



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Financial Statements Audit Report**

**Town of Hunts Point**

**King County**

**For the period January 1, 2011 through December 31, 2013**

**Published October 23, 2014**

**Report No. 1012799**





**Washington State Auditor  
Troy Kelley**

October 23, 2014

Mayor and Town Council  
Town of Hunts Point  
Hunts Point, Washington

**Report on Financial Statements**

Please find attached our report on the Town of Hunts Point's financial statements.

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

Sincerely,

TROY KELLEY  
STATE AUDITOR

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

**Town of Hunts Point  
King County  
January 1, 2011 through December 31, 2013**

Mayor and Town Council  
Town of Hunts Point  
Hunts Point, 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 Town of Hunts Point, King County, Washington, as of and for the years ended December 31, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated September 25, 2014.

We issued an unmodified opinion on the fair presentation of the Town'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 Town 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 audits of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 Town's financial statements are free from material misstatement, we performed tests of the Town'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 Town'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 Town'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 25, 2014

# Independent Auditor's Report on Financial Statements

## Town of Hunts Point King County January 1, 2011 through December 31, 2013

Mayor and Town Council  
Town of Hunts Point  
Hunts Point, Washington

### ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the Town of Hunts Point, King County, Washington, for the years ended December 31, 2013, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Town's financial statements, as listed on page 9.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 Town of Hunts Point 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 Town of Hunts Point, for the years ended December 31, 2013, 2012 and 2011, 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 Town 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 Town of Hunts Point, as of December 31, 2013, 2012 and 2011, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

***Other Matters***

***Supplementary and Other Information***

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Liabilities is presented for purposes of additional analysis as required by the prescribed BARS manual. This schedule is 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 25, 2014 on our consideration of the Town'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 Town's internal control over financial reporting and compliance.



**TROY KELLEY**  
STATE AUDITOR

September 25, 2014

# Financial Section

**Town of Hunts Point  
King County  
January 1, 2011 through December 31, 2013**

## ***FINANCIAL STATEMENTS***

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## ***SUPPLEMENTARY AND OTHER INFORMATION***

Schedule of Liabilities – 2011

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 Current Expense	102 Street Improvement	302 Capital Improvement
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	761,023	3,587	20,882	736,554
30880	Beg Fund Bal-Unreserved	996,240	996,240	0	0
38800/58800	Prior Period Adjustments, net	50	50	0	0
<b>Operating Revenues</b>					
310	Taxes	694,299	580,149	0	114,149
320	Licenses & Permits	189,438	98,157	91,281	0
330	Intergovernmental Revenues	13,636	13,636	0	0
340	Charges for Goods and Services	174,459	174,459	0	0
350	Fines & Penalties	5,332	5,332	0	0
360	Miscellaneous Revenues	93,510	93,510	0	0
<b>Total Operating Revenues:</b>		<b>1,170,674</b>	<b>965,243</b>	<b>91,281</b>	<b>114,149</b>
<b>Operating Expenditures</b>					
510	General Government	298,548	298,548	0	0
520	Public Safety	421,646	421,646	0	0
530	Utilities	0	0	0	0
540	Transportation	5,778	5,778	0	0
550	Natural and Economic Environment	138,496	138,496	0	0
560	Social Services	18	18	0	0
570	Culture And Recreation	24,249	24,249	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>888,734</b>	<b>888,734</b>		
<b>Net Operating Increase (Decrease):</b>		<b>281,939</b>	<b>76,508</b>	<b>91,281</b>	<b>114,149</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	7,923	0	0	7,923
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	530,286	0	530,286	0
<b>Total Nonoperating Revenues:</b>		<b>538,209</b>		<b>530,286</b>	<b>7,923</b>
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	0	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	66,006	0	0	66,006
597	Transfers-Out	530,286	530,286	0	0
<b>Total Nonoperating Expenditures:</b>		<b>596,291</b>	<b>530,286</b>		<b>66,006</b>
<b>Increase (Decrease) in Cash and Investments</b>		<b>223,856</b>	<b>-453,778</b>	<b>621,567</b>	<b>56,066</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	1,438,656	3,587	642,449	792,621
50880	End Fund Balance-Unreserved	542,514	542,514	0	0

The accompanying notes are an integral part of this Statement.

## FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds*	001 Current Expense	101 Street	102 Street Improvement
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	546,199	0	0	20,882
30880	Beg Fund Bal-Unreserved	946,396	413,107	533,290	0
38800/58800	Prior Period Adjustments, net	723	723	0	0
<b>Operating Revenues</b>					
310	Taxes	763,733	517,559	13,176	0
320	Licenses & Permits	202,199	114,310	87,890	0
330	Intergovernmental Revenues	31,422	23,451	7,971	0
340	Charges for Goods and Services	207,258	207,258	0	0
350	Fines & Penalties	3,157	3,157	0	0
360	Miscellaneous Revenues	55,593	55,593	0	0
<b>Total Operating Revenues:</b>		<b>1,263,363</b>	<b>921,328</b>	<b>109,037</b>	
<b>Operating Expenditures</b>					
510	General Government	376,848	376,848	0	0
520	Public Safety	401,534	401,534	0	0
530	Utilities And Environment	14,269	0	14,269	0
540	Transportation	12,271	0	12,271	0
550	Economic Environment	167,083	167,083	0	0
560	Mental & Physical Health	84	84	0	0
570	Culture And Recreation	22,555	22,555	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>994,644</b>	<b>968,104</b>	<b>26,540</b>	
<b>Net Operating Increase (Decrease):</b>		<b>268,719</b>	<b>-46,776</b>	<b>82,497</b>	<b>0</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	33,552	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
<b>Total Nonoperating Revenues:</b>		<b>33,552</b>			
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	47,675	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	-9,350	0	-13,400	0
597	Transfers-Out	0	0	0	0
<b>Total Nonoperating Expenditures:</b>		<b>38,325</b>		<b>-13,400</b>	
<b>Increase (Decrease) in Cash and Investments</b>		<b>263,945</b>	<b>-46,776</b>	<b>95,897</b>	<b>0</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	761,023	0	0	20,882
50880	End Fund Balance-Unreserved	996,240	367,053	629,187	0

The accompanying notes are an integral part of this Statement.

BARS Code		106 Community Development	302 Cumulative Reserve
<b>Beginning Cash and Investments</b>			
30810	Beg Fund Bal-Reserved	3,587	521,730
30880	Beg Fund Bal-Unreserved	0	0
38800/58800	Prior Period Adjustments, net	0	0
<b>Operating Revenues</b>			
310	Taxes	0	232,998
320	Licenses & Permits	0	0
330	Intergovernmental Revenues	0	0
340	Charges for Goods and Services	0	0
350	Fines & Penalties	0	0
360	Miscellaneous Revenues	0	0
Total Operating Revenues:			232,998
<b>Operating Expenditures</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Utilities And Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental & Physical Health	0	0
570	Culture And Recreation	0	0
598	Intergovernmental Payments	0	0
Total Operating Expenditures:			
Net Operating Increase (Decrease):		0	232,998
<b>Nonoperating Revenues</b>			
370, 380, 395, 398	Other Financing Sources	0	33,552
391-393	Debt Proceeds	0	0
397	Transfers-In	0	0
Total Nonoperating Revenues:			33,552
<b>Nonoperating Expenditures</b>			
580, 596, 599	Other Financing Uses	0	47,675
591-593	Debt Service	0	0
594-595	Capital Expenditures	0	4,050
597	Transfers-Out	0	0
Total Nonoperating Expenditures:			51,725
Increase (Decrease) in Cash and Investments		0	214,825
<b>Ending Cash and Investments</b>			
50810	End Fund Bal-Reserved	3,587	736,554
50880	End Fund Balance-Unreserved	0	0

The accompanying notes are an integral part of this Statement.

**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

**For the Year Ended December 31, 2011**

BARS Code		Total for All funds*	001 Current Expense	101 Street	102 Street Improvement Reserve
<b>Beginning Cash and Investments</b>					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	1,593,344	900,092	504,020	20,882
38800/58800	Prior Period Adjustments, net	0	0	0	0
<b>Operating Revenues</b>					
310	Taxes	653,301	509,253	13,582	0
320	Licenses & Permits	89,408	63,381	26,027	0
330	Intergovernmental Revenues	33,834	25,311	8,523	0
340	Charges for Goods and Services	177,989	177,989	0	0
350	Fines & Penalties	21,235	21,235	0	0
360	Miscellaneous Revenues	64,244	64,244	0	0
<b>Total Operating Revenues:</b>		<b>1,040,011</b>	<b>861,413</b>	<b>48,132</b>	
<b>Operating Expenditures</b>					
510	General Government	443,273	443,273	0	0
520	Public Safety	385,781	385,781	0	0
530	Utilities And Environment	90,438	76,482	13,956	0
540	Transportation	4,907	0	4,907	0
550	Economic Environment	94,962	94,962	0	0
560	Mental & Physical Health	100	100	0	0
570	Culture And Recreation	22,799	22,799	0	0
598	Intergovernmental Payments	0	0	0	0
<b>Total Operating Expenditures:</b>		<b>1,042,260</b>	<b>1,023,397</b>	<b>18,863</b>	
<b>Net Operating Increase (Decrease):</b>		<b>-2,249</b>	<b>-161,984</b>	<b>29,269</b>	<b>0</b>
<b>Nonoperating Revenues</b>					
370, 380, 395, 398	Other Financing Sources	23,598	0	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	325,000	0	0	0
<b>Total Nonoperating Revenues:</b>		<b>348,598</b>			
<b>Nonoperating Expenditures</b>					
580, 596, 599	Other Financing Uses	89,185	0	0	0
591-593	Debt Service	0	0	0	0
594-595	Capital Expenditures	32,912	0	0	0
597	Transfers-Out	325,000	325,000	0	0
<b>Total Nonoperating Expenditures:</b>		<b>447,097</b>	<b>325,000</b>		
<b>Increase (Decrease) in Cash and Investments</b>		<b>-100,748</b>	<b>-486,984</b>	<b>29,269</b>	<b>0</b>
<b>Ending Cash and Investments</b>					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	1,492,596	413,107	533,290	20,882

*The accompanying notes are an integral part of this Statement.*

BARS Code		106 Community Development	302 Capital Projects
<b>Beginning Cash and Investments</b>			
30810	Beg Fund Bal-Reserved	0	0
30880	Beg Fund Bal-Unreserved	3,587	164,763
38800/58800	Prior Period Adjustments, net	0	0
<b>Operating Revenues</b>			
310	Taxes	0	130,466
320	Licenses & Permits	0	0
330	Intergovernmental Revenues	0	0
340	Charges for Goods and Services	0	0
350	Fines & Penalties	0	0
360	Miscellaneous Revenues	0	0
<b>Total Operating Revenues:</b>			130,466
<b>Operating Expenditures</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Utilities And Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental & Physical Health	0	0
570	Culture And Recreation	0	0
598	Intergovernmental Payments	0	0
<b>Total Operating Expenditures:</b>			
<b>Net Operating Increase (Decrease):</b>		0	130,466
<b>Nonoperating Revenues</b>			
370, 380, 395, 398	Other Financing Sources	0	23,598
391-393	Debt Proceeds	0	0
397	Transfers-In	0	325,000
<b>Total Nonoperating Revenues:</b>			348,598
<b>Nonoperating Expenditures</b>			
580, 596, 599	Other Financing Uses	0	89,185
591-593	Debt Service	0	0
594-595	Capital Expenditures	0	32,912
597	Transfers-Out	0	0
<b>Total Nonoperating Expenditures:</b>			122,097
<b>Increase (Decrease) in Cash and Investments</b>		0	356,967
<b>Ending Cash and Investments</b>			
50810	End Fund Bal-Reserved	0	0
50880	End Fund Balance-Unreserved	3,587	521,730

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	621 Performance Bond Fund Reserves	631 Agency Fund Reserves
308	Beginning Cash and Investments	15,764	15,750	14
388 and 588	Prior Period Adjustments, net	0	0	0
310-360	Revenues	0	0	0
380-390	Other Increases and Financing Sources	6,269	0	6,269
510-570	Expenditures	0	0	0
580-590	Other Decreases and Financing Uses	0	0	0
Increase (Decrease) in Cash and Investments		6,269	0	6,269
508	Ending Cash and Investments	22,032	15,750	6,282

*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, 2012

BARS Code		Total for All funds	621 Performance Bond Fund Reserves	631 Agency Fund Reserves
308	Beginning Cash and Investments	36,699	15,750	20,949
388 and 588	Prior Period Adjustments, net	0	0	0
310-360	Revenues	0	0	0
370-390	Other Increases and Financing Sources	5,543	0	5,543
510-570	Expenditures	0	0	0
580-590	Other Decreases and Financing Uses	26,415	0	26,415
	<b>Increase (Decrease) in Cash and Investments</b>	<b>-20,872</b>	<b>0</b>	<b>-20,872</b>
508	Ending Cash and Investments	15,764	15,750	14

*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, 2011

BARS Code		Total for All funds	621 Performance Bond	631 Agency
308	Beginning Cash and Investments	30,770	30,750	20
388 and 588	Prior Period Adjustments, net	0	0	0
310-360	Revenues	0	0	0
370-390	Other Increases and Financing Sources	28,428	7,500	20,928
510-570	Expenditures	0	0	0
580-590	Other Decreases and Financing Uses	22,500	22,500	0
Increase (Decrease) in Cash and Investments		5,928	-15,000	20,928
508	Ending Cash and Investments	36,699	15,750	20,949

*The accompanying notes are an integral part of this Statement.*

# TOWN OF HUNTS POINT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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### NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Town of Hunts Point 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 Town of Hunts Point was incorporated on August 19, 1955, and operates under the laws of the State of Washington applicable to a fourth-class town with a mayor-council form of government. The Town of Hunts Point is a general purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services, and general administrative services. The Town of Hunts Point uses single entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the Town of Hunts Point 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 Town of Hunts Point'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 Town of Hunts Point:

GOVERNMENTAL FUND TYPES:

- General (Current Expense) Fund - 001  
This fund is the primary operating fund of the Town of Hunts Point. It accounts for all financial resources except those required or elected to be accounted for in another fund.
- Special Revenue Funds - 101, 102 and 106  
These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the Town of Hunts Point.
- Capital Improvement Fund - 302  
This fund accounts for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

FIDUCIARY FUND TYPES: Fiduciary funds account for assets held by the Town of Hunts Point in a trustee capacity or as an agent on behalf of others.

- Private-Purpose Trust Fund – 621  
This fund reports all trust arrangements under which principal and income benefit individuals, private organizations or other governments.
- Agency Fund - 631  
This fund is used to account for assets that the Town of Hunts Point holds for other governments 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 budget appropriations as required by state law.

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

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 Town of Hunts Point adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund and Fund No.	Final Appropriated Amts	Actual Expenditures	Variance
Current Expense #001	\$ 949,758	\$ 882,956	\$ (66,802)
Street #101	\$ 49,000	\$ 5,780	\$ (43,220)
Street Improvement #102	\$ 0	\$ 0	\$ 0
Community Development #106	\$ 0	\$ 0	\$ 0
Capital Improvement #302	\$ 68,000	\$ 66,006	\$ ( 1,994)
Performance Bond #621	\$ 7,500	\$ 0	\$ 0
Agency #631	\$ 33,850	\$ 0	\$ (33,850)

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the

number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town Council.

D. Cash

It is the Town of Hunts Point'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 posted to Current Expense Fund # 001.

E. Deposits

The Town of Hunts Point's deposits and certificates of deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments (See Note 2 - Investments)

G. Capital Assets

Capital assets are long-lived assets of the Town of Hunts Point and are recorded as expenditures when purchased.

H. Compensated Absences

For full-time employees, vacation leave accumulates year to year, accrues without limit, and is payable upon separation or retirement. Part-time employees do not receive paid vacation leave. Currently, the Town has no full-time employees.

For full-time employees, sick leave accumulates indefinitely at the rate of one day per month. Part-time employees do not receive paid sick leave.

I. Long-Term Debt (See Note 4 - Long-Term Debt)

J. Risk Management

The Town of Hunts Point 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 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 boiler and machinery insurance coverage. Boiler and machinery is included with the property reinsurance carrier and employee fidelity coverage is a stand-alone policy that the AWC RMSA arranges for its members. The AWC RMSA also allows members 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 member is the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RSA pays out of its own funds all claims up to \$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 insurance 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 the AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA 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.

K. Reserve Fund Balances

The Town of Hunts Point has one fund with internal restrictions and two with external restrictions.

- Funds received in payment of the Town's heavy-truck fee are deposited into Street Improvement Fund #102 and are restricted by HPMC 3.25.040 to repairing or reconstructing town streets. On December 31, 2013, the balance of restricted funds of this type totaled \$642,449.
- Funds received as grant money from the State of Washington Department of Community, Trade and Economic Development (now the Department of Commerce) were deposited into Community Development Fund #106 and were restricted to work on the Town's Comprehensive Plan Update of 2004. On December 31, 2013, the balance of restricted funds of this type totaled \$3,587. (For 2014, these funds will be transferred to Current Expenses Fund #001 and expended as part of the Town's Comprehensive Plan Update of 2014.)
- Funds received as real-estate-excise taxes are deposited into Capital Improvement Fund #302 and are restricted by RCW 82.46.010 and RCW 82.46.035 to funding

certain capital projects. As of December 31, 2013, the balance of restricted funds of this type totaled \$792,621

### **NOTE 2 – INVESTMENTS**

The Town of Hunts Point's investments are either insured, registered, or held by the Town of Hunts Point or its agent in the Town of Hunts Point's name.

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

<u>State of Washington LGIP</u>	<u>\$1,799,586.60</u>
TOTAL	\$1,799,586.60

### **NOTE 3 – PROPERTY TAX**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed to the Town of Hunts Point throughout the month.

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

The Town of Hunts Point's regular levy for 2013 was \$0.39622 per \$1,000 of value on a taxable value of \$689,229,240 for a regular levy of \$273,087.

### **NOTE 4 – LONG-TERM DEBT**

As of December 31, 2013, the Town of Hunts Point has no long-term debt.

### **NOTE 5 – PENSION PLANS**

Substantially all full-time and qualifying part-time employees of the Town of Hunts Point participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer defined-benefit and defined-contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the Town of Hunts Point'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 this plan is presented in the State Department of Retirement Systems annual financial report. A copy of this report may be obtained from:

Department of Retirement Systems  
 Communications Unit  
 PO Box 48380  
 Olympia, WA 98504-8380

**NOTE 6 – CLAIMS AND JUDGMENTS**

As of December 31, 2013, the Town of Hunts Point had no pending litigation or claims against it.

**NOTE 7 – CONTINGENCIES AND LITIGATION**

In the opinion of management, the Town of Hunts Point's joint self-insurance pool (AWC RMSA) maintains adequate reserves to satisfy all known or pending claims, with the possible exception of any punitive damage awards.

# TOWN OF HUNTS POINT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Town of Hunts Point 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 Town of Hunts Point was incorporated on August 19, 1955, and operates under the laws of the State of Washington applicable to a fourth-class town with a mayor-council form of government. The Town of Hunts Point is a general purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services, and general administrative services. The Town of Hunts Point uses single entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the Town of Hunts Point 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 Town of Hunts Point'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 Town of Hunts Point:

GOVERNMENTAL FUND TYPES:

- General (Current Expense) Fund - 001  
This fund is the primary operating fund of the Town of Hunts Point. It accounts for all financial resources except those required or elected to be accounted for in another fund.
- Special Revenue Funds - 101, 102 and 10  
These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the Town of Hunts Point.
- Capital Projects Fund - 302  
This fund accounts for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

FIDUCIARY FUND TYPES: Fiduciary funds account for assets held by the Town of Hunts Point in a trustee capacity or as an agent on behalf of others.

- Private-Purpose Trust Fund – 621  
This fund reports all trust arrangements under which principal and income benefit individuals, private organizations or other governments.
- Agency Fund - 631  
This fund is used to account for assets that the Town of Hunts Point holds for other governments 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 budget appropriations as required by state law.

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

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 Town of Hunts Point adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund and Fund No.	Final Appropriated Amt	Actual Expenditures	Variance
Current Expense #001	\$ 1,059,582	\$ 968,104	\$ (91,478)
Street #101	\$ 36,800	\$ 26,540	\$ (10,260)
Street Improvement #102	\$ 0	\$ 0	\$ 0
Community Development #106	\$ 0	\$ 0	\$ 0
Capital Improvement #302	\$ 67,800	\$ 51,725	\$ (16,075)
Performance Bond #621	\$ 7,500	\$ 0	\$ ( 7,500)
Agency #631	\$ 22,078	\$ 26,446	\$ 4,368

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town Council.

D. Cash

It is the Town of Hunts Point'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 posted to Current Expense Fund # 001.

E. Deposits

The Town of Hunts Point's deposits and certificates of deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments (See Note 2 - Investments)

G. Capital Assets

Capital assets are long-lived assets of the Town of Hunts Point and are recorded as expenditures when purchased.

H. Compensated Absences

For full-time employees, vacation leave accumulates year to year, accrues without limit, and is payable upon separation or retirement. Part-time employees do not receive paid vacation leave.

For full-time employees, sick leave accumulates indefinitely at the rate of one day per month. Part-time employees do not receive paid sick leave.

I. Long-Term Debt (See Note 4 - Long-Term Debt)

J. Risk Management

The Town of Hunts Point 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, 2012, 91 municipalities/entities participate in the 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 boiler and machinery insurance coverage. Boiler and machinery is included with the property reinsurance carrier and employee fidelity coverage is a stand-alone policy that the AWC RMSA arranges for its members. The AWC RMSA also allows members 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. AWC RMSA, itself, pays out of its own funds all claims up to \$250,000 for liability and \$50,000 for property, and thereafter purchases excess liability insurance through ACE Insurance Company up to \$1 million, and CV Starr, from \$1 million to \$10 million. The excess property coverage is purchased through Lexington with limits up to \$250 million, using the Pool's broker, Arthur J. Gallagher Risk Management Services. Since the AWC RMSA is a cooperative program, the members of the AWC RMSA are jointly liable.

Members contract to remain in the pool a minimum of one year and must give 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.

## **NOTE 2 – INVESTMENTS**

The Town of Hunts Point's investments are either insured, registered, or held by the Town of Hunts Point or its agent in the Town of Hunts Point's name.

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

<u>State of Washington LGIP</u>	<u>\$1,614,493.14</u>
TOTAL	\$1,614,493.14

**NOTE 3 – PROPERTY TAX**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed to the Town of Hunts Point throughout the month.

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

The Town of Hunts Point’s regular levy for 2012 was \$0.39080 per \$1,000 of value on a taxable value of \$688,432,042 for a regular levy of \$269,037.

**NOTE 4 – LONG-TERM DEBT**

As of December 31, 2012, the Town of Hunts Point has no long-term debt.

**NOTE 5 – PENSION PLANS**

Substantially all full-time and qualifying part-time employees of the Town of Hunts Point participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer defined-benefit and defined-contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the Town of Hunts Point’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 this plan is presented in the State Department of Retirement Systems annual financial report. A copy of this report may be obtained from:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

**NOTE 6 – CLAIMS AND JUDGMENTS**

As of December 31, 2012, the Town of Hunts Point had no pending litigation or claims against it.

**NOTE 7 – CONTINGENCIES AND LITIGATION**

In the opinion of management, the Town of Hunts Point’s joint self-insurance pool (AWC RMSA) maintains adequate reserves to satisfy all known or pending claims, with the possible exception of any punitive damage awards.

# TOWN OF HUNTS POINT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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### NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Town of Hunts Point 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 Town of Hunts Point was incorporated on August 19, 1955, and operates under the laws of the State of Washington applicable to a fourth-class town with a mayor-council form of government. The Town of Hunts Point is a general purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services, and general administrative services. The Town of Hunts Point uses single entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the Town of Hunts Point 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 Town of Hunts Point'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 Town of Hunts Point:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund - 001

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

Special Revenue Funds - 101, 102 and 106

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

Capital Projects Fund - 302

This fund accounts for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

FIDUCIARY FUND TYPES: Fiduciary funds account for assets held by the Town of Hunts Point in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Fund – 621

This fund reports all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Fund - 631

This fund is used to account for assets that the Town of Hunts Point holds for other governments 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 budget appropriations as required by state law. In accordance with state law, the Town also recognizes expenditures paid during the twenty days after the close of the fiscal year for claims incurred during the previous year.

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 Town of Hunts Point adopt annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund and Fund No.	Final Appropriated Amt	Actual Expenditures	Variance
Current Expense #001	\$ 1,011,426	\$ 1,023,398	\$ 11,972
Street #101	\$ 22,547	\$ 18,863	\$ ( 3,684)
Street Improvement #102	\$ 0	\$ 0	\$ 0
Community Development #106	\$ 0	\$ 0	\$ 0
Capital Improvement #302	\$ 121,762	\$ 122,097	\$ 335
Performance Bond #621	\$ 7,500	\$ 10,750	\$ 3,250
Agency #631	\$ 22,078	\$ 0	\$ (22,078)

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town Council.

D. Cash

It is the Town of Hunts Point'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 posted to Current Expense Fund # 001.

E. Deposits

The Town of Hunts Point's deposits and certificates of deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments (See Note 3 - Investments)

G. Capital Assets

Capital assets are long-lived assets of the Town of Hunts Point and are recorded as expenditures when purchased.

H. Compensated Absences

For full-time employees, vacation leave accumulates year to year, accrues without limit, and is payable upon separation or retirement. Part-time employees do not receive paid vacation leave.

For full-time employees, sick leave accumulates indefinitely at the rate of one day per month. Part-time employees do not receive paid sick leave.

I. Long-Term Debt (See Note 5 - Long-Term Debt)

J. Risk Management

The Town of Hunts Point 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, 2011, 86 municipalities/entities participate in the 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 boiler and machinery insurance coverage. Boiler and machinery is included with the property reinsurance carrier and employee fidelity coverage is a stand-alone policy that the AWC RMSA arranges for its members. The AWC RMSA also allows members 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. AWC RMSA, itself, pays out of its own funds all claims up to \$250,000 for liability and \$50,000 for property, and thereafter purchases excess liability insurance through ACE Insurance Company up to \$1 million, and CV Starr, from \$1 million to \$10 million. The excess property coverage is purchased through Lexington with limits up to \$250 million, using the Pool's broker, Arthur J. Gallagher Risk Management Services. Since the AWC RMSA is a cooperative program, the members of the AWC RMSA are jointly liable.

Members contract to remain in the pool a minimum of one year and must give 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 Interlocal Agreement was revised in 2009 and approved by membership in 2010. In accordance with WAC 82.60.02023, the Pool elected its first Board of Directors, comprised of elected officials that are members of AWC RMSA, elected at large.

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.

The specific financials of the AWC RMSA can be obtained from the AWC RMSA Annual Report on file with the Town of Hunts Point.

## **NOTE 2 – COMPLIANCE AND ACCOUNTABILITY**

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

The Town of Hunts Point expended more than was appropriated in the Current Expense Fund #001 by \$11,072, which constitutes about 1% of total appropriations in that fund. This overage is primarily due to the unprecedented amount of work performed by staff on the SR-520 project.

Staff are tasked with monitoring Eastside Corridor Contractor's work for the Washington State Department of Transportation (WSDOT) and reviewing the impact of proposed changes in the project that occur during the design/build process. This monitoring and review protects the interests of the Town's residents and ensures that the project is built in substantial compliance with the Conditional Use Permit issued by the Town of Hunts Point. The amount of time needed for this review and the associated costs can be difficult to predict; however, WSDOT reimburses the Town for this additional work, though there is a lag in the receipt of that reimbursement.

### **NOTE 3 – INVESTMENTS**

The Town of Hunts Point's investments are either insured, registered, or held by the Town of Hunts Point or its agent in the Town of Hunts Point's name.

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

<u>State of Washington LGIP</u>	<u>\$1,596,935.37</u>
TOTAL	\$1,596,935.37

### **NOTE 4 – PROPERTY TAX**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed to the Town of Hunts Point throughout the month. Property tax revenues are recognized when cash is received by the Town of Hunts Point. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Town of Hunts Point's regular levy for 2011 was \$0.38000 per \$1,000 of value on a taxable value of \$681,590,862 for a regular levy of \$264,066.

### **NOTE 5 – LONG-TERM DEBT**

As of December 31, 2011, the Town of Hunts Point has no long-term debt.

### **NOTE 6 – PENSION PLANS**

Substantially all full-time and qualifying part-time employees of the Town of Hunts Point participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer defined-benefit and defined-contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the Town of Hunts Point'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 this plan is presented in the State Department of Retirement Systems annual financial report. A copy of this report may be obtained from:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

**NOTE 7 – DEFERRED COMPENSATION PLAN**

In June, 1998, the State of Washington Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to Governmental Accounting Standards Board (GASB) Statement 32, since the Town of Hunts Point is no longer the owner of these assets, as of December 31, 1998, the plan assets and liabilities were no longer reported as an Agency Fund.

**NOTE 8 – CLAIMS AND JUDGMENTS**

As of December 31, 2011, the Town of Hunts Point had no pending litigation or claims against it.

**NOTE 9 – CONTINGENCIES AND LITIGATION**

In the opinion of management, the Town of Hunts Point's joint self-insurance pool (AWC RMSA) maintains adequate reserves to satisfy all known or pending claims, with the possible exception of any punitive damage awards.

MCAG NO. 0397

**Town of Hunts Point**

Schedule 09

**Schedule of Liabilities**  
**For the year ended December 31, 2011**

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2011	Additions	Reductions	Ending Balance December 31, 2011
<b>General Obligations</b>							
	259.11	Compensated Absences		46,350	10,102	56,452	0
		<b>Total General Obligations:</b>		<b>46,350</b>	<b>10,102</b>	<b>56,452</b>	<b>0</b>
		<b>Total Liabilities:</b>		<b>46,350</b>	<b>10,102</b>	<b>56,452</b>	<b>0</b>

## 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.

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