

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

City of Waitsburg
Walla Walla County

Audit Period
January 1, 2013 through December 31, 2013

Report No. 1012647

Issue Date
September 22, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



**Washington State Auditor
Troy Kelley**

September 22, 2014

Mayor and City Council
City of Waitsburg
Waitsburg, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Walla Walla County
January 1, 2013 through December 31, 2013**

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Federal Summary

City of Waitsburg Walla Walla County January 1, 2013 through December 31, 2013

The results of our audit of the City of Waitsburg 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.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

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

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

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

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

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

**City of Waitsburg
Walla Walla County
January 1, 2013 through December 31, 2013**

Mayor and City Council
City of Waitsburg
Waitsburg, 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 Waitsburg, Walla Walla County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 11, 2014.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit 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.

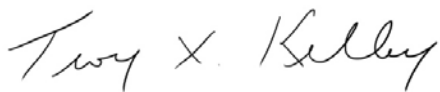
COMPLIANCE AND OTHER MATTERS

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

September 11, 2014

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

**City of Waitsburg
Walla Walla County
January 1, 2013 through December 31, 2013**

Mayor and City Council
City of Waitsburg
Waitsburg, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Waitsburg, Walla Walla 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, 2013. The City'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 City'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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City 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 City'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 City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

September 11, 2014

Independent Auditor's Report on Financial Statements

City of Waitsburg Walla Walla County January 1, 2013 through December 31, 2013

Mayor and City Council
City of Waitsburg
Waitsburg, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Waitsburg, Walla Walla County, Washington, for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Waitsburg has prepared these financial statements using accounting practices prescribed or permitted by Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Waitsburg, for the year ended December 31, 2013, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Waitsburg, as of December 31, 2013, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 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.



TROY KELLEY
STATE AUDITOR

September 11, 2014

Financial Section

**City of Waitsburg
Walla Walla County
January 1, 2013 through December 31, 2013**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013
Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2013
Schedule of Expenditures of Federal Awards – 2013
Notes to the Schedule of Expenditures of Federal Awards – 2013

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 General	102 Streets	106 Promotion
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	19,325	0	0	238
30880	Beg Fund Bal-Unreserved	211,482	179,226	10,146	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	360,485	268,674	73,981	1,897
320	Licenses & Permits	5,100	5,100	0	0
330	Intergovernmental Revenues	740,097	51,708	688,388	0
340	Charges for Goods and Services	791,701	224,043	0	0
350	Fines & Penalties	100	100	0	0
360	Miscellaneous Revenues	14,062	7,699	1,008	0
Total Operating Revenues:		1,911,545	557,324	763,378	1,897
Operating Expenditures					
510	General Government	148,598	144,371	4,227	0
520	Public Safety	111,713	111,713	0	0
530	Utilities	600,500	189,136	0	0
540	Transportation	760,315	0	760,315	0
550	Natural and Economic Environment	3,524	2,333	0	1,191
560	Social Services	0	0	0	0
570	Culture And Recreation	96,526	96,526	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		1,721,176	544,079	764,542	1,191
Net Operating Increase (Decrease):		190,369	13,245	-1,163	706
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	11,611	11,611	0	0
391-393	Debt Proceeds	120,000	0	0	0
397	Transfers-In	11,584	11,584	0	0
Total Nonoperating Revenues:		143,196	23,196		
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	172,183	0	0	0
594-595	Capital Expenditures	230,982	63,936	6,950	0
597	Transfers-Out	11,584	0	0	500
Total Nonoperating Expenditures:		414,749	63,936	6,950	500
Increase (Decrease) in Cash and Investments		-81,185	-27,495	-8,113	206
Ending Cash and Investments					
50810	End Fund Bal-Reserved	-5,569	0	2,032	443
50880	End Fund Balance-Unreserved	155,193	151,731	0	0

The accompanying notes are an integral part of this Statement.

BARS Code		107 Municipal Capital Improvements	115 Community Revitalization	120 Flour Mill	401 Water and Sewer
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	4,601	0	980	13,506
30880	Beg Fund Bal-Unreserved	0	21	0	22,089
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	15,934	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	0	0	567,658
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	2,504	0	2,482	369
Total Operating Revenues:		18,438	0	2,482	568,027
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Utilities	0	0	0	411,364
540	Transportation	0	0	0	0
550	Natural and Economic Environment	0	0	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:					411,364
Net Operating Increase (Decrease):		18,438	0	2,482	156,663
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	0	0	0
391-393	Debt Proceeds	0	0	0	120,000
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:					120,000
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	6,995	0	0	165,188
594-595	Capital Expenditures	4,348	0	0	155,748
597	Transfers-Out	9,195	0	0	1,889
Total Nonoperating Expenditures:		20,538			322,825
Increase (Decrease) in Cash and Investments		-2,100	0	2,482	-46,162
Ending Cash and Investments					
50810	End Fund Bal-Reserved	2,500	21	0	-10,566
50880	End Fund Balance-Unreserved	0	0	3,462	0

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds	600 Transportation Benefit District	601 Water Deposit
308	Beginning Cash and Investments	19,070	0	19,070
388 and 588	Prior Period Adjustments, net	0	0	0
310-360	Revenues	0	0	0
380-390	Other Increases and Financing Sources	9,839	7,090	2,749
510-570	Expenditures	0	0	0
580-590	Other Decreases and Financing Uses	8,501	7,090	1,411
Increase (Decrease) in Cash and Investments		1,338	0	1,338
508	Ending Cash and Investments	20,408	0	20,408

The accompanying notes are an integral part of this Statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City of Waitsburg was incorporated in 1865 and operates under its original Territorial Charter as an unclassified City with a Mayor/Council form of government. The City of Waitsburg is a general purpose government and provides several services including water and wastewater utilities, law enforcement and fire protection, parks and recreation programs, library services and operation and maintenance of the City's street system. The City of Waitsburg 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 Waitsburg 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 Waitsburg'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 Waitsburg:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the City of Waitsburg.

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Agency Funds

These funds are used to account assets that City of Waitsburg 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.

Due to the City of Waitsburg unique government structure, the City closes its books on December 31 and therefore are not subject to the 20 day yearend open 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 Waitsburg adopts annual appropriated budgets for all funds except its permanent funds (transportation benefit district (600) and water deposits (601)) and clearing funds (631 & 632). These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

City of Waitsburg ANNUAL EXPENDITURE REPORT								
ACCOUNT NUMBER					DESCRIPTION	APPROPRIATED	ACTUAL	VARIANCE
					CURRENT EXPENSE FUND			
001	000	001	589	00 00 00	CONTINGENCY RESERVE	55,000.00	.00	55,000.00
					GENERAL GOVERNMENT SERVICES			
					MAYOR- COUNCIL- ATTORNEY-COURT			
001	000	010	511	10 41 00	PROFESSIONAL SERVICES LEGAL	8,500.00	12,906.00	4,406.00-
001	000	010	511	30 44 00	ADVERTISING	1,000.00	1,311.08	311.08-
001	000	010	511	60 10 00	SALARIES & WAGES	420.00	410.00	10.00
001	000	010	511	60 20 00	PERSONNEL BENEFITS	24.07	31.15	7.08-
001	000	010	511	80 49 00	MISCELLANEOUS	1,500.00	1,374.79	125.21
001	000	010	511	80 50 00	INTERGOV. SERV.	2,500.00	2,590.78	90.78-
					TOTAL MAYOR COUNCIL ATTRNY	68,944.07	18,623.80	50,320.27
					CLERK - TREASURER			
001	000	020	513	10 42 00	COMMUNICATIONS-POSTAGE	1,500.00	1,052.20	447.80
001	000	020	513	10 42 01	COMMUNICATIONS- TELEPHONE	2,500.00	3,144.56	644.56-
001	000	020	513	50 46 00	INSURANCE PREMIUMS - LIABILITY	4,000.00	4,134.12	134.12-
001	000	020	514	23 10 00	SALARIES	23,211.36	27,642.61	4,431.25-
001	000	020	514	23 20 00	PERSONNEL BENEFITS	12,475.31	14,413.02	1,937.71-
001	000	020	514	23 31 00	OFFICE & OPERATING SUPPLIES	5,000.00	2,643.03	2,356.97
001	000	020	514	23 32 00	FUEL	1,000.00	1,253.57	253.57-
001	000	020	514	23 41 00	PROFESSIONAL SERVICES	2,500.00	5,189.25	2,689.25-
001	000	020	514	23 49 00	MISCELLANEOUS	1,500.00	2,502.64	1,002.64-

001 000 020 514 30 49 00	RECORDS MANAGEMENT PROGRAM	.00	350.00	350.00-
001 000 020 514 40 41 00	TRAINING	1,000.00	1,170.00	170.00-
001 000 020 514 40 43 00	TRAVEL	3,324.56	4,090.19	765.63-
001 000 020 514 50 47 00	PUBLIC UTILITIES	1,500.00	1,238.69	261.31
001 000 020 514 50 48 00	REPAIRS & MAINTENANCE	1,275.00	1,540.70	265.70-
001 000 020 514 60 41 00	EMERGENCY MEDCL SVC. CONTRACT	50,000.00	45,894.91	4,105.09
001 000 020 519 90 40 00	LIQUOR EXCISE TAX 2% DUE TO WW	238.00	273.88	35.88-
001 000 020 519 90 49 00	MISCELLANEOUS	.00	25.00	25.00-
001 000 020 519 90 49 02	ASSOCIATION FEES & DUES	1,250.00	1,322.00	72.00-
001 000 020 519 90 53 00	QTRLY EXCISE TAXES	6,500.00	7,867.10	1,367.10-
001 000 020 524 20 51 00	BUILDING INSPECTION SERVICES	4,000.00	5,776.88	1,776.88-
001 000 020 525 60 51 00	EMERGENCY MANAGEMENT SERVICES	1,000.00	959.00	41.00
001 000 020 531 30 48 00	FLOOD CONTROL	10,000.00	2,332.89	7,667.11
001 000 020 537 60 47 00	SOLID WASTE COLLECTION	131,700.00	132,173.58	473.58-
001 000 020 537 90 37 00	SWMP COST SHARE	510.00	510.00	.00
001 000 020 539 90 49 00	SMP COST SHARE	2,300.00	2,300.00	.00
001 000 020 594 64 34 00	BALER BLDG OUTLAY	32,383.80	23,676.29	8,707.51
	TOTAL CLERK TRESURER	300,668.03	293,476.11	7,191.92
	TOTAL GEN GOVERNMENTAL SERVICE	369,612.10	312,099.91	57,512.19
	SECURITY OF PERSONS & PROPERTY			
	LAW ENFORCEMENT SERVICES			
001 000 040 521 20 51 00	CONTRACT FOR LAW ENFORCEMENT	91,250.00	91,250.00	.00
001 000 040 521 23 21 00	ACO PROGRAM	1,000.00	600.00	400.00
	TOTAL POLICE DEPARTMENT	92,250.00	91,850.00	400.00
	FIRE DEPARTMENT			
001 000 050 522 10 10 00	TRAINING & FIREMEN'S PAY	3,000.00	1,580.00	1,420.00
001 000 050 522 10 20 00	RETIREMENT & DISABILITY	2,250.00	1,687.20	562.80
001 000 050 522 20 31 00	OPERATING SUPPLIES	5,000.00	623.81	4,376.19
001 000 050 522 20 32 00	EQUIPMENT FUEL	1,000.00	293.08	706.92
001 000 050 522 20 42 00	COMMUNICATIONS	1,500.00	.00	1,500.00
001 000 050 522 20 47 00	PUBLIC UTILITIES	2,000.00	1,995.84	4.16
001 000 050 522 20 48 00	REPAIRS & MAINTENANCE	1,000.00	2,288.65	1,288.65-
001 000 050 522 20 49 00	MISCELLANEOUS	150.00	2,591.07	2,441.07-
001 000 050 522 50 46 00	INSURANCE PREMIUM - LIABILITY	2,000.00	2,067.07	67.07-
	TOTAL FIRE DEPARTMENT	17,900.00	13,126.72	4,773.28
	TOTAL SEC. OF PERSONS & PROP.	110,150.00	104,976.72	5,173.28
	FAIRGROUNDS DEPT.			
001 000 060 575 10 53 00	EXCISE TAX	.00	20.50	20.50-
001 000 060 575 20 75 00	FG DEPOSIT RETURNS	750.00	100.00	650.00
001 000 060 575 80 10 00	SALARIES	18,637.48	15,385.13	3,252.35
001 000 060 575 80 20 00	BENEFITS	7,024.91	6,958.66	66.25
001 000 060 575 80 31 00	OPERATING SUPPLIES	2,000.00	1,618.22	381.78
001 000 060 575 80 32 00	FUEL	250.00	1,283.56	1,033.56-
001 000 060 575 80 46 00	INSURANCE	1,750.00	1,808.68	58.68-
001 000 060 575 80 47 00	PUBLIC UTILITIES	3,500.00	5,006.69	1,506.69-
001 000 060 575 80 48 00	REPAIRS AND MAINTENANCE	1,000.00	3,769.85	2,769.85-
001 000 060 575 90 49 00	MISC.	100.00	492.74	392.74-
001 000 060 576 80 48 00	REPAIRS AND MAINTENANCE	.00	95.98	95.98-
001 000 060 594 64 75 00	CAPITAL OUTLAY - EQUIPMENT	2,316.20	2,316.20	.00
	TOTAL FAIRGROUNDS DEPT	37,328.59	38,856.21	1,527.62-
	CULTURE & RECREATION			
	PARK FACILITIES			
001 000 070 576 80 10 00	SALARIES & WAGES	10,948.90	10,442.61	506.29
001 000 070 576 80 20 00	PERSONNEL BENEFITS	3,998.63	4,419.12	420.49-
001 000 070 576 80 31 00	OPERATING SUPPLIES	1,500.00	1,843.51	343.51-
001 000 070 576 80 32 00	FUEL	1,500.00	1,894.76	394.76-
001 000 070 576 80 46 00	INSURANCE	1,250.00	1,291.91	41.91-
001 000 070 576 80 47 00	PUBLIC UTILITIES	1,000.00	657.15	342.85
001 000 070 576 80 48 00	REPAIRS & MAINTENANCE	2,000.00	2,827.00	827.00-
001 000 070 576 90 49 00	MISC.	100.00	192.18	92.18-
001 000 070 594 64 76 00	CAPITAL OUTLAY - EQUIPMENT	2,316.20	2,316.20	.00
	TOTAL PARK FACILITIES DEPT	24,613.73	25,884.44	1,270.71-
	SWIMMING POOL DEPARTMENT			
001 000 080 576 10 53 00	QRTLY EXCISE TAX	105.00	69.22	35.78
001 000 080 576 20 10 00	SALARIES & WAGES	10,000.00	8,731.96	1,268.04
001 000 080 576 20 20 00	PERSONNEL BENEFITS	1,557.83	1,389.98	167.85
001 000 080 576 20 31 00	OFFICE & OPERATING SUPPLIES	1,000.00	2,682.73	1,682.73-
001 000 080 576 20 31 01	CHLORINE SUPPLIES	2,500.00	1,905.98	594.02
001 000 080 576 20 32 00	PROPANE FUEL	1,500.00	1,617.80	117.80-
001 000 080 576 20 42 00	COMMUNICATIONS-EMERGENCY PHONE	50.00	22.56	27.44
001 000 080 576 20 46 00	INSURANCE	1,500.00	1,550.30	50.30-
001 000 080 576 20 47 00	PUBLIC UTILITIES	1,250.00	1,455.58	205.58-
001 000 080 576 20 48 00	REPAIRS & MAINTENANCE	750.00	2,303.91	1,553.91-

001 000 080 576 20 49 00	MISCELLANEOUS	217.64	145.22	72.42
	TOTAL SWIMMING POOL DEPT	20,430.47	21,875.24	1,444.77-
	LIBRARY FUND			
001 000 090 572 20 10 00	SALARIES & WAGES	8,160.00	8,160.00	.00
001 000 090 572 20 20 00	PERSONNEL BENEFITS	574.51	715.44	140.93-
001 000 090 572 20 31 00	OFFICE & OPERATING SUPPLIES	500.00	112.35	387.65
001 000 090 572 20 42 00	COMMUNICATIONS	1,500.00	2,136.90	636.90-
001 000 090 572 50 46 00	INSURANCE PREMIUMS - LIABILITY	1,500.00	1,550.30	50.30-
001 000 090 572 50 47 00	PUBLIC UTILITIES	1,500.00	1,710.83	210.83-
001 000 090 572 50 48 00	REPAIRS & MAINTENANCE	500.00	100.83	399.17
001 000 090 572 90 49 00	MISC.	100.00	55.98	44.02
	TOTAL LIBRARY DEPT.	14,334.51	14,542.63	208.12-
	TOTAL CULTURE & RECREATION	59,378.71	62,302.31	2,923.60-
	CEMETERY FUND			
001 000 100 536 10 53 00	QTRLY EXCISE TAX	350.00	409.79	59.79-
001 000 100 536 50 10 00	SALARIES & WAGES	26,079.09	33,035.81	6,956.72-
001 000 100 536 50 20 00	PERSONNEL BENEFITS	8,745.31	11,457.84	2,712.53-
001 000 100 536 50 31 00	OPERATING SUPPLIES	1,500.00	1,422.60	77.40
001 000 100 536 50 32 00	FUEL	500.00	1,715.70	1,215.70-
001 000 100 536 50 46 00	INSURANCE	2,000.00	2,067.06	67.06-
001 000 100 536 50 47 00	PUBLIC UTILITIES	1,000.00	1,193.88	193.88-
001 000 100 536 50 48 00	REPAIRS & MAINTENANCE	1,500.00	2,698.98	1,198.98-
001 000 100 536 50 49 00	MISCELLANEOUS	100.00	150.79	50.79-
001 000 100 594 64 36 00	CAPITAL OUTLAY - EQUIPMENT	2,316.20	2,316.20	.00
	TOTAL CEMETERY DEPT.	44,090.60	56,468.65	12,378.05-
	TOTAL ACTUAL EXPENDITURES	620,560.00	574,703.80	45,856.20
001 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	4,470.96	4,470.96-
	GRAND TOTAL OF CURRENT EXPENSE	620,560.00	579,174.76	41,385.24
	CEM M & I FUND			
002 000 000 508 00 00 00	EST. ENDING FUND BALANCE	126,480.00	.00	126,480.00
002 000 000 594 60 36 00	CAPITAL OUTLAY	30,000.00	30,000.00	.00
002 000 000 597 99 36 00	TRANSFER TO 001	2,400.00	1,800.00	600.00
	TOTAL EXPENDITURES	158,880.00	31,800.00	127,080.00
	LIBRARY M & I FUND			
003 000 000 508 00 00 00	EST. ENDING FUND BALANCE	4,000.00	.00	4,000.00
003 000 000 594 60 72 00	CAPITAL OUTLAY	3,070.00	3,310.63	240.63-
	TOTAL EXPENDITURES	7,070.00	3,310.63	3,759.37
	STREET AND ROAD FUND			
	PRESERVATION/MAINT./OPERATION			
102 000 000 511 10 41 00	PROFESSIONAL SERVICES	2,000.00	17.50	1,982.50
102 000 000 515 10 41 00	LEGAL SERVICES	500.00	4,209.00	3,709.00-
102 000 000 541 10 41 00	STREET ENGINEERING	86,000.00	86,144.74	144.74-
102 000 000 541 30 63 00	PAVEMENT PRESERVATION	624,000.00	579,914.80	44,085.20
102 000 000 542 30 10 00	SALARIES	35,720.98	34,242.18	1,478.80
102 000 000 542 30 20 00	BENEFITS	16,357.45	14,825.07	1,532.38
102 000 000 542 63 47 00	STREET LIGHTING	23,500.00	24,924.49	1,424.49-
102 000 000 542 80 32 00	FUEL	2,500.00	2,737.09	237.09-
102 000 000 542 90 48 00	REPAIRS AND MAINT.	3,500.00	2,552.29	947.71
102 000 000 543 30 46 00	INSURANCE PREMIUMS - LIABILITY	6,000.00	6,201.19	201.19-
102 000 000 544 70 31 00	OVERHEAD COSTS - SUPPLIES	5,000.00	3,388.57	1,611.43
102 000 000 544 70 49 00	MISCELLANEOUS	2,021.57	5,384.92	3,363.35-
102 000 000 589 00 00 00	CONTINGENCY RESERVE	11,550.00	.00	11,550.00
102 000 000 594 64 48 00	CAPITAL OUTLAY - EQUIPMENT	6,950.00	6,950.00	.00
	TOTAL ACTUAL EXPENDITURES	825,600.00	771,491.84	54,108.16
102 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	16.06	16.06-
	GRAND TOTAL STREET & ROAD FUND	825,600.00	771,507.90	54,092.10
	PROMOTION FUND			
106 000 000 557 30 44 00	TOURISM/ADVERTISING	1,250.00	1,191.12	58.88
106 000 000 597 99 75 00	TRANSFER TO 001	500.00	500.00	.00
	TOTAL ACTUAL EXPENDITURES	1,750.00	1,691.12	58.88
106 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	.01	.01-
	GRAND TOTAL PROMOTION FUND	1,750.00	1,691.13	58.87
	MUNICIPAL CAPITAL IMPR. FUND			
107 000 000 581 20 76 00	PG EQUIP LOAN - PRINCIPAL	5,541.00	5,556.31	15.31-
107 000 000 592 81 76 00	PG EQUIP LOAN - INTEREST	1,454.00	1,438.76	15.24
107 000 000 595 30 62 00	CAPITAL OUTLAY	6,505.00	4,348.02	2,156.98
107 000 000 597 99 19 00	TRANSFER TO 001	12,500.00	9,195.00	3,305.00
	TOTAL ACTUAL EXPENDITURES	26,000.00	20,538.09	5,461.91
107 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	4,232.67	4,232.67-
	GRAND TOTAL MUNI. CAP IMPR FND	26,000.00	24,770.76	1,229.24
	COMMUNITY REVITALIZATION FUND			
115 000 000 594 95 61 00	CAPITAL OUTLAY	21.00	.00	21.00
	TOTAL ACTUAL EXPENDITURES	21.00	.00	21.00

115 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	.24	.24-
	GRAND TOTAL COMMUNITY REVITAL	21.00	.24	20.76
	FLOUR MILL 2003 FUND			
120 000 000 559 90 40 00	MISC. EXPENSES	2,000.00	.00	2,000.00
	TOTAL ACTUAL EXPENDITURES	2,000.00	.00	2,000.00
120 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	1.01	1.01-
	GRAND TOTAL FLOUR MILL 2003	2,000.00	1.01	1,998.99
	WATER AND SEWER FUND			
401 000 000 534 10 41 00	PROFESSIONAL SERVICES	500.00	.00	500.00
401 000 000 534 10 53 00	QTR. EXCISE TAX	12,500.00	13,202.89	702.89-
401 000 000 534 50 48 00	REPAIRS/MAINTENANCE	7,000.00	10,199.83	3,199.83-
401 000 000 534 50 49 00	INTERGOVT. SRVCS./TESTS	1,750.00	2,160.90	410.90-
401 000 000 534 60 41 01	LEGAL SERVICES	800.00	.00	800.00
401 000 000 534 80 10 00	SALARIES/WAGES	78,872.15	77,570.90	1,301.25
401 000 000 534 80 20 00	PERSONNEL BENEFITS	35,424.68	35,766.18	341.50-
401 000 000 534 80 31 00	OFFICE & OPERATING SUPPLIES	3,500.00	13,046.56	9,546.56-
401 000 000 534 80 32 00	FUEL	3,500.00	3,664.31	164.31-
401 000 000 534 80 42 00	COMMUNICATIONS-POSTAGE	1,000.00	1,069.06	69.06-
401 000 000 534 80 42 01	COMMUNICATIONS-TELEPHONE	875.00	826.26	48.74
401 000 000 534 80 46 00	INSURANCE	6,000.00	6,201.18	201.18-
401 000 000 534 80 47 01	PUBLIC UTILITIES	3,000.00	8,074.60	5,074.60-
401 000 000 534 90 49 00	MISCELLANEOUS	750.00	1,601.88	851.88-
401 000 000 535 10 41 00	PROFESSIONAL SERVICES	500.00	496.80	3.20
401 000 000 535 10 53 00	QUATER EXCISE TAX	7,250.00	6,771.36	478.64
401 000 000 535 50 48 00	REPAIRS/MAINTENANCE	7,500.00	9,502.56	2,002.56-
401 000 000 535 50 49 00	INTERGOVT. SERVICES/TESTS	17,500.00	26,045.11	8,545.11-
401 000 000 535 60 37 00	INTERGOV'T SVC. - DUMP	1,000.00	2,146.12	1,146.12-
401 000 000 535 60 41 01	LEGAL SERVICES	800.00	.00	800.00
401 000 000 535 80 10 00	SALARIES/WAGES	96,314.08	96,438.16	124.08-
401 000 000 535 80 20 00	BENEFITS	45,689.67	46,153.64	463.97-
401 000 000 535 80 31 00	OFFICE & OPERATING SUPPLIES	8,000.00	13,702.49	5,702.49-
401 000 000 535 80 32 00	FUEL	4,500.00	5,356.14	856.14-
401 000 000 535 80 42 00	COMMUNICATIONS-POSTAGE	2,000.00	1,881.37	118.63
401 000 000 535 80 42 01	COMMUNICATIONS-TELEPHONE	1,500.00	1,156.47	343.53
401 000 000 535 80 46 00	INSURANCE	6,000.00	6,201.19	201.19-
401 000 000 535 80 47 00	PUBLIC UTILITIES	15,000.00	17,087.97	2,087.97-
401 000 000 535 90 49 00	MISCELLANEOUS	614.42	2,293.66	1,679.24-
401 000 000 538 90 40 00	TRAVEL	1,000.00	1,866.23	866.23-
401 000 000 538 90 40 01	TRAINING	1,000.00	880.00	120.00
401 000 000 589 34 00 00	CONTNGENCY RESERVE	16,025.00	.00	16,025.00
401 000 000 589 35 00 00	CONTINGENCY RESERVE	16,025.00	.00	16,025.00
401 000 000 594 64 34 00	CAPITAL OUTLAY - EQUIPMENT	3,475.00	3,475.00	.00
401 000 000 594 64 35 00	CAPITAL OUTLAY - EQUIPMENT	3,475.00	3,475.00	.00
401 000 000 597 34 65 00	TRANSFER TO 410 WSIRF, 2003	60,000.00	58,100.00	1,900.00
401 000 000 597 89 72 03	TRANSFER OF FUNDS	130,000.00	123,250.00	6,750.00
401 000 000 597 99 37 00	SOLID WASTE LATE FEE PORTION	1,760.00	1,889.40	129.40-
	TOTAL ACTUAL EXPENDITURES	602,400.00	601,553.22	846.78
401 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	20.07	20.07-
	GRAND TOTAL WATER & SEWER FUND	602,400.00	601,573.29	826.71
	W&S BOND REDEMPTION FUND			
	PRINCIPAL ACCOUNT			
406 000 000 508 00 00 02	EST END UNRSRVD FUND BAL 2002	5,490.00	.00	5,490.00
406 000 000 582 35 72 02	BOND PRINCIPAL/2002	19,020.00	19,022.72	2.72-
406 000 000 592 35 80 02	BOND INTEREST/2002	41,590.00	41,587.28	2.72
	TOTAL ACTUAL EXPENDITURES	66,100.00	60,610.00	5,490.00
406 999 000 584 00 00 02	INVESTMENTS PURCHASED/2002 PR.	.00	1.20	1.20-
	GRAND TOTAL W&S BD RED FD	66,100.00	60,611.20	5,488.80
	WATER SYSTEM CAPITAL FUND			
409 000 000 508 00 00 00	EST. ENDING FUND BALANCE	1,000.00	.00	1,000.00
409 000 000 594 34 63 01	WATER SYSTM CAP IMPRV	.00	865.75	865.75-
	TOTAL ACTUAL EXPENDITURES	1,000.00	865.75	134.25
409 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	16.66	16.66-
	TOTAL WATER SYSTEM CAPITAL FD	1,000.00	882.41	117.59
	H2O SYSTM IMPRVMT REPYMT 2003			
410 000 000 508 00 00 00	UNRESERVED ENDING BALANCE	2,624.57	.00	2,624.57
410 000 000 582 34 70 00	DWSRF - PRINCIPAL	26,990.71	26,990.71	.00
410 000 000 582 34 77 00	BANNER BANK - W 7th ST. LOAN	24,159.09	24,224.83	65.74-
410 000 000 592 34 81 00	BANNER BANK LOAN - INTEREST	5,256.65	5,774.13	517.48-
410 000 000 592 34 83 00	DWSRF - INTEREST	2,968.98	2,968.98	.00
	TOTAL ACTUAL EXPENDITURES	62,000.00	59,958.65	2,041.35
410 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	4.12	4.12-
	GRAND TOTAL WATER SYSTEM REPYM	62,000.00	59,962.77	2,037.23
	GEN. SEWER FAC. PLAN/CONSTRUCT			

411 000 000 508 00 00 00	EST. ENDING UNRESERV. FUND BAL	1,927.78	.00	1,927.78
411 000 000 582 35 72 02	PWTF CONSTR. LOAN-PRINCIPAL	42,222.22	42,222.22	.00
411 000 000 592 35 83 02	PWTF CONSTR. LOAN - INTEREST	1,900.00	1,900.00	.00
	TOTAL ACTUAL EXPENDITURES	46,050.00	44,122.22	1,927.78
411 999 000 584 00 00 00	INVESTMENT PURCHASES	.00	249.94	249.94-
	TOTAL ACTUAL EXPENDITURES	46,050.00	44,372.16	1,677.84
	SEWER CAPITAL MAINTENANCE FUND			
414 000 000 592 83 35 00	BANNER BANK INTEREST	1,000.00	496.78	503.22
414 000 000 594 35 48 00	CAPITAL REPAIR/MAINTENANCE	153,000.00	147,932.35	5,067.65
	TOTAL ACTUAL EXPENDITURES	154,000.00	148,429.13	5,570.87
	TOTAL ACTUAL EXPENDITURES	154,000.00	148,429.13	5,570.87

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); 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 Waitsburg legislative body except in the cases of merit increases which are approved at the discretion of the Mayor.

d. Cash

It is the City of Waitsburg'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 these investments is prorated to the various funds.

e. Deposits

The City of Waitsburg 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 No. 2).

g. Capital Assets

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

h. Compensated Absences

Vacation leave may be accumulated up to 5 days and is payable upon separation or retirement. Employees are now allowed to cash out up to 40 hours of vacation time any time during the year during a single transaction. Employees declaring to cash out vacation time, are unable to roll over the same amount in the new year.

Sick leave may be accumulated up to 520 hours (public works) and 455 hours (City Hall). Employees who had accrued more than the maximum prior to the adoption of the City new personnel manual were allowed to keep any unused sick leave above the maximum. Upon separation or retirement employees do not receive payment for unused sick leave.

See Schedule 9 for breakout of liability amounts related to compensated absences.

2013 Schedule 9 has a variance due to payment timing on a couple of loans the City has with Banner Bank. The amortization schedule is set up on fixed payments being received on a specific day. Due to the timing of when City Council holds meetings, issuing payments on its bills, including debt service, the City effectively paid in advance of its due dates, adjusting the amortization schedule and putting the schedule out of sync with prior year.

i. Long-Term Debt See (Long-Term Debt Note No.5).

j. Other Financing Sources or Uses

The City of Waitsburg's *Other Financing Sources or Uses* consist of operating transfers, proceeds from the sale of fixed assets and proceeds of from issuance of short or long term debt.

k. Risk Management

The City of Waitsburg is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities 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. The pool was formed on September 1, 1988, when 34 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 September 1, 2013, there are 236 members in the pool.

The pool provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive and collision, equipment breakdown and crime protection, and liability, including general, automobile and wrongful acts, are included to fit member's various needs.

The pool acquires liability insurance through their Administrator, Canfield that is subject to a per-occurrence self insured retention of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the program is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention. The pool also purchases a Stop Loss Policy with an attachment point of \$3,247,000 to cap the total claims paid by the pool in any one year.

Property insurance is subject to a per-occurrence self insured retention of \$25,000. Members are responsible for the first \$1,000 of the deductible amount of each claim. The pool bears the \$25,000 self insured retention in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500 (\$10,000 for pumps and motors). Members are responsible for the deductible amount of each claim. There is no pool self-retention on this coverage

Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 terminating participation the following September 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Agreement.

A board of ten members is selected by the membership for three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the pool. The program has no employees. Claims are filled by members with Canfield, which has been contracted to perform the daily administration, claims adjustment and administration and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2013, were \$1,423,059.12

I. Reserved Fund Balance

Adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. Adequate reserves provide the City with the ability to exercise flexible financial planning in developing future capital projects. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

The City will attempt to maintain operating reserves as ending fund balances to serve as "rainy day funds" as a budgetary line item expenditure to address temporary revenue shortfalls and to provide sufficient cash flow so that interim borrowing is not necessary. Unless specifically acknowledged by the City Council as part of the annual budget adoption, reserves in an amount equivalent to ten (10) percent of the overall fund budget will be allocated to the budgets of the City main operating funds. In other funds, cash balances are considered reserved when they are dedicated for a specific purpose or a restricted in use by state law.

NOTE 2 - INVESTMENTS

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

Investments are presented at Fair Market Value.

Investments by type at December 31, 2013 are as follows:

<u>Type of Investment</u>	^① <u>City of Waitsburg's</u> own investments	^② Investments held by City of Waitsburg as an agent for other local governments, individuals or private organizations.	^③ Total
Money Market Accounts	<u>\$112,805.11</u>	<u>\$12,599.45</u>	<u>\$125,405.33</u>
Total	<u>\$112,805.11</u>	<u>\$12,599.45</u>	<u>\$125,405.33</u>

NOTE 3 - PROPERTY TAX

Historically, the City Treasurer acted as an agent to collect property taxes levied in the City of Waitsburg per authority of the Territorial Charter.

In 2006, the Waitsburg City Council passed Ordinance 2006-906, which assigns the distribution and collection of Waitsburg Property Taxes to the Walla Walla County Treasurer. An interlocal agreement was then approved by the City and the County outlining roles and responsibilities. The County began distribution and collection of the City's taxes in 2007; remitting the amounts monthly to City based on amounts collected against the City's approved levy.

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

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

The City of Waitsburg regular levy for the year 2013 was \$2.396591 per \$1,000 on an assessed valuation of \$60,783,815 for a total regular levy of \$145,674.

NOTE 4 - INTERFUND LOANS AND ADVANCES

There was no interfund loan activity for the year 2013.

NOTE 5 – DEBT SERVICE

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the City of Waitsburg and summarizes the City of Waitsburg's debt transactions for 2014. The debt service payment for the fiscal year being reported and future payment requirements, including interest, are as follows:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Other Debt</u>	<u>Total Debt</u>
2014	\$6995.07	\$60,610.00	\$111,732.41	\$179,337.48
2015	\$6995.07	\$60,610.00	\$111,125.08	\$178,730.15
2016	\$6995.07	\$60,610.00	\$110,125.08	\$177,730.15
2017		\$60,610.00	\$ 80,705.80	\$141,104.69
2018		\$60,610.00	\$ 79,887.32	\$140,497.32
2019-2023		\$333,355.00	\$306,093.38	\$639,448.38
2024-2028		\$454,575.00	\$ 36,000.00	\$490,575.00
2029-2032		\$114,582.99	\$ 26,526.32	\$141,109.31
TOTALS	\$20,985.21	\$1,205,562.99	\$862,195.39	\$2,088,743.59

NOTE 6 - PENSION PLANS

Substantially all City of Waitsburg full-time and qualifying part-time employees participate in PERS Plans 1, 2 and 3 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 of Waitsburg 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
PO Box 48380
Olympia, WA 98504-8380

OTHER DISCLOSURES

As member of the CIAW insurance pool, the City of Waitsburg is an affected entity as it relates to the Washington State Office of Financial Management's Cease and Desist Order against the City's insurance carrier. The impact to the City in 2013 was \$1300.26 with a similar amount due to the CIAW for the course of the next two years.

In 2013, the City settled a lawsuit for \$3400 with local property owners related to a claimed property access infringement tort claim filed in 2009.

Though the Water and Sewer Fund was not over budget based on budgetary expenditures, the City's combined Water and Sewer Fund ended the year with a negative fund balance due to the City having to invest in upgrades to a Waterline across W. 7th Street as a part of the W. 7th Street Reconstruction Project. The City had planned to submit these improvements for reimbursement by the Department of Transportation as a part of the overall project. DOT determined them to be ineligible because the City didn't have a Public Interest Finding in place, nor was it authorized on the City Local Agency Agreement with DOT. City had already purchased the materials and done work and had no way to recoup the costs from the project, forcing the Water and Sewer Fund to absorb the project costs in its budget; ending up pushing the fund negative by year end. In addition the City had a water leak develop on Main Street. The public works crew intended to fix the leak prior to year end, but due project issues, it was pushed back to 2014; however, the City had already purchased the material to complete the fix adding to the negative fund balance at year end. In an effort to rebuild the fund balance, the City Council has approved two separate base rate increase since January 2014.

City of Waitsburg

Schedule of Liabilities

For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	251.11	2011 Banner Bank Playground Equipment Loan	12/31/2016	24,238		5,556	18,682
	259.11	GO Compensated Balances		10,872	13,151	14,642	9,381
Total General Obligations:				35,110	13,151	20,198	28,063
Revenue Obligations							
	252.11	2002 Wastewater System Improvements (PW-01-691-066)	7/1/2021	380,000		42,222	337,778
	252.11	2003 Water Improvement (DWSRF 02-65102-044)	10/1/2023	296,898		26,991	269,907
	252.11	2012 Sewerline Relining (PWTF PC-13-961-069)	6/1/2032	0	120,000	0	120,000
	252.11	2012 Water and Sewer Revenue Bond	6/1/2030	860,000	0	19,023	840,977
	263.82	2011 Banner Bank W. 7th St. Waterline Improvement Loan	12/30/2016	104,735		24,225	80,510
	259.12	Revenue Compensated Absences		16,311	19,727	21,963	14,075
Total Revenue Obligations:				1,657,944	139,727	134,423	1,663,248
Total Liabilities:				1,693,054	152,878	154,621	1,691,311

The accompanying notes to the financial statements are an integral part of this schedule

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Federal Highway Administration (fhwa), Department Of Transportation/Washington State Department of Transportation	Highway Planning and Construction	20.205	STPR 36WJ (002)	573,729		573,729	
Total Federal Awards Expended:				573,729	0	573,729	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

WAITSBURG, WASHINGTON
(CITY/COUNTY/DISTRICT)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Note 1 is required for all entities. Disclose other notes only if applicable to your circumstances.

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the (city/county/district's) financial statements. The City of Waitsburg uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Waitsburg portion, are more than shown.

NOTE 3 - REVOLVING LOAN - PROGRAM INCOME

The City of Waitsburg does not have a revolving loan program for low income housing renovation.

NOTE 4 - FEDERAL LOANS

The City of Waitsburg had no federal loans for any public works projects during the 2013 fiscal year.

NOTE 5 - NONCASH AWARDS - VACCINATIONS

The City of Waitsburg did not receive any noncash awards during the 2013 Fiscal year.

NOTE 6 - NONCASH AWARDS - EQUIPMENT

The City of Waitsburg did not receive any noncash awards for equipment during the 2012 Fiscal year.

NOTE 7 - INDIRECT COST RATE

The amount expended includes \$ 0.00 claimed as an indirect cost recovery using an approved indirect cost rate of 1 percent.

NOTE 8 - AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program is \$ 0 that was passed through to a subrecipient that administered its own project.

NOTE 9 - AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009

The City of Waitsburg had no ARRA projects during the 2013 fiscal year.



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 Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Performance Audit
Deputy Director of Quality Assurance
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