums.

4.C Commitments, Contingencies, and Legal Matters

Snohomish County has recorded in its financial statements all material liabilities, including an estimate for situations not yet resolved, but where, based on available information, management believes it is probable that the County will have to make payment. All known or pending claims are properly recognized within the recorded liabilities of the Snohomish County insurance fund, or are covered by insurance policies.

Debt

The County has guaranteed payment of \$15,835,000 in revenue bonds issued by the Snohomish County Housing Authority, \$12,690,000 in senior lien housing revenue bonds issued by the Housing Authority of the City of Everett, and \$2,850,000 in revenue bonds issued by Senior Services of Snohomish County. The County's management has reviewed their ability to meet the debt service requirements on these bonds and does not anticipate that it will become necessary for the County to fulfill these guarantees. Accordingly, no liability has been recorded for them.

Contracts

In June 1992, Solid Waste Management entered into a waste export contract with Regional Disposal Company (RDC), also referred to as Rabanco, to transport Snohomish County's solid waste to RDC's Klickitat County, Washington, landfill. The County agrees to deliver 95% of its solid waste (net of recyclable and construction debris) or 150,000 tons per year, whichever is greater. The original contract with Rabanco was for a term of seven years (which began in 1992). The County exercised

its right to renew the contract for two consecutive seven-year periods in exchange for a reduction in the waste export fee, thus providing for a contract term of 21 years of waste transport, ending May 15, 2013. In 2012, the contract was again extended in exchange for a fee reduction and new pricing structure; the new termination date is May 15, 2017. In 2012, Snohomish County paid RDC an average rate of approximately \$50.29 per ton. This rate is adjusted each October by 65% of the fractional change in the consumer price index. The County paid RDC \$20.6 million in 2012. The projected annual estimates range from \$21 million to \$23 million through the end of the contract, based on a 2% fee escalation and a 1% tonnage increase. Annual encumbrances related to this contract are established at the beginning of each year.

Beginning December 15, 2005, Snohomish County leased a portion of the Future of Flight to the Boeing Company, through June 15, 2030. The lease for the building has a set annual lease amount that ties to their pro-rated portion of debt service through the life of the lease. In addition, Boeing pays a land rent for their footprint of the building with rent adjusted to fair market value every 5 years.

The leased space is used for Boeing Tour Center related activities, including theatre and conference presentations, special events, educational programs, and a gift shop. Boeing and Snohomish County agree to jointly market the facility.

Construction

At December 31, 2012, the County had pending construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

	Expended Through 12/31/12	Remaining Commitment
Governmental Activities		
County Roads	\$ 18,567,187	\$ 9,851,436
Parks Construction	16,565,916	2,007,978
Facilities	7,156,388	1,998,880
Fleet	96,499	-
Total Governmental Activities	42,385,990	13,858,294
Business-type Activities		
Airport	25,912,395	17,306,470
Solid Waste	51,775	5,165
Surface Water	1,905,354	59,606
Total Business-type Activities	27,869,524	17,371,241
Total Primary Government	\$ 70,255,514	\$ 31,229,535

All significant encumbrances for construction contracts are included in the above amounts and are established at the beginning of each year.

Operating Leases

The County leases office buildings under cancelable operating leases. Total cost for such leases was \$610,838 for the year ended December 31, 2012. The future minimum lease payments for these leases are as follows:

Year Ending December 31,	Amount
2013	\$ 598,694
2014	529,298
2015	264,808
2016	166,320
2017	84,024
2018-2022	-
Total	\$ 1,643,144

The County leases certain properties to various tenants under cancelable operating lease agreements. As one of its enterprise activities, the Airport Fund leases out buildings and grounds to various individuals and companies in the aviation field. The Solid Waste Fund leases out land to a company that provides operations related to the transshipment of solid waste for disposal at a landfill.

Property Under Long Term Lease	Enterprise Activities
Land	\$ 15,581,580
Buildings	38,929,516
Less Depreciation	(18,872,686)
Total Property Leased to Others, Net	\$ 35,638,411

Concession Agreements

Snohomish County currently has two concession arrangements, the Kayak Point Golf Course and the motor sport and multi event venue located at the Evergreen State Fairgrounds. Snohomish County entered into an agreement with Elwin Fanning under which they will operate and collect user fees from the Kayak Point Golf Course until 2019. Elwin Fanning will pay Snohomish County the greater of \$2,500 or 2.5% of the quarterly gross receipts each quarter. Elwin Fanning is required to operate and maintain the golf course in accordance with the contract.

Snohomish County entered into an agreement with High Road Promotions LLC under which they will operate and collect user fees from the motor sport and multi-event venue located at the Evergreen State Fairgrounds until November 1, 2026. High Road Promotions LLC will pay Snohomish County a base installment payment 6 times each year. The present value of the future installment payments is \$1,586,709. They will also pay Snohomish County a ticket revenue sharing payment monthly. Snohomish County reports a receivable and deferred inflow of resources in the amount of \$1.58 million at year end pursuant to the service concession arrangement.

Grant Program Involvement

The County participates in various federal or state grant/loan programs. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Environmental Liabilities

Snohomish County has a number of closed landfill sites, four of which have a current potential for risk of environmental liability due to groundwater contamination. No determination has been made regarding the extent of the contamination, if any, nor has any range of financial liability been determined. State, local, and federal laws and regulations require that Snohomish County perform certain maintenance and monitoring functions at the closed Cathcart Landfill site for a minimum of twenty years after closure or until the site is stabilized. The landfill was closed in 1992; therefore, we consider landfill capacity 100% used to date with zero years remaining landfill life. The 2007 post-closure plan update resulted in increased estimates in annual maintenance and monitoring costs as well as extended the date that required monitoring will cease. In 2011, the plan was adjusted to more currently reflect estimated interest income and expenses. The restricted landfill post-closure investment account established for the purpose of paying the liability was decreased to \$10,514,433 at December 31, 2012. This included a change in accounting estimate of \$57,416 for the 2012 year. The current portion of the post closure liability is \$901,644. It is anticipated that future inflation costs will be financed in part from earnings on the investment account. The actual cost of post-closure care may be further adjusted in the future due to inflation or deflation, changes in technology, or changes in applicable laws and regulations.

Landfill Post-Closure Estimates				
Year	Beginning Balance	Interest Income	Annual Expense	Ending Balance
2012	11,284,047	247,121	1,016,735	10,514,433
2013	10,514,433	230,266	1,042,052	9,702,647
2014	9,702,647	212,488	1,067,999	8,847,136
2015	8,847,136	193,752	1,094,592	7,946,296
2016	7,946,296	174,024	1,121,847	6,998,472
2017	6,998,472	153,267	1,149,781	6,001,958
2018	6,001,958	131,443	1,178,411	4,954,989
2019	4,954,989	108,514	1,207,753	3,855,750
2020	3,855,750	84,441	1,237,827	2,702,365
2021	2,702,365	59,182	1,268,648	1,492,898
2022	1,492,898	32,694	1,300,238	225,355
Interest Rate		2.19%		
Annual Expense Inflation Rate		2.49%		

Litigation

The County is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements include actuarial accruals for loss contingencies that may result from these proceedings.

Note 5 Reconciliation of Government-Wide and Fund Financial Statements

5.A Explanation of Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Total fund balances for the governmental funds balance sheet differs from net position of governmental activities as reported in the statement of net position due to the accounting methods used to prepare these statements. The governmental funds balance sheet is presented on a modified accrual basis and the statement of net position is presented on a full accrual basis. In addition, net internal service fund activity is included in government activities on the statement of net position. Details of the differences between these two presentations are as follows:

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the County as a whole.

Costs of Capital Assets	\$ 1,464,510,395
Accumulated Depreciation	(516,893,703)
Capital Assets, Net	<u>947,616,692</u>
Investment in Joint Venture	7,101,025
Total Capital Assets Added	<u>\$ 954,717,717</u>

Long-Term Debt Transactions

Long-term liabilities and related deferred charges applicable to the County's governmental debt activities are not due and payable in the current period, and accordingly, are not reported at the fund level. All debt liabilities (both current and long-term) are reported in the statement of net position.

Unamortized Bond Expenses, Premiums, and Discounts	\$ (356,439)
Interest Payable on Long-Term Debt (Accrued Liabilities)	(2,563,801)
Current Portion of Long-Term Debt	(14,410,654)
Noncurrent Portion of Long-Term Debt	(243,064,169)
Total Long-Term Debt	<u>\$ (260,395,063)</u>

Internal Service Funds

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily serve governmental activities of the County.

Internal Service Funds Total Current Assets	\$ 40,734,933
Internal Service Funds Total Non-Current Assets, Net	39,434,842
Internal Service Funds Total Assets	80,169,775
Internal Service Funds Total Current Liabilities	(13,273,525)
Internal Service Funds Total Non-Current Liabilities	(19,431,171)
Internal Service Funds Total Liabilities	(32,704,696)
Internal Service Funds Net Position	\$ 47,465,079

Other Assets and Liabilities Related to Full Accrual Adjustments Offsets to full accrual adjustments to the governmental funds:

Compensated Absences Payable	\$ (16,143,339)
Offset to Deferred Revenue for Property Taxes	5,907,518
Interest and Penalties Receivable Property Tax	12,072,097
Accounts Receivable	46,761,643
Allowance for Bad Debts	(38,435,739)
Total	\$ 10,162,180

5.B Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities

Details of the differences between these two presentations are as follows:

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. In addition, assets donated or contributed to the County's governmental activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.

Capital Related Expenditures	\$ 39,192,606
Depreciation Expense	(39,794,289)
Subtotal	(601,683)
Contributions and Donations (Capital Donations)	27,656,356
Gain/Loss on Capital Assets	(1,163,707)
Equity Adjustment in Joint Venture	(5,302)
Subtotal	26,487,347
Increase (Decrease) in Net Position	\$ 25,885,664

Internal Service Funds Revenues and Expenses

The revenues and expenses of the internal service funds are included in governmental activities in the statement of activities because they primarily serve governmental activities of the County.

Internal Service Funds Total Operating Revenues	\$ 103,620,632
Internal Service Funds Total Operating Expenses	(96,402,623)
Internal Service Funds Total Non-Operating Revenue/Expenses	39,058
Internal Service Funds Net Transfers & Contributions	(516,568)
Internal Service Funds Net Income (Loss)	<u>\$ 6,740,499</u>

Other Full Accrual Adjustments

Some revenues and expenses reported in the statement of activities do not represent a change in current financial resources and, therefore, are not reported as revenues and expenditures in the governmental funds.

Adjustments to equity relating to long-term assets and liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds.

Reclassify Deferred Revenue	\$ (672,225)
Penalties and interest on property taxes	(1,190,851)
Adjust Liability for Compensated Absences	(270,683)
Current portion of other governmental 800 MHz debt	(424,374)
Court fines	2,346,226
Allowance for uncollectible court fines	(2,318,811)
Total Increase (Decrease) to Net Position	<u>\$ (2,530,718)</u>

Note 6 Pollution Remediation Obligations

The Roads Division of the County's Public Works Department currently has three adjacent parcels of land that may have pollution remediation impacts. At this time, it is unknown what, if any, remediation efforts the Washington State Department of Ecology (DOE) may require. It is estimated that DOE will review the sites during 2013, and determine a required course of action to remediate the sites. There is currently no estimate nor means to estimate the range of possible costs until DOE's review is complete.

Note 7 Related Party Transactions

Snohomish County entered into an interlocal agreement with Snohomish County Emergency Radio Systems (SERS) for accounting services including preparation of financial statements. Pursuant to this agreement, SERS pays the County an annual fee of \$48,000. The County also received reimbursements for various minor miscellaneous expenses.

Snohomish County entered into an interlocal agreement with Snohomish County Public Facilities District (PFD) for accounting services including preparation of financial statements. Pursuant to this agreement, the PFD pays the County an annual fee of \$24,000. The County also received reimbursements for various minor miscellaneous expenses.

Note 8 Subsequent Events

Issuance of LTGO Bonds

On April 10, 2013 the County sold long term general obligation (LTGO) bonds totaling \$107,885,000. The sale closed on April 23, 2013. The bonds are secured by the full faith and credit of the County within the constitutional and statutory limitations of non-voter approved debt. Proceeds of the bonds will be used to design and construct a new Courthouse Facility, construct a Sheriff's South Precinct Station, purchase 180 ruggedized laptops for the Sheriff's Office, Conservation Futures Projects, Parks Projects and Roads Projects.

Other Postemployment Benefits Plan (OPEB)
Schedule of Funding Progress

ACTUARIAL VALUATION DATE	ACTUARY VALUE OF ASSETS	AAL	UAAL	FUNDED RATIO	COVERED PAYROLL	UAAL AS A % OF COVERED PAYROLL
1/1/2010	\$ -	\$ 19,461,733	\$ 19,461,733	0%	\$ 328,744	5920%
1/1/2007	\$ -	\$ 19,861,839	\$ 19,861,839	0%	\$ 606,217	3276%

FISCAL YEAR ENDED	ANNUAL OPEB COST	ACTUAL EMPLOYER CONTRIBUTION	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
12/31/2012	\$ 1,993,827	\$ 1,857,719	93.2%	\$ 2,858,263
12/31/2011	\$ 1,960,229	\$ 1,288,273	65.8%	\$ 2,722,155
12/31/2010	\$ 1,792,130	\$ 1,105,118	61.7%	\$ 2,050,199

The actuarial cost method used in the valuation of the OPEB plan is the Projected Unit Credit method. See Note 4A in the Notes to the Financial Statements for the assumptions used in the calculations.

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
U. S. DEPARTMENT OF AGRICULTURE			
<u>School Breakfast Program:</u>			
Indirect: Through Office of Superintendent of Public Instruction			
National School Breakfast Program 11-12	10.553	31-002-9790	15,186
National School Breakfast Program 12-13	10.553	31-002-9790	7,113
Total CFDA 10.553 School Breakfast Program			22,299
<u>National School Lunch Program:</u>			
Indirect: Through Office of Superintendent of Public Instruction			
National Lunch Program 11-12	10.555	31-002-9790	27,310
National Lunch Program 12-13	10.555	31-002-9790	12,871
Total CFDA 10.555 National School Lunch Program			40,181
<u>Child and Adult Food Program:</u>			
Indirect: Through Office of Superintendent of Public Instruction			
Child and Adult Care Food Program	10.558	31-03-1405	1,869
Total CFDA 10.558 Child and Adult Food Program			1,869
<u>Senior Farmers Market Nutrition Program:</u>			
Indirect: Through WA State Treasurer			
Seniors Farmers Market Nutrition Program Pass-Thru	10.576	1069-94641	18,194
Total CFDA 10.576 Senior Farmers Market Nutrition Program			18,194
<u>Schools and Roads Grants to States:</u>			
Indirect: Through WA State Treasurer			
Federal Forest	10.665	None Assigned	568,676
Total CFDA 10.665 Schools and Roads Grants to States			568,676
TOTAL U. S. DEPARTMENT OF AGRICULTURE			651,219
U. S. DEPARTMENT OF COMMERCE			
<u>Pacific Coast Salmon Recovery/Pacific Salmon Treaty Program:</u>			
Indirect: Through Wa State Recreation and Conservation Office			
Skykomish Braided Reach Restoration Ph II	11.438	07-1709R	2,242
Stillaguamish Knotweed Control	11.438	08-1571R-Fed	1,274
Pilchuck Creek Low Flow Access and Projects	11.438	08-1617N	66,238
Middle Pilchuck River Reach Assessment	11.438	09-1282N	83,383
Nearshore Sediment Nourishment Feasibility Study	11.438	09-1268N	20,169
SF Stillaguamish Wood Debris Placement PHII	11.438	11-1417R	2,956
Lower Skykomish River Restoration Project	11.438	10-1338R	37,065
Stillaguamish Co-Lead Entity (Snohomish Co)	11.438	11-1476P(Fed)	27,396
Snohomish Basin Lead Entity	11.438	11-1478P(Fed)	42,805
Total CFDA 11.438 Pacific Coast Salmon Recovery/Pacific Salmon Treaty Program			283,528
TOTAL U. S. DEPARTMENT OF COMMERCE			283,528
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Community Development Block Grants/Entitlement Grants:</u>			
Direct:			
Community Development Block Grant Entitlement	14.218	B-10-UC-53-0003	498,217
Community Development Block Grant Entitlement-Pass Thru	14.218	B-10-UC-53-0003	1,912,270
Community Development Block Grant Entitlement	14.218	B-11-UC-53-0003	62,325
Community Development Block Grant Entitlement-Pass Thru	14.218	B-11-UC-53-0003	110,850
Community Development Block Grant Entitlement	14.218	B-12-UC-53-0003	40,000
Community Development Block Grant Entitlement-Pass Thru	14.218	B-12-UC-53-0003	301,598
Indirect: Through City of Everett			
11-12 City of Everett CDBG Wx	14.218	2011 Everett CDBG	15,031
Indirect: Through US Department of Housing and Urban Development			
ADA Upgrades	14.218	HCD-10-21-1007-292	100,000
Total CFDA 14.218 Community Development Block Grants/Entitlement Grants			3,040,291
<u>Community Development Block Grants/State's Program:</u>			
Indirect: Through WA State Dept of Commerce			
Neighborhood Stabilization Program	14.228	08-F6401-018	16,476
Neighborhood Stabilization Program	14.228	11-67400-003	3,131
Total CFDA 14.228 Community Development Block Grants/State's Program			19,607
<u>Emergency Solutions Grants Program:</u>			
Direct:			
HUD - Emergency Shelter and Homelessness Program	14.231	E-11-UC-53-0004	13,449
Pass-Through HUD - Emergency Shelter and Homelessness Program	14.231	E-11-UC-53-0004	66,932
HUD - Emergency Shelter and Homelessness Program	14.231	E-12-UC-53-0004	12,838
Pass-Through HUD - Emergency Shelter and Homelessness Program	14.231	E-12-UC-53-0004	73,281
Total CFDA 14.231 Emergency Solutions Grants Program			166,500
<u>Supportive Housing Program:</u>			
Direct:			
Supportive Housing Program	14.235	WA0163B0T041003	1,325
Pass-Through Supportive Housing Program	14.235	WA0163B0T041003	62,845
Supportive Housing Program	14.235	WA0163B0T041104	248

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
Pass-Through Supportive Housing Program	14.235	WA0163B0T041104	5,735
Pass-Through Supportive Housing Program	14.235	WA0164B0T041003	4,189
Supportive Housing Program	14.235	WA0164B0T041104	562
Pass-Through Supportive Housing Program	14.235	WA0164B0T041104	15,372
Supportive Housing Program	14.235	WA0165B0T041003	735
Pass-Through Supportive Housing Program	14.235	WA0165B0T041003	35,212
Supportive Housing Program	14.235	WA0165B0T041104	274
Pass-Through Supportive Housing Program	14.235	WA0165B0T041104	112,154
Supportive Housing Program	14.235	WA0166B0T041003	906
Pass-Through Supportive Housing Program	14.235	WA0166B0T041003	150,596
Supportive Housing Program	14.235	WA0166B0T041104	1,142
Pass-Through Supportive Housing Program	14.235	WA0166B0T041104	15,019
Supportive Housing Program	14.235	WA0167B0T041003	263
Pass-Through Supportive Housing Program	14.235	WA0167B0T041003	48,235
Supportive Housing Program	14.235	WA0167B0T041104	2,390
Pass-Through Supportive Housing Program	14.235	WA0167B0T041104	48,899
Supportive Housing Program	14.235	WA0170B0T041003	33
Pass-Through Supportive Housing Program	14.235	WA0170B0T041003	16,917
Supportive Housing Program	14.235	WA0170B0T041104	841
Pass-Through Supportive Housing Program	14.235	WA0170B0T041104	14,243
Supportive Housing Program	14.235	WA0172B0T041003	433
Pass-Through Supportive Housing Program	14.235	WA0172B0T041003	118,504
Supportive Housing Program	14.235	WA0172B0T041104	1,072
Pass-Through Supportive Housing Program	14.235	WA0172B0T041104	37,613
Supportive Housing Program	14.235	WA0174B0T041003	810
Pass-Through Supportive Housing Program	14.235	WA0174B0T041003	32,840
Supportive Housing Program	14.235	WA0174B0T041104	1,127
Pass-Through Supportive Housing Program	14.235	WA0174B0T041104	47,927
Supportive Housing Program	14.235	WA0177B0T041003	364
Pass-Through Supportive Housing Program	14.235	WA0177B0T041003	19,800
Supportive Housing Program	14.235	WA0177B0T041104	1,542
Pass-Through Supportive Housing Program	14.235	WA0177B0T041104	49,105
Pass-Through Supportive Housing Program	14.235	WA0178B0T041003	20,279
Supportive Housing Program	14.235	WA0178B0T041104	1,038
Pass-Through Supportive Housing Program	14.235	WA0178B0T041104	22,621
Supportive Housing Program	14.235	WA0182B0T041003	209
Pass-Through Supportive Housing Program	14.235	WA0182B0T041003	33,702
Supportive Housing Program	14.235	WA0182B0T041104	1,756
Pass-Through Supportive Housing Program	14.235	WA0182B0T041104	39,462
Supportive Housing Program	14.235	WA0210B0T041002	714
Pass-Through Supportive Housing Program	14.235	WA0210B0T041002	39,153
Supportive Housing Program	14.235	WA0210B0T041103	1,265
Pass-Through Supportive Housing Program	14.235	WA0210B0T041103	73,069
Supportive Housing Program	14.235	WA0211B0T041002	505
Pass-Through Supportive Housing Program	14.235	WA0211B0T041002	48,517
Supportive Housing Program	14.235	WA0211B0T041103	1,432
Pass-Through Supportive Housing Program	14.235	WA0211B0T041103	103,277
Supportive Housing Program	14.235	WA0219B0T040900	810
Pass-Through Supportive Housing Program	14.235	WA0219B0T040900	71,116
Pass-Through Supportive Housing Program	14.235	WA0219B0T041101	11,560
Supportive Housing Program	14.235	WA0225B0T041001	686
Pass-Through Supportive Housing Program	14.235	WA0225B0T041001	32,668
Supportive Housing Program	14.235	WA0225B0T041102	570
Pass-Through Supportive Housing Program	14.235	WA0225B0T041102	4,720
Supportive Housing Program	14.235	WA0233B0T041000	1,821
Pass-Through Supportive Housing Program	14.235	WA0233B0T041000	85,435
Supportive Housing Program	14.235	WA0234B0T041000	809
Pass-Through Supportive Housing Program	14.235	WA0234B0T041000	39,213
Supportive Housing Program	14.235	WA0251B0T041100	133
Pass-Through Supportive Housing Program	14.235	WA0251B0T041100	14,292
Total CFDA 14.235 Supportive Housing Program			1,500,104
<u>Shelter Plus Care</u>			
Direct:			
Pass-Through Shelter Plus Care	14.238	WA0180C0T041104	2,098,864
Total CFDA 14.238 Shelter Plus Care			2,098,864
<u>Home Investment Partnership Program:</u>			
Direct:			
Pass-Through Home Program and ADDI	14.239	M-05-DC-53-0201	1,000
Pass-Through Home Program	14.239	M-09-DC-53-0201	137,084
Pass-Through Home Program	14.239	M-10-DC-53-0201	803,117
Home Program	14.239	M-11-DC-53-0201	19,861
Pass-Through Home Program	14.239	M-11-DC-53-0201	171,414
Home Program	14.239	M-12-DC-53-0201	106,398
Pass-Through Home Program	14.239	M-12-DC-53-0201	641,517
Total CFDA 14.239 Home Investment Partnership Program			1,880,391
<u>Community Development Block Grant ARRA Entitlement</u>			
Direct:			
ARRA-CDBG	14.253	B-09-UY-53-0003	24,294
Pass-Through ARRA-CDBG	14.253	B-09-UY-53-0003	152,139
Total CFDA 14.253 Community Development Block Grant ARRA Entitlement			176,433

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
<u>Homelessness Prevention and Rapid Re-Housing Program</u>			
Direct:			
ARRA -Homelessness Prevention	14.257	S09-UY-53-0004	14,332
Total CFDA 14.257 Homelessness Prevention and Rapid Re-Housing Program			<u>14,332</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			8,896,522
DEPARTMENT OF THE INTERIOR			
<u>Fish and Wildlife Management Assistance</u>			
Indirect: <i>Through US Fish and Wildlife</i>			
Pilchuck Creek Partners in Habitat Restoration	15.608	0210-0060-050 (F)	25,146
Knottweed Control SF Stillaguamish River	15.608	2010 0060-042 (Fed)	12,919
Total CFDA 15.608 Fish and Wildlife Management Assistance			<u>38,065</u>
<u>Coastal Wetlands Planning, Protection and Restoration Act</u>			
Indirect: <i>Through US Fish and Wildlife</i>			
Union Slough Acquisition	15.614	C-41-L-1\F05QAP00020	384,168
Total CFDA 15.614 Coastal Wetlands Planning, Protection, and Restoration Act			<u>384,168</u>
<u>Service Training and Technical Assistance</u>			
Direct:			
North Fork Stilly Riparian Restoration	15.649	13320-7-J049	1,005
Total CFDA 15.649 Service Training and Technical Assistance			<u>1,005</u>
TOTAL DEPARTMENT OF THE INTERIOR			423,238
U. S. DEPARTMENT OF JUSTICE			
<u>Department of Justice Marijuana Eradication</u>			
Indirect: <i>Through The Washington State Patrol</i>			
WSP Eradication Agreement	16.000	C120827FED	12,301
Total CFDA 16.000 Department of Justice Marijuana Eradication			<u>12,301</u>
<u>Juvenile Accountability Block Grants:</u>			
Indirect: <i>Through WA State Dept of Social and Health Services (DSHS)</i>			
Juvenile Accountability Incentive Block Grant	16.523	0663-98449-08	33,285
Juvenile Accountability Incentive Block Grant	16.523	0663-98449-09	2,510
Total CFDA 16.523 Juvenile Accountability Block Grants			<u>35,795</u>
<u>Juvenile Justice and Delinquency Prevention/Allocation to States:</u>			
Indirect: <i>Through WA State Dept of Social and Health Services (DSHS)</i>			
Girls Circle TA	16.540	1-600-01012	1,000
Total CFDA 16.540 Juvenile Justice and Delinquency Prevention/Allocation to States			<u>1,000</u>
<u>Drug Court Discretionary Grant Program</u>			
Direct:			
R3 Juvenile Drug Court Expansion-OJJDP	16.585	2010-DC-BX-0129	106,864
Snohomish County Family Enhancement of Services	16.585	2011-DC-BX-0005	66,005
Snohomish County Adult DTC Enhancement Project-2011	16.585	2011-DC-BX-0019	87,558
Total CFDA 16.585 Drug Court Discretionary Grant Program			<u>260,427</u>
<u>Violence Against Women Formula Grant:</u>			
Indirect: <i>Through City of Everett</i>			
Stop Grant	16.588	DV STOP EPD	1,724
Indirect: <i>Through Washington State Department of Commerce</i>			
Stop Violence Against Women	16.588	F11-31103-059	35,341
Indirect: <i>Through Administrative Office of the Courts</i>			
STOP Violence Against Women Formula Grant Program	16.588	ICA12281	1,798
STOP Violence Against Women Formula Grant Program	16.588	IAA12297	1,261
Total CFDA 16.588 Violence Against Women Formula Grant			<u>40,124</u>
<u>State Criminal Alien Assistance Program</u>			
Direct:			
State Criminal Alien Assistance Program	16.606	2012-H4707-WA-AP	66,073
Total CFDA 16.606 State Criminal Alien Assistance Program			<u>66,073</u>
<u>Public Safety Partnership and Community Policing Grants:</u>			
Indirect: <i>Through Washington State Patrol</i>			
Washington State Meth Initiative	16.710	WSMI10104	2,838
Direct:			
Child Sexual Predator Program	16.710	2011-CSWX0019	214,847
COPS Technology '10	16.710	2010-CK-WX-0345	70,000
Total CFDA 16.710 Public Safety Partnership and Community Policing Grants			<u>284,847</u>
<u>Edward Byrne Memorial Justice Assistance Grant Program</u>			
Direct:			
Sheriff JAG	16.738	2009-DJ-BX-0817	10,988
Indirect: <i>Through Washington State Department of Commerce</i>			
Justice Assistance Grant 2011-2012	16.738	M11-34021-015	86,540
Justice Assistance Grant 2012-2013	16.738	M12-34021-015	99,829
Total CFDA 16.738 Edward Byrne Memorial Justice Assistance Grant Program			<u>197,357</u>

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
ARRA- Edward Byrne Memorial Justice Assistance Grant			
Indirect: Through Washington State Department of Commerce			
ARRA-Byrne JAG	16.803	F09-34721-715	20,000
Total CFDA 16.803 ARRA- Edward Byrne Memorial Justice Assistance Grant			<u>20,000</u>
ARRA- Edward Byrne Memorial Competitive Grant Program			
Direct:			
ARRA-Comprehensive DTC Sustainability Project 2009	16.808	2009-SC-B9-0146	48,046
Total CFDA 16.808 ARRA- Edward Byrne Memorial Competitive Grant Program			<u>48,046</u>
TOTAL U. S. DEPARTMENT OF JUSTICE			968,808
U. S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program:			
Direct:			
Federal Aviation Administration - Airport Improvement Program	20.106	3-53-0028-45	20,420
Federal Aviation Administration - Airport Improvement Program	20.106	3-53-0028-47	56,917
Federal Aviation Administration - Airport Improvement Program	20.106	3-53-0028-49	43,637
Federal Aviation Administration - Airport Improvement Program	20.106	3-53-0028-50	7,592,146
Federal Aviation Administration - Airport Improvement Program	20.106	3-53-0028-51	79,532
Federal Aviation Administration - Airport Improvement Program	20.106	3-53-0028-52	563,016
Total CFDA 20.106 Airport Improvement Program			<u>8,355,668</u>
Highway Planning and Construction:			
Indirect: Through Wa State Department of Transportation			
Centennial Trail PASTForward	20.205	STPE-EN10(023)	41,005
Granite Falls Bridge 102 Rehab	20.205	BHM-X310(006)	40,575
Sauk River Bridge No. 540	20.205	BROS-2031(110)	115,478
Swamp Creek Bridge No. 546	20.205	BROS-2031(106)	167,803
Pilchuck River Bridge #581	20.205	BROS-2031(109)	76,583
Low Cost Run Off Road Safety Improvements	20.205	HRRR-000S(228)	430,865
TDM Strategies	20.205	CM-9931(010)	207,811
Mountain Loop Hwy MP 23	20.205	ER-1101(013)	22,753
Mountain Loop Hwy-Waldheim Slide	20.205	ER-1101(014)	93,280
3500 Pioneer Hwy	20.205	ER-1101(019)	132,635
Index Galena Road MP6.4 to MP6.9	20.205	ER-0701(063)	325,577
Mountain Loop Hwy@ Blue Bridge #538	20.205	ER-0701(064)	10,336
Index Galena Rd MP 10.8 to 10.9	20.205	ER-0701(081)	54,319
Mountain Loop Hwy@ Blue Bridge #538-West Pier	20.205	ER-0701(082)	17,749
Howard Creek Bridge #496	20.205	BRS-V310(002)	49,051
Marten Creek Bridge #562 Replacement	20.205	BRS-X310(008)	105,818
Swamp Creek Bridge No. 504	20.205	BRM-2563(001)	104,936
Intersection Safety - Signal Modifications	20.205	HSIP-000S(294)	147,226
Rural Road Safety - Methyl Methacrylate	20.205	HSIP-000S(296)	528,111
35TH/36TH Avenue W	20.205	STPUL-9931 (009)	104,643
Index Galena Rd MP 5.8	20.205	ER-1104 (016)	56,388
Index Galena Rd MP 6.9 TOSR2	20.205	ER-0701 (078)	589
Intersection Safety - 67th Ave NE	20.205	HSIP-000S(295)	56,855
180th St SE/Interurban Blvd	20.205	STPUL-2592(002)	255,538
Granite Falls Alternate Route	20.205	NCPD-STPR X310(007)	976
Granite Falls Alternate Route 2	20.205	HPP-X310(009)	2,698
Direct:			
Mountain Loop Chip Seal	20.205	DTFH70-12-E-00012	186,343
Total CFDA 20.205 Highway Planning and Construction			<u>3,335,941</u>
State and Community Highway Safety			
Indirect: Through Wa State Traffic Commission			
DUI & Target Zero	20.600	None Assigned	6,438
DUI & Target Zero	20.600	None Assigned	25,245
11-12 DUI Target Zero Taskforce	20.600	2011 WTSC	15,619
12-13 DUI Target Zero Taskforce	20.600	2011 WTSC	6,375
11-13 DUI Countermeasure Program	20.600	2011 WTSC	13,807
WTSC Impaired Driving	20.600	None Assigned	7,665
Total CFDA 20.600 State and Community Highway Safety			<u>75,149</u>
Alcohol Impaired Driving Countermeasures Incentive Grants			
Indirect: Through Wa State Traffic Commission			
Target Zero	20.601	WTSC #53-D	47,652
WTSC DUI Emphasis	20.601	None Assigned	2,794
Total CFDA 20.601 Alcohol Impaired Driving Countermeasures Incentive Grants			<u>50,446</u>
Occupant Protection Incentive Grants			
Indirect: Through Wa State Traffic Commission			
WTSC Seatbelt Emphasis	20.602	None Assigned	3,173
Total CFDA 20.602 Occupant Protection Incentive Grants			<u>3,173</u>
TOTAL U. S. DEPARTMENT OF TRANSPORTATION			11,820,377

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
ENVIRONMENTAL PROTECTION AGENCY			
<u>Puget Sound Watershed Management Assistance</u>			
Direct			
Snohomish Basin Watershed Characterization and Protection	66.120	PO-00J09701	105,571
Total CFDA 66.120 Puget Sound Watershed Management Assistance			<u>105,571</u>
<u>Puget Sound Action Ageda: Technical Investigations and Implementation Assistance Program</u>			
Indirect: <i>WA State Recreation and Conservation Office</i>			
National Estuary Program	66.123	12-63401-006	92,234
Indirect: <i>WA State Department of Natural Resources</i>			
Snohomish Pilot Program	66.123	DNR13-136	58,035
Total CFDA 66.123 Puget Sound Action Ageda: Technical Investigations and Implementation Assistance Program			<u>150,269</u>
<u>National Estuary Program</u>			
Indirect: <i>WA State Department of Ecology</i>			
Marine Resources Advisory Committee	66.456	G1200008	29,403
NW Straights: Sno Marine Resources Comm	66.456	G1300027	39,481
Total CFDA 66.456 National Estuary Program			<u>68,884</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			324,724
U. S. DEPARTMENT OF ENERGY			
<u>Weatherization Assistance for Low-Income Persons:</u>			
Indirect: Through WA State Dept of Commerce			
2009 DOE Weatherization	81.042	F09-43103-422	74,580
Total CFDA 81.042 Weatherization Assistance for Low-Income Persons			<u>74,580</u>
<u>ARRA-Energy Efficiency and Conservation Block Grant Program</u>			
Direct:			
ARRA-EECBG Block Grant	81.128	DE-EE0000850	774,833
Pass-Through ARRA-EECBG Block Grant	81.128	DE-EE0000850	20,749
Total CFDA 81.128 ARRA-Energy Efficiency and Conservation Block Grant Program			<u>795,582</u>
<u>2007 BPA Weatherization Program:</u>			
Indirect: Through WA State Dept of Commerce			
2011 BPA Weatherization Program	81.999	F11-43104-422	48,234
Total CFDA 81.999 2007 BPA Weatherization Program			<u>48,234</u>
TOTAL U. S. DEPARTMENT OF ENERGY			918,396
U. S. DEPARTMENT OF EDUCATION			
<u>Special Education-Grants for Infants and Families</u>			
<u>Rehabilitation Services Vocational Rehabilitation Grants to States</u>			
Indirect: <i>Through WA State Dept of Social and Health Services (DSHS)</i>			
Vocational Rehab	84.126	1269-59343	25,055
Total CFDA 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States			<u>25,055</u>
Indirect: <i>Through WA State Dept of Early Learning</i>			
EIS Contract with DEL	84.181	12-1269	171,697
Pass-Through EIS Contract with DEL	84.181	12-1269	229,462
Total CFDA 84.181 Special Education-Grants for Infants and Families			<u>401,159</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			426,214
U. S. ELECTION ASSISTANCE COMMISSION			
<u>Help America Vote Act Requirements Payments:</u>			
Indirect: <i>Through U.S Election Assistance Commission</i>			
Help America Vote Act (HAVA)	90.401	G-2853	6,232
Total CFDA 90.401 Help America Vote Act Requirements Payments			<u>6,232</u>
TOTAL U. S. ELECTION ASSISTANCE COMMISSION			6,232
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Medical Reserve Corps Small Grant Program:</u>			
Indirect: <i>National Association of County and City Health Officials</i>			
Medical Reserve Corps	93.008	MRC -11-174	3,323
Medical Reserve Corps	93.008	MRC -12-174	5,000
Total CFDA 93.008 Medical Reserve Corps Small Grant Program			<u>8,323</u>
<u>Special Programs for the Aging Title VII, Chapter 3/Programs for Prevention of Elder Abuse, Neglect, and Exploitation:</u>			
Indirect: <i>Through WA State Dept of Social and Health Services (DSHS)</i>			
Older Americans Act-Elder Abuse	93.041	1269-44107	6,428
Total CFDA 93.041 Special Programs for the Aging Title VII, Chapter 3/Programs for Prevention of Elder Abuse, Neglect, and Exploitation			<u>6,428</u>

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
<u>Special Programs for the Aging Title III Part D/Disease Prevention and Health Promotion Services:</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Pass-Through Older Americans Act - Title IIID	93.043	1269-44107	31,717
Total CFDA 93.043 Special Programs for the Aging Title III Part D/Disease Prevention and Health Promotion Services			31,717
<u>Special Programs for the Aging Title III Part B/Grants for Supportive Services and Senior Centers:</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Older Americans Act-Title IIIB	93.044	1269-44107	267,234
Pass-Through Older Americans Act - Title IIIB	93.044	1269-44107	518,196
Total CFDA 93.044 Special Programs for the Aging Title III Part B/Grants for Supportive Services and Senior Centers			785,430
<u>Special Programs for the Aging Title III Part C/Nutrition Services:</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Older Americans Act-Title 3C-1	93.045	1269-44107	41,201
Pass-Through Older Americans Act-Title 3C-1	93.045	1269-44107	370,810
Older Americans Act-Title 3C-2	93.045	1269-44107	30,728
Pass-Through Older Americans Act-Title 3C-2	93.045	1269-44107	276,553
Total CFDA 93.045 Special Programs for the Aging Title III Part C/Nutrition Services			719,292
<u>National Family Caregiver Support Title III Part E:</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Older Americans Act-Title 3E	93.052	1269-44107	23,343
Pass-Through Older Americans Act-Title 3E	93.052	1269-44107	156,255
Total CFDA 93.052 National Family Caregiver Support Title III Part E			179,598
<u>Nutrition Services Incentive Program:</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Nutrition Services Incentive Program-Pass Thru	93.053	1269-44107	152,549
Total CFDA 93.053 Nutrition Services Incentive Program			152,549
<u>Substance Abuse and Mental Health Services-Projects of Regional and National Significance</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
2011-2012 WA Cares	93.243	1163-42217	48,471
11-13 DASA Community Services Work Order	93.243	1163-27326	5,234
Pass-Through 11-13 DASA Community Services Work Order	93.243	1163-27326	11,550
Direct:			
R3 Juvenile Drug Court Expansion - CSAT	93.243	IH79T1020924-01	228,718
Total CFDA 93.243 Substance Abuse and Mental Health Services-Projects of Regional and National Significance			293,973
<u>Substance Abuse and Mental Health Services-Access to Recovery:</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
10-11 DSHS DBHR Access to Recovery Program	93.275	1063-12901	501,595
Total CFDA 93.275 Substance Abuse and Mental Health Services-Access to Recovery			501,595
<u>Drug Free Communities Support Program Grants:</u>			
Direct:			
Health and Safety Network	93.276	5H79SP016256-09	96,539
Health and Safety Network	93.276	5H79SP016256-10	15,726
Health and Safety Network	93.276	5H79SP016256-09(DFC11)	30,117
Total CFDA 93.276 Drug Free Communities Support Program Grants			142,382
<u>Centers for Disease Control and Prevention Investigations and Technical Assistance</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Hazardous Algae Bloom	93.283	N19341	5,077
Total CFDA 93.283 Centers for Disease Control and Prevention_ Investigations and Technical Assistance			5,077
<u>Affordable Care Act - Medicare Improvements for Patients and Providers</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Pass-Through ACA-MIPPA	93.518	1069-16795	9,333
Total CFDA 93.518 Affordable Care Act - Medicare Improvements for Patients and Providers			9,333
<u>Child Support Enforcement:</u>			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Title IV-D (Clerk)	93.563	75-1501-0-1-609	640,187
Family Support Federal Share	93.563	2110-80559	2,017,872
Child Support Enforcement 2012	93.563	0763-15105	166,978
Total CFDA 93.563 Child Support Enforcement			2,825,037
<u>Low-Income Home Energy Assistance:</u>			
Indirect: Through WA State Dept of Commerce			
2010-2011 LIHEAP WX	93.568	F11-43101-422	1,059,684
12-13 LIHEAP WX Assistance Program	93.568	F12-43101-422	216,286
2012 LIHEAP EAP	93.568	12-32106-081	1,993,732
12-13 LIHEAP EAP	93.568	13-32106-081	550,002
Total CFDA 93.568 Low-Income Home Energy Assistance			3,819,704
<u>Community Services Block Grant:</u>			
Indirect: Through WA State Dept of Commerce			
Community Services Block Grant	93.569	F12-32100-026	37,760
Pass-Through 2011-12 Community Services Block Grant	93.569	F12-32100-026	124,869
11-12 CSBG Community Action Plan	93.569	F11-32100-026	97,729
Pass-Through 11-12 CSBG Community Action Plan	93.569	F11-32100-026	213,932
Total CFDA 93.569 Community Services Block Grant			474,290

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
Child Care and Development Block Grant			
Indirect: Through WA State Dept of Early Learning			
Child Care and Development Block Grant	93.575	12-1035-02	204,760
Total CFDA 93.575 Child Care and Development Block Grant			<u>204,760</u>
Head Start			
Direct:			
11-12 Early Head Start	93.600	10CH018101	1,145,548
Total CFDA 93.600 Head Start			<u>1,145,548</u>
Voting Access for Individuals with Disabilities Grants to States:			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Election Assistance for Individuals with Disabilities	93.617	G-4410	7,242
Total CFDA 93.617 Voting Access for Individuals with Disabilities Grants to States			<u>7,242</u>
Medical Assistance Program:			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
Title XIX Matched by SCSA-Federal	93.778	1169-29494	53,045
Pass-Through Title XIX Matched by Senior Citizens Service Act	93.778	1169-29494	62,502
11-13 DSHS DASA Community Services Work Order	93.778	1269-55053	62,558
Pass-Through 09-11 DSHS DASA Community Services Work Order	93.778	1269-55053	64,998
Pass-Through Title XIX Matched by SCSA-Federal	93.778	1163-27326	592,343
Title XIX Chore-Federal	93.778	1169-29494	1,255,813
Title XIX Chore-Federal	93.778	1269-55053	1,261,876
Total CFDA 93.778 Medical Assistance Program			<u>3,353,135</u>
Block Grants for Community Mental Health Services:			
Indirect: Through North Sound Mental Health Administration			
Pass-Through CMH Federal Block Grant	93.958	NSMHA-SNOHOMISH-FGB-11-12	91,131
Total CFDA 93.958 Block Grants for Community Mental Health Services			<u>91,131</u>
Block Grants for Prevention and Treatment of Substance Abuse:			
Indirect: Through WA State Dept of Social and Health Services (DSHS)			
11-13 DSHS DASA Community Services Work Order	93.959	1163-27326	187,705
Pass-Through 11-13 DSHS DASA Community Services Work Order	93.959	1163-27326	650,958
Total CFDA 93.959 Block Grants for Prevention and Treatment of Substance Abuse			<u>838,663</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			15,595,207
DEPARTMENT OF HOMELAND SECURITY			
Boating Safety Financial Assistance			
Indirect: Through Wa St Parks and Recreation			
Boating Safety 2012-13	97.012	NA	52,437
Boating Emphasis Grant	97.012	NA	35,684
Total CFDA 97.012 Boating Safety Financial Assistance			<u>88,121</u>
Flood Mitigation Grants:			
Indirect: Through Wa St Military Department			
Snohomish Co FY2009 FMA Home Elevations	97.029	E11-103	56,909
Total CFDA 97.029 Flood Mitigation Grants			<u>56,909</u>
Disaster Grants- Public Assistance:			
Indirect: Through WA ST Military Department			
2003 Flood Event	97.036	E04-739 1499-DR-WA	51,044
2012 Snow Event	97.036	D12-058	69,328
Total CFDA 97.036 Disaster Grants- Public Assistance			<u>120,372</u>
Hazard Mitigation Grants:			
Indirect: Through WA ST Military Department			
Snohomish County Acquisition Project 2011 Flood Recovery	97.039	E13-015(Fed)	15,144
Snohomish County Acquisition Project (Cashman)	97.039	E11-199(FED)	14,975
Snohomish County Acquisition Project (Wish Sct Mdy Jrgn)	97.039	E11-286	255,280
Total CFDA 97.039 Hazard Mitigation Grants			<u>285,399</u>
Emergency Management Performance Grants:			
Indirect: Through WA ST Military Department			
Emergency Management Performance Grant (EMPG) '11	97.042	E12-107/E12-310	75,490
Emergency Management Performance Grant (EMPG) '12	97.042	E12-368	132,849
Total CFDA 97.042 Emergency Management Performance Grants			<u>208,339</u>
Homeland Security Grant Program:			
Indirect: Through WA ST Military Department			
Urban Area Security Initiative-09	97.067	E10-296	268,380
Urban Area Security Initiative-10	97.067	E11-149	179,902
Pass-Through Urban Area Security Initiative-10	97.067	E11-149	68,416
State Homeland Security Grant Pgm-09	97.067	E10-206	279,658
Pass-Through State Homeland Security Grant Pgm-09	97.067	E10-206	288,941
State Homeland Security Grant Pgm-10	97.067	E11-093	141,091
Pass-Through State Homeland Security Grant Pgm-10	97.067	E11-093	385,298
Urban Area Security Initiative-10 Equipment	97.067	E11-751	18,428
Pass-Through State Homeland Security Grant Pgm-11	97.067	E12-186	44,423
Citizen Corps Program (CCP) '10	97.067	K855	7,140
Pass-Through Citizen Corps Program (CCP) '10	97.067	K855	7,331
Citizen Corps Program (CCP) '11	97.067	K1032	1,543

Grantor/Pass-Through Grantor/Program Title	CFDA Number	Other Identification Number	
Pass-Through Citizen Corps Program (CCP) '11	97.067	K1032	280
Total CFDA 97.067 Homeland Security Grant Program			<u>1,690,831</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			2,449,971
U. S. EXECUTIVE OFFICE OF THE PRESIDENT			
High Intensity Drug Trafficking Areas:			
Indirect: Through ESD #105			
2011-2012 HIDTA	7.999	9009000067	17,478
Pass-Through 2011-2012 HIDTA	7.999	9009000067	16,246
Pass-Through 2012 HIDTA Community Coalition Project	7.999	9001000072	254
Pass-Through 2012 HITDA Drug Court	7.999	9001000062	1,890
Direct:			
HIDTA 2011	7.999	G11NW0001A	293,402
HIDTA 2012	7.999	G12NW0001A	425,045
Total CFDA 07.999 High Intensity Drug Trafficking Areas Program			<u>754,315</u>
TOTAL U. S. EXECUTIVE OFFICE OF THE PRESIDENT			754,315
TOTAL EXPENDITURE OF FEDERAL ASSISTANCE			<u>43,518,750</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**NOTE 1 - BASIS OF ACCOUNTING**

The Schedule of Federal Awards is prepared on the same basis of accounting as the County's financial statements. The county uses the modified accrual basis for its governmental and fiduciary fund types and the accrual basis of accounting for the proprietary fund types.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Actual program costs, including the County's portion, may be more than shown.

NOTE 3 - AMOUNTS AWARDED TO SUBRECIPIENTS

The amounts reported as Pass-Through above are federal awards to subrecipients.

NOTE 4 - Federal Emergency Management Agency

Expenditures are recognized in the year that the project worksheets are approved.

NOTE 5 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009

Expenditures for this program were funded by ARRA



ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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