



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements and Federal Single Audit Report

City of Bridgeport

Douglas County

For the period January 1, 2013 through December 31, 2013

Published September 29, 2014

Report No. 1012697





Washington State Auditor
Troy Kelley

September 29, 2014

Mayor and City Council
City of Bridgeport
Bridgeport, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Bridgeport'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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Federal Summary

City of Bridgeport Douglas County January 1, 2013 through December 31, 2013

The results of our audit of the City of Bridgeport 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>
14.228	CDBG - State-Administered CDBG Cluster - Community Development Block Grants/State's Program

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 Bridgeport
Douglas County
January 1, 2013 through December 31, 2013**

Mayor and City Council
City of Bridgeport
Bridgeport, 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 Bridgeport, Douglas 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 19, 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.

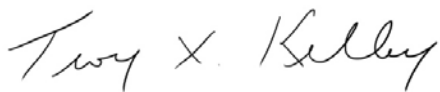
COMPLIANCE AND OTHER MATTERS

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 19, 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 Bridgeport
Douglas County
January 1, 2013 through December 31, 2013**

Mayor and City Council
City of Bridgeport
Bridgeport, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Bridgeport, Douglas 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 19, 2014

Independent Auditor's Report on Financial Statements

City of Bridgeport Douglas County January 1, 2013 through December 31, 2013

Mayor and City Council
City of Bridgeport
Bridgeport, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Bridgeport, Douglas 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 14.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Bridgeport, 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 Bridgeport, 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 19, 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 cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

September 19, 2014

Financial Section

**City of Bridgeport
Douglas County
January 1, 2013 through December 31, 2013**

FINANCIAL STATEMENTS

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 Current Expense Fund	101 City Street Fund	103 Hotel/motel Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	271,429	0	0	2,226
30880	Beg Fund Bal-Unreserved	1,697,165	353,062	-77,746	0
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	333,703	306,326	0	758
320	Licenses & Permits	18,166	18,166	0	0
330	Intergovernmental Revenues	1,238,100	128,923	153,164	0
340	Charges for Goods and Services	1,109,021	15,573	0	600
350	Fines & Penalties	9,166	9,166	0	0
360	Miscellaneous Revenues	59,202	51,015	406	1
Total Operating Revenues:		2,767,357	529,169	153,570	1,359
Operating Expenditures					
510	General Government	269,450	269,450	0	0
520	Public Safety	245,559	211,334	0	0
530	Utilities	740,457	14,806	0	0
540	Transportation	86,265	0	86,265	0
550	Natural and Economic Environment	42,087	42,087	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	100,417	100,417	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		1,484,234	638,093	86,265	
Net Operating Increase (Decrease):		1,283,122	-108,925	67,305	1,359
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	18,886	0	0	0
391-393	Debt Proceeds	1,884,528	0	0	0
397	Transfers-In	20,000	0	20,000	0
Total Nonoperating Revenues:		1,923,414		20,000	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	3,314	0	0	0
591-593	Debt Service	21,253	0	0	0
594-595	Capital Expenditures	2,838,634	88,338	7,714	0
597	Transfers-Out	20,000	20,000	0	0
Total Nonoperating Expenditures:		2,883,200	108,338	7,714	
Increase (Decrease) in Cash and Investments		323,335	-217,263	79,591	1,359
Ending Cash and Investments					
50810	End Fund Bal-Reserved	301,121	0	0	3,585
50880	End Fund Balance-Unreserved	1,990,810	135,800	1,845	0

The accompanying notes are an integral part of this Statement.

BARS Code		105 Cumulative Reserve/REET Fund	401 Water/sewer/garb age Fund	405 Ambulance Fund	502 Unemployment Trust Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	63,904	15,536	0	0
30880	Beg Fund Bal-Unreserved	0	1,384,417	1,331	18,306
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	26,619	0	0	0
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	951,048	4,964	0
340	Charges for Goods and Services	0	1,046,147	42,087	0
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	405	5,676	1,557	133
Total Operating Revenues:		27,024	2,002,872	48,607	133
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	0	0	34,225	0
530	Utilities	0	725,651	0	0
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:			725,651	34,225	
Net Operating Increase (Decrease):		27,024	1,277,220	14,383	133
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	18,212	674	0
391-393	Debt Proceeds	0	1,884,528	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:			1,902,740	674	
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	3,314	0	0
591-593	Debt Service	0	21,253	0	0
594-595	Capital Expenditures	0	2,742,582	0	0
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:			2,767,148		
Increase (Decrease) in Cash and Investments		27,024	412,811	15,057	133
Ending Cash and Investments					
50810	End Fund Bal-Reserved	90,927	12,223	0	0
50880	End Fund Balance-Unreserved	0	1,800,544	16,387	18,439

The accompanying notes are an integral part of this Statement.

BARS Code		503 Equipment Rental Reserve Fund	701 Cemetery reserve fund
Beginning Cash and Investments			
30810	Beg Fund Bal-Reserved	0	189,763
30880	Beg Fund Bal-Unreserved	17,794	0
38800/58800	Prior Period Adjustments, net	0	0
Operating Revenues			
310	Taxes	0	0
320	Licenses & Permits	0	0
330	Intergovernmental Revenues	0	0
340	Charges for Goods and Services	0	4,615
350	Fines & Penalties	0	0
360	Miscellaneous Revenues	1	8
Total Operating Revenues:		1	4,623
Operating Expenditures			
510	General Government	0	0
520	Public Safety	0	0
530	Utilities	0	0
540	Transportation	0	0
550	Natural and Economic Environment	0	0
560	Social Services	0	0
570	Culture And Recreation	0	0
598	Intergovernmental Payments	0	0
Total Operating Expenditures:			
Net Operating Increase (Decrease):		1	4,623
Nonoperating Revenues			
370, 380, 395, 398	Other Financing Sources	0	0
391-393	Debt Proceeds	0	0
397	Transfers-In	0	0
Total Nonoperating Revenues:			
Nonoperating Expenditures			
580, 596, 599	Other Financing Uses	0	0
591-593	Debt Service	0	0
594-595	Capital Expenditures	0	0
597	Transfers-Out	0	0
Total Nonoperating Expenditures:			
Increase (Decrease) in Cash and Investments		1	4,623
Ending Cash and Investments			
50810	End Fund Bal-Reserved	0	194,386
50880	End Fund Balance-Unreserved	17,794	0

The accompanying notes are an integral part of this Statement.

CITY OF BRIDGEPORT
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The City of Bridgeport reports financial activity using the revenues 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 was incorporated in 1910 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 is a general purpose government and provides public safety, fire prevention, street improvement, parks and recreation, general administrative services and a city owned water and wastewater utility. The City uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

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

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund (001)

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

Special Revenue Funds (100-199)

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

Capital Project Funds (300 – 399)

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

Permanent Funds (700 – 799)

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 (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 on a cost-reimbursement basis.

b. Basis of Accounting

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

In accordance with state law the City also recognizes expenditures paid during 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 adopts annual appropriated budgets for primary operating funds of the City. These budgets are adopted at the fund level. The budgets constitute 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 follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense Fund	1,021,936	726,431	295,505
City Street Fund	491,153	93,979	397,174
Hotel/Motel Fund	-	-	-
Cumulative Reserve	-	-	-
Water/Sewer/Garbage Fund	6,133,792	3,492,799	2,640,993
Water/Sewer Reserve	95,958	-	95,958
Ambulance Fund	134,678	34,225	100,453
Unemployment Trust	17,790	-	17,790
Cemetery	166,580	-	166,580
Total	8,061,887	4,347,434	3,714,453

Budgeted amounts are authorized to be transferred between departments within any fund and 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's legislative body.

The Water Deposit Fund is a fiduciary fund by nature in that the City holds the deposits until such time as the Utility customer vacates the property or a lack of timely payment would require the deposit to be applied to the outstanding receivable balance. Due to the nature of this activity the fund is not required to be budgeted.

d. Cash

It is the City's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated and distributed to the primary operating funds of the Current Expense, City Street and the Water/Sewer/Garbage fund.

e. Deposits

The City deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 2

g. Capital Assets

The City does not currently have a policy to establish a capital asset threshold however it has been the practice to record capital assets with an initial individual cost of more than \$1,000. Capital assets are long-lived assets of the City and are recorded as expenditures when purchased.

h. Compensated Absences

Vacation leave may be accumulated up to thirty (30) days and is payable upon separation or retirement.

Sick leave may accumulate up to a maximum of 1,000 hours. Upon separation or retirement employees shall receive payment for 25% of any unused sick leave.

i. Long-Term Debt See Note 4

j. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consist of debt proceeds, debt service and sales of capital assets.

k. Risk Management

The City of Bridgeport is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). 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 AWC RMSA was formed on January 1, 1989 when 32 municipalities 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 December 31, 2013, 91 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, and equipment breakdown insurance coverage. Equipment breakdown is included with the property reinsurance carrier and fidelity (crime) coverage is a stand-alone policy which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RMSA pays out of its own funds all claims up to its Self-Insured Retention (SIR) of \$250,000 and, thereafter, purchases liability re-insurance through Berkley Public Entity of \$750,000. For the additional \$9 million in coverage limits, an excess liability policy is purchased from CV Starr. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. AWC RMSA has a retention of \$50,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after 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 Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors which is comprised of elected officials of participating members.

1. Reserved Fund Balance

- \$ 3,585. Hotel/Motel Fund –RCW 67.28.1815 restricts use
- \$90,927 Cumulative Reserve/Real Estate Excise Tax – restricts use
- \$12,223 Water Utility Deposits
- \$194,386 Cemetery Permanent Fund

NOTE 2 – 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 cost for the Investment Pool and at original face value for the US Government Securities bond.

Investments by type December 31, 2013 are as follows:

Type of Investment	City's Own Investments	Investments held by the City as an agent for other local governments, individuals or private organizations	Total
LGIP	\$ 837,686.30	\$ -	\$ 837,686.30
Bond	\$ 500,000.00	\$ -	\$ 500,000.00
Total	\$ 1,337,686.30		\$ 1,337,686.30

NOTE 3 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes 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 the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The City's regular levy for the year 2013 was 2.09344 per \$1,000 on an assessed valuation of \$46,977,890 for a total regular levy of \$98,345.00

NOTE 4 –DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2013.

The debt service requirements for general obligation bonds, revenue bonds and other debt including both principle and interest, are as follows:

	General				
	Obligation	Revenue	Other		Total
	Bonds	Bonds	Debt		Debt
2014	\$ -	\$ -	\$ 117,128.23		\$ 117,128.23
2015	\$ -	\$ -	\$ 121,486.54		\$ 121,486.54
2016	\$ -	\$ -	\$ 113,438.62		\$ 113,438.62
2017	\$ -	\$ -	\$ 112,936.67		\$ 112,936.67
2018	\$ -		\$ 112,434.74		\$ 112,434.74
2019-2023			\$ 554,644.56		\$ 554,644.56
2024-2028			\$ 542,096.09		\$ 542,096.09
2029-2033			\$ 529,547.46		\$ 529,547.46
2034-2038			\$ 516,998.93		\$ 516,998.93
2039-2041			\$ 304,176.09		\$ 304,176.09
TOTALS	\$0.00	\$ -	\$ 3,024,887.93		\$ 3,024,887.93

In 2012 the City was approved to receive a \$5,000,000 Public Works Trust Fund loan under loan agreement #PC-12-951-061. The project is scheduled for completion in 2014. At the time of preparing the Debt Service requirement note for the 2013 financial notes the amortization schedule provided by the Public Works Board is preliminary and will be updated at project completion. The City has provided the liability on Schedule 09 to the extent of the draws received through December 31, 2013 and will update the Debt Service requirements note upon completion of the project.

NOTE 5 – PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in the Public Employees Retirement System (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 system 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

NOTE 7 – OTHER DISCLOSURES

Fund Reporting

The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:

- Water/Sewer/Garbage Utility Fund #401, 402, 403
- Ambulance Fund #405 & 301

Bank Reconciliation

The City discovered at the time of preparing the Annual financial report that the bank reconciliation at year end did not balance to the Financial Statements (C4's). The financial statement reconciliation difference is \$1,031 short and is attributed to investment activities. Because the difference is not considered material to the city's financial statements management has decided to timely file the annual report and resolve the reconciliation issues subsequent to this presentation.

City of Bridgeport

Schedule 09

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							
	259.11	G.O. Compensated Absence Liability	12/31/2013	10,414	0	2,067	8,347
Total General Obligations:				10,414	0	2,067	8,347
Revenue Obligations							
	259.12	W/S/G - Compensated Absence Liability	12/31/2013	14,534	0	501	14,033
	263.82	PWTF Loan #PC12-951-061	6/1/2041	239,012	2,012,380	12,650	2,238,742
	263.82	PWTF #PP09-09-951-012	7/1/2015	21,600	0	7,200	14,400
	263.82	PWTF #DR09-952-063	10/1/2015	1,038	0	346	692
	259.12	Ambulance Compensated Absences	12/31/2013	0	88	0	88
Total Revenue Obligations:				276,184	2,012,468	20,697	2,267,955
Total Liabilities:				286,598	2,012,468	22,764	2,276,302

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	
Office Of Community Planning And Development, Department Of Housing And Urban Development/Department of Commerce	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	12-65400-019	936,974		936,974	1,2
Total Federal Awards Expended:				936,974	0	936,974	

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

CITY OF BRIDGEPORT

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

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the cash basis method of accounting and report (Other Comprehensive Basis of Accounting (OCBOA)) as prescribed by the Washington State Auditor's Office through its Budgeting, Accounting and Reporting System (BARS).

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's portion, are more than shown.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

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

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

Contact information for the State Auditor's Office	
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