

Washington State Auditor's Office
Financial Statements Audit Report

City of Leavenworth
Chelan County

Audit Period
January 1, 2011 through December 31, 2012

Report No. 1011362

Issue Date
March 3, 2014



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

March 3, 2014

Mayor and City Council
City of Leavenworth
Leavenworth, Washington

Report on Financial Statements

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Chelan County
January 1, 2011 through December 31, 2012**

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**City of Leavenworth
Chelan County
January 1, 2011 through December 31, 2012**

Mayor and City Council
City of Leavenworth
Leavenworth, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Leavenworth, Chelan County, Washington, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 7, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR

February 7, 2014

Independent Auditor's Report on Financial Statements

City of Leavenworth Chelan County January 1, 2011 through December 31, 2012

Mayor and City Council
City of Leavenworth
Leavenworth, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Leavenworth, Chelan County, Washington, for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 6.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Leavenworth, for the years ended December 31, 2012 and 2011, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

Purpose of this Report

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large "X" for the middle initial.

TROY KELLEY
STATE AUDITOR

February 7, 2014

Financial Section

**City of Leavenworth
Chelan County
January 1, 2011 through December 31, 2012**

FINANCIAL STATEMENTS

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City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

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BARS CODE		Total For All Funds	001 - Current Expense	101 - Streets
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	2,491,370.60	271,068.05	316,781.06
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	3,190,595.01	1,656,256.38	327,684.85
320	Licenses and Permits	136,150.51	136,150.51	0.00
330	Intergovernmental	1,135,530.25	57,400.75	1,065,833.89
340	Charges for Goods and Services	3,047,601.30	98,437.66	0.00
350	Fines and Penalties	15,657.11	0.00	0.00
360	Miscellaneous	521,142.37	44,514.20	4,543.16
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	232,492.78	64,150.00	60,000.00
	Total Revenues and Other Financing Sources	8,279,169.33	2,056,909.50	1,458,061.90
Total Resources		10,770,539.93	2,327,977.55	1,774,842.96
Operating Expenditures				
510	General Government	743,932.62	444,269.83	0.00
520	Public Safety	719,409.85	719,409.85	0.00
530	Physical Environment	2,269,616.45	76,350.36	3,679.92
540	Transportation	590,394.16	0.00	398,307.31
550	Economic Environment	1,050,242.76	249,473.98	0.00
560	Mental and Physical Health	893.00	893.00	0.00
570	Culture and Recreational	546,407.56	377,696.70	0.00
Total Operating Expenditures		5,920,896.40	1,868,093.72	401,987.23
591-593	Debt Service	391,580.05	0.00	21,576.60
594-595	Capital Outlay	2,925,917.09	32,706.00	2,038,459.12
Total Expenditures		9,238,393.54	1,900,799.72	2,462,022.95
597-599	Other Financing Uses	153,342.78	22,500.00	31,800.00
Total Expenditures and Other Financing Uses		9,391,736.32	1,923,299.72	2,493,822.95
Excess (Deficit) of Resources Over Uses		1,378,803.61	404,677.83	(718,979.99)
380	Nonrevenues (Except 384)	2,292,659.83	180,198.02	1,303,192.37
580	Nonexpenditures (Except 584)	1,774,627.61	212,901.12	526,216.00
Ending Cash and Investments:				
508.10	Reserved	522,040.85	0.00	57,996.38
508.80	Unreserved	1,374,794.98	371,974.73	0.00

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

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BARS CODE		104 - Lodging Tax	107 - P.W. Capital Improvement	176 - Community Swimming Pool
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	168,422.42	20,936.06	2,150.48
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	1,003,836.61	66,695.94	55,400.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	98,316.46
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	116,497.16	0.00	12,399.00
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	0.00	22,500.00
	Total Revenues and Other Financing Sources	1,120,333.77	66,695.94	188,615.46
<i>Total Resources</i>		<i>1,288,756.19</i>	<i>87,632.00</i>	<i>190,765.94</i>
Operating Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	0.00	0.00	0.00
540	Transportation	0.00	0.00	0.00
550	Economic Environment	800,768.78	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	168,710.86
	Total Operating Expenditures	800,768.78	0.00	168,710.86
591-593	Debt Service	134,687.57	0.00	1.38
594-595	Capital Outlay	157,147.01	0.00	6,822.90
	Total Expenditures	1,092,603.36	0.00	175,535.14
597-599	Other Financing Uses	29,042.78	70,000.00	0.00
<i>Total Expenditures and Other Financing Uses</i>		<i>1,121,646.14</i>	<i>70,000.00</i>	<i>175,535.14</i>
Excess (Deficit) of Resources Over Uses		167,110.05	17,632.00	15,230.80
380	Nonrevenues (Except 384)	0.00	0.00	6,910.00
580	Nonexpenditures (Except 584)	0.00	0.00	6,910.00
Ending Cash and Investments:				
508.10	Reserved	167,110.05	17,632.00	15,230.80
508.80	Unreserved	0.00	0.00	0.00

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

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BARS CODE		201 - 1997 G.O. Bond Actual Amount	202 - 2009 G.O. Bond Actual Amount	301 - Capital Projects Fund (Warehouse) Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	132,351.39	0.00	0.00
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	80,721.23	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	0.00	0.00	99,869.36
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	29,042.78	41,800.00
	Total Revenues and Other Financing Sources	80,721.23	29,042.78	141,669.36
<i>Total Resources</i>		<i>213,072.62</i>	<i>29,042.78</i>	<i>141,669.36</i>
Operating Expenditures				
510	General Government	0.00	0.00	137,761.52
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	0.00	0.00	0.00
540	Transportation	0.00	0.00	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Total Operating Expenditures	0.00	0.00	137,761.52
591-593	Debt Service	88,872.72	29,042.78	45.55
594-595	Capital Outlay	0.00	0.00	0.00
	Total Expenditures	88,872.72	29,042.78	137,807.07
597-599	Other Financing Uses	0.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>88,872.72</i>	<i>29,042.78</i>	<i>137,807.07</i>
Excess (Deficit) of Resources Over Uses		124,199.90	0.00	3,862.29
380	Nonrevenues (Except 384)	0.00	0.00	65,825.00
580	Nonexpenditures (Except 584)	0.00	0.00	69,663.36
Ending Cash and Investments:				
508.10	Reserved	0.00	0.00	23.93
508.80	Unreserved	124,199.90	0.00	0.00

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

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BARS CODE		402 - Garbage	403 - Water	404 - Sewer
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	157,545.17	575,463.31	451,697.21
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	0.00	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	12,295.61	0.00	0.00
340	Charges for Goods and Services	548,670.04	1,086,679.80	1,215,497.34
350	Fines and Penalties	0.00	9,846.24	5,810.87
360	Miscellaneous	1,739.20	152.29	0.00
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	0.00	0.00
	Total Revenues and Other Financing Sources	562,704.85	1,096,678.33	1,221,308.21
<i>Total Resources</i>		<i>720,250.02</i>	<i>1,672,141.64</i>	<i>1,673,005.42</i>
Operating Expenditures				
510	General Government	622.58	88,045.23	1,245.13
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	552,193.47	779,920.08	857,472.62
540	Transportation	0.00	0.00	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Total Operating Expenditures	552,816.05	867,965.31	858,717.75
591-593	Debt Service	990.40	46,020.57	9,172.74
594-595	Capital Outlay	27,525.32	380,490.42	169,897.65
	Total Expenditures	581,331.77	1,294,476.30	1,037,788.14
597-599	Other Financing Uses	0.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>581,331.77</i>	<i>1,294,476.30</i>	<i>1,037,788.14</i>
Excess (Deficit) of Resources Over Uses		138,918.25	377,665.34	635,217.28
380	Nonrevenues (Except 384)	0.00	535,609.90	53,140.54
580	Nonexpenditures (Except 584)	12,003.38	661,475.26	284,408.49
Ending Cash and Investments:				
508.10	Reserved	0.00	132,023.85	132,023.84
508.80	Unreserved	126,914.87	119,776.13	271,925.49

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

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BARS CODE		501 - Equip Rental & Revolving Fund	502 - Central Services	
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	383,419.33	11,536.12	0.00
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	0.00	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	162,917.00	78,511.00	0.00
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	15,000.00	0.00	0.00
	Total Revenues and Other Financing Sources	177,917.00	78,511.00	0.00
Total Resources		561,336.33	90,047.12	0.00
Operating Expenditures				
510	General Government	0.00	71,988.33	0.00
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	0.00	0.00	0.00
540	Transportation	192,086.85	0.00	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
Total Operating Expenditures		192,086.85	71,988.33	0.00
591-593	Debt Service	61,169.74	0.00	0.00
594-595	Capital Outlay	104,938.56	7,930.11	0.00
Total Expenditures		358,195.15	79,918.44	0.00
597-599	Other Financing Uses	0.00	0.00	0.00
Total Expenditures and Other Financing Uses		358,195.15	79,918.44	0.00
Excess (Deficit) of Resources Over Uses		203,141.18	10,128.68	0.00
380	Nonrevenues (Except 384)	147,784.00	0.00	0.00
580	Nonexpenditures (Except 584)	1,050.00	0.00	0.00
Ending Cash and Investments:				
508.10	Reserved	0.00	0.00	0.00
508.80	Unreserved	349,875.18	10,128.68	0.00

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-5

FUDICIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

1 Of 1

BARS CODE		Total For All Funds	601 - Cemetery Endowment Fund	
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	206,723.99	206,723.99	0.00
	Prior Period Adjustments (388.80 and 588.80)	0.00	0.00	0.00
Total Revenues and Other Financing Sources		6,887.50	6,887.50	0.00
Total Resources		213,611.49	213,611.49	0.00
Total Expenditures and Other Financing Uses		0.00	0.00	0.00
Excess (Deficit) of Resources Over Uses		213,611.49	213,611.49	0.00
380	Nonrevenues (Except 384)	0.00	0.00	0.00
580	Nonexpenditures (Except 584)	0.00	0.00	0.00
Ending Cash and Investments:				
508.10	Reserved	0.00	0.00	0.00
508.80	Unreserved	213,611.49	213,611.49	0.00

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2011

1 Of 4

BARS CODE		Total For All Funds	001 - Current Expense	101 - Streets
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	2,275,314.52	301,191.65	468,959.71
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	3,141,764.00	1,550,110.67	422,330.78
320	Licenses and Permits	160,351.78	160,351.78	0.00
330	Intergovernmental	301,494.39	60,834.60	170,659.79
340	Charges for Goods and Services	2,988,610.08	76,282.67	0.00
350	Fines and Penalties	15,720.55	19.66	0.00
360	Miscellaneous	345,626.54	53,166.63	48,335.76
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	1,287,293.83	0.00	69,000.00
	Total Revenues and Other Financing Sources	8,240,861.17	1,900,766.01	710,326.33
Total Resources		10,516,175.69	2,201,957.66	1,179,286.04
Operating Expenditures				
510	General Government	850,836.68	418,458.72	0.00
520	Public Safety	636,573.21	636,573.21	0.00
530	Physical Environment	2,190,608.22	94,910.18	0.00
540	Transportation	602,360.60	0.00	390,970.67
550	Economic Environment	1,060,279.01	331,652.81	0.00
560	Mental and Physical Health	874.00	874.00	0.00
570	Culture and Recreational	512,751.72	338,240.75	0.00
Total Operating Expenditures		5,854,283.44	1,820,709.67	390,970.67
591-593	Debt Service	855,173.40	0.00	34,318.68
594-595	Capital Outlay	902,089.95	20,248.77	347,490.93
Total Expenditures		7,611,546.79	1,840,958.44	772,780.28
597-599	Other Financing Uses	618,042.78	34,000.00	0.00
Total Expenditures and Other Financing Uses		8,229,589.57	1,874,958.44	772,780.28
Excess (Deficit) of Resources Over Uses		2,286,586.12	326,999.22	406,505.76
380	Nonrevenues (Except 384)	1,302,131.95	126,215.60	21.30
580	Nonexpenditures (Except 584)	1,097,347.47	182,146.77	89,746.00
Ending Cash and Investments:				
508.10	Reserved	508,290.02	0.00	316,781.06
508.80	Unreserved	1,983,080.58	271,068.05	0.00

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2011

2 Of 4

BARS CODE		104 - Lodging Tax	107 - P.W. Capital Improvement	176 - Community Swimming Pool
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	125,301.30	35,622.51	42.16
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	969,365.67	45,284.20	54,566.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	99,404.28
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	28,281.25	29.35	1,195.00
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	0.00	25,000.00
	Total Revenues and Other Financing Sources	997,646.92	45,313.55	180,165.28
<i>Total Resources</i>		<i>1,122,948.22</i>	<i>80,936.06</i>	<i>180,207.44</i>
Operating Expenditures				
510	General Government	0.00	0.00	0.00
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	0.00	0.00	0.00
540	Transportation	0.00	0.00	0.00
550	Economic Environment	728,626.20	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	174,510.97
	Total Operating Expenditures	728,626.20	0.00	174,510.97
591-593	Debt Service	137,896.75	0.00	6.00
594-595	Capital Outlay	58,960.07	0.00	3,389.99
	Total Expenditures	925,483.02	0.00	177,906.96
597-599	Other Financing Uses	29,042.78	60,000.00	0.00
<i>Total Expenditures and Other Financing Uses</i>		<i>954,525.80</i>	<i>60,000.00</i>	<i>177,906.96</i>
Excess (Deficit) of Resources Over Uses		168,422.42	20,936.06	2,300.48
380	Nonrevenues (Except 384)	0.00	0.00	20,300.00
580	Nonexpenditures (Except 584)	0.00	0.00	20,450.00
Ending Cash and Investments:				
508.10	Reserved	168,422.42	20,936.06	2,150.48
508.80	Unreserved	0.00	0.00	0.00

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2011

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BARS CODE		201 - 1997 G.O. Bond	202 - 2009 G.O. Bond	401 - Water/Sewer
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	127,318.14	0.00	540,511.09
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	100,106.68	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	0.00	0.00	0.00
340	Charges for Goods and Services	0.00	0.00	2,299,924.11
350	Fines and Penalties	0.00	0.00	15,700.89
360	Miscellaneous	92.47	0.00	741.45
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	976,160.68	29,042.78	5,862.40
	Total Revenues and Other Financing Sources	1,076,359.83	29,042.78	2,322,228.85
<i>Total Resources</i>		<i>1,203,677.97</i>	<i>29,042.78</i>	<i>2,862,739.94</i>
Operating Expenditures				
510	General Government	0.00	0.00	352,130.10
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	0.00	0.00	1,547,297.76
540	Transportation	0.00	0.00	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Total Operating Expenditures	0.00	0.00	1,899,427.86
591-593	Debt Service	576,326.58	29,042.78	36,232.93
594-595	Capital Outlay	0.00	0.00	118,413.12
	Total Expenditures	576,326.58	29,042.78	2,054,073.91
597-599	Other Financing Uses	495,000.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>1,071,326.58</i>	<i>29,042.78</i>	<i>2,054,073.91</i>
Excess (Deficit) of Resources Over Uses		132,351.39	0.00	808,666.03
380	Nonrevenues (Except 384)	0.00	0.00	1,011,837.05
580	Nonexpenditures (Except 584)	0.00	0.00	793,342.56
Ending Cash and Investments:				
508.10	Reserved	0.00	0.00	0.00
508.80	Unreserved	132,351.39	0.00	1,027,160.52

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2011

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BARS CODE		402 - Garbage	501 - Equip Rental & Revolving Fund	502 - Central Services
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	285,162.52	369,606.08	21,599.36
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	0.00	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	70,000.00	0.00	0.00
340	Charges for Goods and Services	512,999.02	0.00	0.00
350	Fines and Penalties	0.00	0.00	0.00
360	Miscellaneous	3,835.51	130,927.82	79,021.30
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	182,227.97	0.00
	Total Revenues and Other Financing Sources	586,834.53	313,155.79	79,021.30
<i>Total Resources</i>		<i>871,997.05</i>	<i>682,761.87</i>	<i>100,620.66</i>
Operating Expenditures				
510	General Government	303.00	506.88	79,437.98
520	Public Safety	0.00	0.00	0.00
530	Physical Environment	548,400.28	0.00	0.00
540	Transportation	0.00	211,389.93	0.00
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Total Operating Expenditures	548,703.28	211,896.81	79,437.98
591-593	Debt Service	1,331.64	40,018.04	0.00
594-595	Capital Outlay	152,769.32	191,171.19	9,646.56
	Total Expenditures	702,804.24	443,086.04	89,084.54
597-599	Other Financing Uses	0.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>702,804.24</i>	<i>443,086.04</i>	<i>89,084.54</i>
Excess (Deficit) of Resources Over Uses		169,192.81	239,675.83	11,536.12
380	Nonrevenues (Except 384)	14.50	143,743.50	0.00
580	Nonexpenditures (Except 584)	11,662.14	0.00	0.00
Ending Cash and Investments:				
508.10	Reserved	0.00	0.00	0.00
508.80	Unreserved	157,545.17	383,419.33	11,536.12

The accompanying notes are an integral part of this Statement

City Of Leavenworth

MCAG #: 0222

STATEMENT C-5

FUDICIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2011

1 Of 1

BARS CODE		Total For All Funds	601 - Cemetery Endowment Fund	
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	0.00	0.00	0.00
308.80	Unreserved	199,059.81	199,059.81	0.00
	Prior Period Adjustments (388.80 and 588.80)	0.00	0.00	0.00
Total Revenues and Other Financing Sources		7,664.18	7,664.18	0.00
Total Resources		206,723.99	206,723.99	0.00
Total Expenditures and Other Financing Uses		0.00	0.00	0.00
Excess (Deficit) of Resources Over Uses		206,723.99	206,723.99	0.00
380	Nonrevenues (Except 384)	0.00	0.00	0.00
580	Nonexpenditures (Except 584)	0.00	0.00	0.00
Ending Cash and Investments:				
508.10	Reserved	0.00	0.00	0.00
508.80	Unreserved	206,723.99	206,723.99	0.00

The accompanying notes are an integral part of this Statement

NOTES TO FINANCIAL STATEMENTS

CITY OF LEAVENWORTH

January 1, 2012 through December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City of Leavenworth was incorporated in 1906 and operates under the laws of the state of Washington applicable to a Non Charter Code City with a Mayor-Council form of Government. The City of Leavenworth is a general purpose government and provides the following services: administrative, police and fire protection (contracted), library (through a regional library district), cemetery, parks and recreation, street maintenance and improvement, and garbage collection. In addition, the City owns and operates its own water and sewer systems. The City of Leavenworth uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

Current Expense (General) Fund (001)

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

Special Revenue Funds (100-199)

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

Debt Service Funds (200-299)

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

Capital Projects Fund (300-399)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

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

Internal Service Funds (500-599)

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Leavenworth in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds (600-699)

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

b. Basis of Accounting

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

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

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

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

c. Budgets

The City of Leavenworth adopts annual appropriated budgets for the Current Expense (General), Streets, Lodging Tax, P.W. Capital Improvement, Community Swimming Pool,

1997 G.O. Bond, 2009 G.O. Bond, Capital Projects Fund (Warehouse), Garbage, Water, Sewer, Water Bond Reserve, Sewer Bond Reserve, Equipment Rental & Revolving, Central Services and Cemetery Endowment funds. These budgets are appropriated at the fund level including use of ending fund balances. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for all funds lapse at the fiscal year end.

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense (General) Fund	\$2,375,570.00	\$2,136,200.84	\$239,369.16
Streets Fund	\$4,029,640.00	\$3,020,038.95	\$1,009,601.05
Lodging Tax Fund	\$1,290,561.00	\$1,121,646.14	\$168,914.86
P.W. Capital Improvement Fund	\$90,936.00	\$70,000.00	\$20,936.00
Community Swimming Pool Fund	\$223,615.00	\$182,445.14	\$41,169.86
1997 GO Bond Fund	\$212,351.00	\$88,872.72	\$123,478.28
2009 GO Bond Fund	\$29,043.00	\$29,042.78	\$0.22
Capital Projects Fund	\$871,800.00	\$207,470.43	\$664,329.57
Garbage Fund	\$748,795.00	\$593,335.15	\$155,459.85
Water Fund	\$2,122,069.00	\$1,826,951.56	\$295,117.44
Water Bond Reserve Fund	\$261,024.00	\$129,000.00	\$132,024.00
Sewer Fund	\$1,776,136.00	\$1,322,196.63	\$453,939.37
Sewer Bond Reserve Fund	\$132,024.00	\$0.00	\$132,024.00
Equip Rental & Revolving Loan Fund	\$867,070.00	\$359,245.15	\$507,824.85
Central Services	\$90,047.00	\$79,918.44	\$10,128.56
Cemetery Endowment Fund	\$216,724.00	\$0.00	\$216,724.00
TOTAL	\$15,337,405.00	\$11,166,363.93	\$4,171,041.07

The department head in conjunction with the Finance Director is authorized to transfer budgeted amounts between fund/object classes within any department within any fund, however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Leavenworth's legislative body.

d. Cash

It is the City of Leavenworth's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on investments is typically prorated to the various funds based on the monthly ending cash balance in each fund; however with the decline in interest rates in the current economy, all interest currently posts to the General Fund to offset all monthly bank service charges which far exceed monthly interest gains and is reconciled against monthly bank statements. Interest gains on all interfund loans are posted to the fund issuing the interfund loan.

e. Deposits

The City of Leavenworth's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

f. Investments

See Investment Note #2.

g. Derivatives and Similar Transactions

None.

h. Capital Assets

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

i. Compensated Absences

Vacation leave may be accumulated up to 30 days for a prospective retiree (within four years of retirement). Otherwise, up to 15 days for Public Works and Office Staff and 10 days for Returning Seasonal Staff may be carried over from year to year at the employee's request. Upon separation or retirement, employees are compensated for accrued and unused vacation time. As of December 31, 2012 the total payout liability of all employees totals \$68,416.24.

Sick leave may accumulate up to 1200 hours. Upon separation or retirement, employees having at a minimum of five years of employment with the city may receive payment of unused leave, up to 240 hours. As of December 31, 2012 the total payout liability of eligible employees totals \$78,264.55.

Compensatory leave may accumulate for union employees to a maximum of 40 hours and should not be carried over in any given year without prior authorization by the City Administrator. Upon separation or retirement, employees are compensated for accrued and unused comp time. As of December 31, 2012 the total payout liability of all employees totals \$287.49

j. Long-Term Debt

See Long-Term Debt Note #5.

k. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consists of operating transfers in and out, proceeds from the Washington State Treasurer's Local Option Capital Asset Lending Program (LOCAL), and proceeds from the sale of capital assets.

l. Risk Management

The City of Leavenworth is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 153 Members. New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership. Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually. Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance. In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services. WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall. An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City of Leavenworth in conjunction with the Upper Valley Park and Recreation Service Area is also a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and

administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2012, there are 477 Enduris members representing a broad array of special purpose districts throughout the state. Enduris members share in the self-insured retention, jointly purchase excess and/or reinsurance coverage and provide risk management services and other related administrative services. Enduris provides “per occurrence” based policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, and automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of \$100 million for all members. Enduris offers employee dishonesty coverage up to a liability limit of \$1,000,000. Members make an annual contribution to fund Enduris. Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis: \$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on liability loss; \$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on property loss. Enduris is responsible for the \$4,000 deductible on boiler and machinery loss. Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members. The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement. Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house. A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

m. Reserved Fund Balance

The City Council is reviewing and may implement reserve fund balance requirements for various funds beginning in 2013. Special Revenue Funds, the Water Bond Reserve Fund, Sewer Bond Reserve Fund and the Capital Projects Fund (Warehouse) are identified as restricted (noted as reserved in the ending fund balances for 2012). Restricted funds in special revenue funds are restricted resources by law through constitutional provisions and are identified for a specific purpose other than debt service or capital projects and are not combined with the General Fund. The Water Bond Reserve and Sewer Bond Reserve Funds are rolled into the Water Fund and Sewer Fund respectively and are identified as restricted revenues within the Water Fund and Sewer Funds. The Capital Project Fund (Warehouse) uses restricted resources for the sole purpose of the Capital Project; this fund will close upon project completion.

NOTE 2: INVESTMENTS

The City of Leavenworth's investments are either insured, registered or held by the City or its agent in the City's name.

Investments are presented at fair market value.

Investments by type at December 31, 2012 are as follows:

Type of Investment	Leavenworth's own investments	Investments held by Leavenworth as an agent for other local governments, individual or private organizations.	Total
L.G.I.P.	\$660,954.98	\$200,000.00	\$860,954.98
U.S. Gov. Securities			
Other			
Total	\$660,954.98	\$200,000.00	\$860,954.98

NOTE 3: PROPERTY TAX

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

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

The City of Leavenworth's regular levy for 2012 was \$1.4928736747 per \$1,000 on an assessed valuation of \$334,322,025, for a total regular levy of \$499,100.55

The City also has a special levy in the amount of \$.2430408038 per \$1,000 on an assessed valuation of \$329,162,835 for a total of \$80,000.00. This special levy was approved by the voters and is used to retire bonds issued to finance the construction of a new fire station and purchase of fire equipment with the final bond payment identified for 2017.

NOTE 4: INTERFUND LOANS

The following table displays interfund loan activity during 2012; payments and balances include principle only. Interest is typically charged for short-term loans at the current rate of the LGIP or as defined by resolution for long-term loans and is paid back at the time of the principle payment. In 2012 the City Council, through the budget process, amended the Current Expense and Street Fund payback to the ER&R Fund by reducing the Current Expense liability through the offset of an increase in the same amount to the Street Fund. This loan was originally made entirely to the Street Fund.

Borrowing Fund	Lending Fund	Balance 1/1/2012	New Loans	Repayments	Balance 12/31/2012
Current Expense	ER&R	\$ 90,000		\$ 30,000	\$ 60,000
Street	ER&R	\$341,150		\$113,716	\$227,434
Pool	Current Expense	\$ 0	\$ 6,910	\$ 6,910	\$ 0
Capital Imp.	Current Expense	\$ 0	\$ 65,825	\$ 65,825	\$ 0
Street	Water Bond Res	\$ 0	\$129,000	\$129,000	\$ 0
Street	Water	\$ 0	\$283,500	\$283,500	\$ 0

NOTE 5: DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Leavenworth and summarizes the City's debt transactions for year ended December 31, 2012. The debt service requirements for general obligation bonds, revenue bonds and public works loans, including both principle and interest, are as follows:

	G. O. Bonds	Revenue Bonds	Other Debt	Total Debt
2012	386,988	0	544,207	931,195
2013	389,361	0	544,643	934,004
2014	395,884	0	587,017	982,901
2015	365,387	0	583,409	948,796
2016	372,158	0	579,802	951,960
2017	373,971	0	563,886	937,857
2018-2022	1,187,337	0	1,762,962	2,950,299
2023-2027	935,803	0	869,125	1,804,928
2028-2032	136,435	0	309,742	446,177
2033-2037	0	0	224,669	224,669
TOTALS	4,543,324	0	6,569,462	11,112,786

The City identifies in the list of debt above new debt received on September 12, 2012, for a PWTF Loan for the Front/Division Street Construction Project that is only partially represented by a draw request of \$1,062,474.97 in principle and an interest amount due of \$70,226.64 that is obligated between the Street, Water and Sewer Funds for debt service payments to be made starting in 2013. As the project is completed in 2013, required payback of funds will be finalized across the appropriate Governmental and Proprietary Funds as legally obligated. No debt payment is due in the 2012 year for this new obligation and only interest will be due in 2013.

NOTE 6: PENSION PLANS

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

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

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

NOTE 7: OTHER DISCLOSURES

In 2008, the City began reviewing concerns related to the City's water rights. In late 2008 the City began a litigation process against the Department of Ecology for those water rights. In 2009, 2010, 2011 and 2012 funds were expended on the litigation. As of the end of 2011, due to the significance of expenses incurred on the litigation, the City financed the costs of \$715,000 (includes financing fees) through a

Limited Tax General Obligation Bond. Starting with the 2012 Budget, the City separated the Water and Sewer Funds and included any remaining unexpended proceeds of this bond as a portion of the beginning fund balance for the newly created Water Fund.

In January 2012, the City signed a Lease with Option to Purchase Agreement for additional public lands. Starting in 2012, the lease payments are being recognized as part of the Long-Term Liabilities reported on the Schedule 9 of the City's financial statements.

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

In 2012, the City had a theft of resources for the purchase of two new salt cells for the City Pool where the product was never received. The Finance Director contacted the local State Auditor's Office Representative to alert them of this matter and reviewed the process for future purchases to be made upon delivery and only under rare circumstances can payment precede a delivery. In this case the payment did precede the delivery due to the sole source vendor not completing the order, would not return calls and did not return the funds. This vendor was reported to various regulatory agencies for this theft of resources and the City has changed the salt cells system to allow for newer technology and vendors for purchasing future products from.

Between August and December of 2012, the City Council approved a Public Works Reorganization for some staff positions. Through this reorganization, increased responsibilities and pay were provided to the newly designed positions of Wastewater Plant Supervisor, Water Plant Supervisor, Public Works Field Supervisor, Parks Supervisor, and the Operations & Maintenance Superintendent. In addition, the previous Public Works Director Position was reorganized as a City Engineer with reduced responsibilities and pay. In early 2013, the City Council approved a pay increase for the Development Review Services Manager and a one-time merit bonus for the City Engineer for the successful completion of a major engineering project.

Beginning in 2013, the City Council has adopted the procedures necessary to enact a biennial budget process for the 2013 – 2014 Budget.

NOTES TO FINANCIAL STATEMENTS

CITY OF LEAVENWORTH

January 1, 2011 through December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City of Leavenworth was incorporated in 1906 and operated under the laws of the state of Washington applicable to a Non Charter Code City with a Mayor-Council form of Government. The City of Leavenworth is a general purpose government and provides the following services: administrative, police and fire protection (contracted), library (through a regional library district), cemetery, parks and recreation, street maintenance and improvement, and garbage collection. In addition, the City owns and operates its own water and sewer systems. The City of Leavenworth uses single-entry, cash basis accounting which is a departure from generally accepted account principles (GAAP).

a. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

Current Expense (General) Fund (001)

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

Special Revenue Funds (100-199)

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

Debt Service Funds (200-299)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

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

Internal Service Funds (500-599)

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Fiduciary Funds (600-699)

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

b. Basis of Accounting

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

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

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

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

c. Budgets

The City of Leavenworth adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for all funds lapse at the fiscal period end.

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$2,466,045.00	\$2,057,105.21	\$408,939.79
Street Fund	\$1,825,052.00	\$862,526.28	\$962,525.72
Lodging Tax Fund	\$1,054,051.00	\$954,525.80	\$99,525.20
PW Capital Improvement Fund	\$72,614.00	\$60,000.00	\$12,614.00
Community Swimming Pool Fund	\$211,472.00	\$198,356.96	\$13,115.04
1997 GO Bond Fund	\$228,283	\$1,071,326.58	-\$843,043.58
2009 GO Bond Fund	\$29,043.00	\$29,042.78	\$.22
Water/Sewer Fund	\$4,049,050.00	\$3,111,464.16	\$937,585.84
Garbage Fund	\$926,855.00	\$714,466.38	\$212,388.62
Equip Rental & Revolving Loan Fund	\$835,656.00	\$443,086.04	\$392,569.96
Central Services	\$107,173.00	\$89,084.54	\$18,088.46
Cemetery Endowment Fund	\$212,490.00	\$0	\$212,490.00
TOTAL	\$12,017,784.00	\$9,590,984.73	\$2,426,799.27

The department head in conjunction with the Finance Director is authorized to transfer budgeted amounts between fund/object classes within any department within any fund, however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body. End of year adjustments were completed after the fiscal year end for debt issuance and refunding of debt in the Water/Sewer Fund and the 1997 GO Bond Fund. Due to the booking of bond proceeds and payments to refunding the debt escrow agent, the 1997 GO Bond Fund exceeds the appropriated budget. This transaction is an adjustment only and does not affect cash from the revenue and expenses of the fund; without this transaction, the fund would not have exceeded the appropriated budget.

d. Cash

It is the City of Leavenworth's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions, Schedules C-4 and C-5; reinvested interest is identified on the Schedule 12. The interest on investments is prorated to the various funds based on the monthly ending cash balance in each fund and is reconciled against monthly bank statements. Interest gains for non-invested funds are posted to the General Fund to offset monthly bank service charges. Some funds, such as the Water Sewer Bond Fund, may have interest posted to the original benefitting fund; in this case it would be the Water and Sewer Fund.

e. Deposits

The City of Leavenworth deposits and certificates of deposit are fully collateralized by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

f. Investments

See Investment Note #3.

g. Derivatives and Similar Transactions

None.

h. Capital Assets

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

i. Compensated Absences

Vacation leave may be accumulated up to 30 days for a prospective retiree (within four years of retirement). Otherwise, up to 15 days for Public Works and Office Staff and 10 days for Returning Seasonal Staff may be carried over from year to year at the employee's request. Upon separation or retirement, employees are compensated for accrued and unused vacation time. As of December 31, 2011 the total payout liability of all employees totals \$55,764.

Sick leave may accumulate up to 1200 hours. Upon separation or retirement, employees having at a minimum of five years of employment with the city may receive payment of unused leave, up to 240 hours. As of December 31, 2011 the total payout liability of eligible employees totals \$47,224.

Compensatory/Administrative leave may accumulate for union employees to a maximum of 40 hours and should not be carried over in any given year without prior authorization by the City Administrator. Non-union employees that previously had accrued administrative leave was required to either use it or lose it as of December 31, 2011; no further accruals occur as of January 1, 2012. Upon separation or retirement, employees are compensated for accrued and unused comp/admin time. As of December 31, 2011 the total payout liability of all employees totals \$1,347.

j. Long-Term Debt

See Long-Term Debt Note #6.

k. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consists of operating transfers in and out, restitution compensation, recovery of damages, proceeds from the Washington State Treasurer's Local Option Capital Asset Lending Program (LOCAL), proceeds and refunding of General Obligation debt, and proceeds from the sale of capital assets.

1. Risk Management

The City of Leavenworth is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 150 Members. New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership. Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually. Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance. In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services. WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall. An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment. A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City of Leavenworth in conjunction with the Upper Valley Park and Recreation Service Area is also a member of Enduris. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. Enduris was formed July 10, 1987, when two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured

losses and jointly purchase insurance and administrative services. As of August 31, 2011, there are 468 Enduris members representing a broad range of special purpose districts. Enduris allows members to jointly purchase excess insurance coverage, share in the self-insured retention, establish a plan for total self-insurance, and provide excellent risk management services and other related services. Enduris provides “occurrence” policies for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk” basis blanket form using current Statement of Values. The Property coverage includes mobile equipment, electronic data processing equipment, valuable papers, building ordinance coverage, property in transit, extra expense, consequential loss, accounts receivable, fine arts, inventory or appraisal cost, automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of \$100 million for all members. Enduris offers employee dishonesty coverage up to a liability limit of \$1,000,000. Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies that is subject to a “per occurrence”: \$1,000,000 deductible on liability loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$999,000 on liability loss; \$250,000 deductible on property loss - the member is responsible for the first \$1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining \$249,000 on property loss. Enduris is responsible for the \$4,000 deductible on boiler and machinery loss. Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members. The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement. Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house. A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

m. Reserved Fund Balance

There are currently no reserve fund balances identified for any specific fund. The City Council is reviewing and may implement reserve fund balance requirements for various funds beginning in 2012. Special Revenue Funds are identified as restricted (noted as reserved in the ending fund balances for 2011). Restricted funds are identified for a specific purpose other than debt service or capital projects and are not combined with the General Fund.

NOTE 2: COMPLIANCE AND ACCOUNTABILITY

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

There have been no expenditures exceeding legal appropriations in any of the funds of the City of Leavenworth. It is noted for Fund 201: 1997 G.O. Bond that adjustments were made at the close of the

year to record adjusting journal entries totaling \$975,000 for recording the payoff of \$480,000 for the original 1997 G.O. Bond (Fire Station) and the addition of the Refunding of this bond as the 2011 G.O. Bond that includes all fees for refinancing at a total of \$495,000. Due to the nature of this transaction, no cash is involved, however, it was realized after the close of the year that these funds needed to be recorded for compliance with Schedule 09.

NOTE 3: INVESTMENTS

The City's investments are either insured, registered or held by the City or its agent in the City's name.

Investments are presented at fair market value.

Investments by type at December 31, 2011 are as follows:

Type of Investment	(City/County/District's own investments	Investments held by (City/County/District) as an agent for other local governments, individual or private organizations.	Total
L.G.I.P.	\$9,150.22	\$0.00	\$9,150.22
U.S. Gov. Securities			
Other			
Total	\$9,150.22	\$0.00	\$9,150.22

NOTE 4: PROPERTY TAXES

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

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

The City's regular levy for 2011 was \$1.315972694 per \$1,000 on an assessed valuation of \$368,210,201, for a total regular levy of \$484,555.

The City also has a special levy in the amount of \$.275018257 per \$1,000 on an assessed valuation of \$363,612,224 for a total of \$100,000. This special levy was approved by the voters and is used to retire bonds issued to finance the construction of a new fire station and purchase of fire equipment with the final bond payment identified for 2017.

NOTE 5: INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2011, payments and balances include principle only. Interest is typically charged for short-term loans at the current rate of the LGIP or as defined by resolution for long-term loans and is paid back at the time of the principle payment.

Borrowing Fund	Lending Fund	Balance 1/1/2011	New Loans	Repayments	Balance 12/31/2011
Current Expense	ER&R	\$200,000		\$ 50,000	\$150,000
Street	ER&R	\$370,896		\$ 89,746	\$281,150
Pool	Current Expense	\$ 150	\$ 20,300	\$ 20,450	\$ 0
W/S	W/S Bond Reserv	\$ 0	\$146,000	\$146,000	\$ 0

NOTE 6: LONG-TERM DEBT

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

	G. O. Bonds	Revenue Bonds	Other Debt	Total Debt
2011	795,675	557,864		1,353,539
2012	386,988	544,207		931,195
2013	389,361	540,821		930,182
2014	395,884	537,435		933,319
2015	365,387	534,049		899,436
2016	372,158	530,662		902,820
2017-2021	1,361,902	1,795,333		3,157,235
2022-2026	997,585	834,650		1,832,235
2027-2031	274,058	119,605		393,663
TOTALS	5,338,998	5,994,626	0	11,333,624

NOTE 7: PENSION PLANS

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

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

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

OTHER DISCLOSURES

On January 13, 2009, the City accepted a PWTF Engineering Loan in the amount of \$1,000,000. The City drew down \$750,000 of this loan and has only allocated a portion of the proceeds to be spent on engineering design that will now carry into 2011-2012. After careful consideration of projects and submitting a request for an extension to expend the funds, as of the date of this annual report the City is proceeding with the anticipated approval of the extension to utilize the funds drawn with the extension date being through September 2012. In addition to the extension request to expend funds, in early 2011, the City received notice of approval to extend the payback period of the loan from five years to twenty years that will affect the principle and interest amounts due in 2011 and beyond that is reflected in the 2011 annual report.

In 2008, the City began reviewing concerns related to the City's water rights. In late 2008 the City began a potential litigation process against the Department of Ecology for those water rights. In 2009, 2010 and 2011 funds were expended on the litigation; however, at the time it was unknown how much would be incurred in the process. As of the end of 2011, due to the significance of expenses incurred on the litigation, the City financed the costs of \$715,000 (includes financing fees) through a Limited Tax General Obligation Bond. Starting with the 2012 Budget, the City separated the Water and Sewer Funds and included any remaining unexpended proceeds of this bond as a portion of the beginning fund balance for the newly created Water Fund.

In December 2011 the City completed a 2011 Unlimited Tax General Obligation Refunding Bond. This bond refinanced the 1997 Voted General Obligation Bond for the Fire Station that began with payment in 1999. See additional comments related to this transaction under Note 2.

In January 2012 the City signed a Lease with Option to Purchase Agreement for additional public lands. Starting in 2012, the lease payments will be recognized as part of the Long-Term Liabilities reported in the Notes and Schedule 9 of the City's financial statements.

City of Leavenworth

Schedule of Liabilities
For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	Ending Balance December 31, 2012
General Obligations							
	251.12	General Obligation Voted 10/27/2003	12/1/2012	1,560,000	0	60,000	1,500,000
	251.11	General Obligation Non-Voted 2/9/2009	12/1/2012	181,757	0	23,661	158,097
	263.96	General Obligation Non-Voted 11/17/2009	12/1/2012	206,293	0	23,057	183,236
	263.96	General Obligation Non-Voted 11/17/2009	12/1/2012	37,074	0	12,003	25,071
	263.96	General Obligation Non-Voted 6/16/2010	12/1/2012	35,574	0	9,869	25,705
	263.96	General Obligation Non-Voted 11/16/2011	12/1/2012	170,744	0	14,085	156,659
	251.12	General Obligation Voted (Refunding) 11/22/2011	12/1/2012	495,000	0	80,000	415,000
	251.19	General Obligation Non-Voted 11/22/2011	12/1/2012	715,000	0	40,000	675,000
	263.81	Governmental - PWTF Loan 7/3/2009	7/1/2012	343,658	0	19,738	323,921
	263.51	Lease Agreement with Purchase Option 1/1/2012	12/31/2012	0	586,262	117,252	469,010
	259.11	Compensated Absences - Governmental	12/31/2012	49,038	21,507	0	70,545

263.81	Governmental - PWTF Loan 9/12/2012	6/1/2013	0	929,666	0	929,666
Total General Obligations:			3,794,139	1,537,436	399,666	4,931,908
Revenue Obligations						
263.82	Proprietary - PWTF Loan 2/20/1998	7/1/2012	828,475	0	138,079	690,396
263.82	Proprietary - DOE Loan 3/1/1998	8/31/2012	98,462	0	18,462	80,001
263.82	Proprietary - DOE Loan 3/1/2000	9/30/2012	1,003,000	0	118,000	885,000
263.82	Proprietary - DWSRF Loan 10/27/2004	10/1/2012	958,135	0	79,845	878,291
263.82	Proprietary - DWSRF Loan 10/21/2008	10/1/2012	1,219,867	0	87,133	1,132,733
263.82	Proprietary - PWTF Loan 1/24/2007	7/1/2012	387,261	0	27,662	359,600
263.82	Proprietary - PWTF Loan 7/3/2009	7/1/2012	183,434	0	9,868	173,566
263.82	Proprietary - PWTF Loan 7/3/2009	7/1/2012	183,434	0	9,868	173,566
259.12	Compensated Absences - Proprietary	12/31/2012	55,298	21,126	0	76,424
263.82	Proprietary - PWTF Loan 9/12/2012	6/1/2013	0	66,405	0	66,405
263.82	Proprietary - PWTF Loan 9/12/2012	6/1/2013	0	66,405	0	66,405
Total Revenue Obligations:			4,917,367	153,936	488,916	4,582,387
Total Liabilities:			8,711,505	1,691,372	888,582	9,514,295

City of Leavenworth

Schedule of Liabilities

For the year ended December 31, 2011

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2011	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance December 31, 2011
General Obligations								
	251.12	General Obligation Voted 12/1/1997	12/21/2011	545,000	0	545,000	59122	0
	251.12	General Obligation Voted 10/27/2003	12/1/2028	1,620,000	0	60,000	59175	1,560,000
	251.11	General Obligation Non-Voted 2/9/2009	12/1/2018	204,710	0	22,953	59147	181,757
	263.96	General Obligation Non-Voted 11/17/2009	12/1/2019	228,642	0	22,348	59137	206,293
	263.96	General Obligation Non-Voted 11/17/2009	12/1/2014	48,736	0	11,662	58237	37,074
	263.96	General Obligation Non-Voted 6/16/2010	12/1/2015	45,215	0	9,641	59137	35,574
	263.96	General Obligation Non-Voted 11/16/2011	12/1/2021	0	170,744	0	59137	170,744
	251.12	General Obligation Voted (Refunding) 11/22/2011	12/1/2017	0	495,000	0	59122	495,000
	251.19	General Obligation Non-Voted 11/22/2011	12/1/2026	0	715,000	0	58234	715,000
	263.81	Governmental - PWTF Loan 7/3/2009	7/1/2029	375,000	0	31,342	59142	343,658
	259.11	Compensated Absences - Governmental	12/31/2011	48,592	445			49,038
Total General Obligations:				3,115,895	1,381,189	702,946		3,794,139

Revenue Obligations						
252.11	Revenue Debt 12/1/1997	7/1/2011	10,000	0	10,000 58223	0
263.82	Proprietary - PWTF Loan 2/20/1998	7/1/2017	966,554	0	138,079 58235	828,475
263.82	Proprietary - DOE Loan 3/1/1998	8/31/2017	116,924	0	18,462 58235	98,462
263.82	Proprietary - DOE Loan 3/1/2000	9/30/2020	1,121,000	0	118,000 58235	1,003,000
263.82	Proprietary - DWSRF Loan 10/27/2004	10/1/2023	1,037,980	0	79,845 58234	958,135
263.82	Proprietary - DWSRF Loan 10/21/2008	10/1/2025	1,307,000	0	87,133 58234	1,219,867
263.82	Proprietary - PWTF Loan 1/24/2007	7/1/2025	414,923	0	27,662 58234	387,261
263.82	Proprietary - PWTF Loan 7/3/2009	7/1/2029	187,500	0	4,066 58234	183,434
263.82	Proprietary - PWTF Loan 7/3/2009	7/1/2029	187,500	0	4,066 58235	183,434
259.12	Compensated Absences - Proprietary	12/31/2011	54,796	502		55,298
Total Revenue Obligations:			5,404,177	502	487,312	4,917,367
Total Liabilities:			8,520,072	1,381,691	1,190,258	8,711,505



ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Quality Assurance
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Jan M. Jutte, CPA, CGFM
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