



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements Audit Report

Town of Waterville

Douglas County

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

Published November 17, 2014

Report No. 1012974





Washington State Auditor Troy Kelley

November 17, 2014

Mayor and Town Council
Town of Waterville
Waterville, Washington

Report on Financial Statements

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

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

Sincerely,

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

TROY KELLEY
STATE AUDITOR

TABLE OF CONTENTS

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	4
Independent Auditor's Report On Financial Statements	6
Financial Section.....	9
About The State Auditor's Office.....	20

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

Mayor and Town Council
Town of Waterville
Waterville, 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 Waterville, 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 Town's financial statements, and have issued our report thereon dated September 24, 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 audit 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.

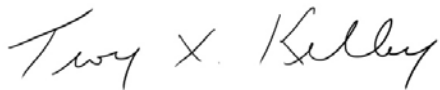
COMPLIANCE AND OTHER MATTERS

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 24, 2014

Independent Auditor's Report on Financial Statements

Town of Waterville Douglas County January 1, 2013 through December 31, 2013

Mayor and Town Council
Town of Waterville
Waterville, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Town of Waterville, Douglas County, Washington, for the year ended December 31, 2013, 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 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 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 Waterville 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 Waterville, 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 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 Waterville, 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

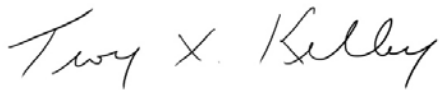
Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of 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 24, 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.

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

TROY KELLEY
STATE AUDITOR

September 24, 2014

Financial Section

**Town of Waterville
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

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		Total for All funds*	001 Current Expense	101 City Streets	103 Park / Pool
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	142,999	0	0	0
30880	Beg Fund Bal-Unreserved	2,161,817	657,217	217,465	97,663
38800/58800	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	366,829	205,555	64,470	85,112
320	Licenses & Permits	19,609	19,609	0	0
330	Intergovernmental Revenues	214,705	31,488	177,055	6,162
340	Charges for Goods and Services	784,391	13,057	0	9,899
350	Fines & Penalties	0	0	0	0
360	Miscellaneous Revenues	13,843	13,010	0	700
Total Operating Revenues:		1,399,377	282,719	241,525	101,873
Operating Expenditures					
510	General Government	99,284	99,284	0	0
520	Public Safety	117,715	117,715	0	0
530	Utilities	445,365	8,991	0	0
540	Transportation	65,839	0	65,839	0
550	Natural and Economic Environment	49,056	49,056	0	0
560	Social Services	0	0	0	0
570	Culture And Recreation	94,094	7,567	0	86,527
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		871,353	282,613	65,839	86,527
Net Operating Increase (Decrease):		528,024	106	175,686	15,346
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	9,564	845	31	270
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	0	0	0
Total Nonoperating Revenues:		9,564	845	31	270
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	7,567	-1,399	0	0
591-593	Debt Service	112,308	0	0	0
594-595	Capital Expenditures	165,409	5,878	127,710	2,841
597	Transfers-Out	0	0	0	0
Total Nonoperating Expenditures:		285,284	4,479	127,710	2,841
Increase (Decrease) in Cash and Investments		252,304	-3,528	48,007	12,775
Ending Cash and Investments					
50810	End Fund Bal-Reserved	154,629	3,214	0	0
50880	End Fund Balance-Unreserved	2,402,490	650,474	265,472	110,438

The accompanying notes are an integral part of this Statement.

BARS Code		305 Capital Improvement Reserve	411 Water / Sewer	413 Garbage
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	0	142,999	0
30880	Beg Fund Bal-Unreserved	281,616	767,294	140,562
38800/58800	Prior Period Adjustments, net	0	0	0
Operating Revenues				
310	Taxes	11,692	0	0
320	Licenses & Permits	0	0	0
330	Intergovernmental Revenues	0	0	0
340	Charges for Goods and Services	0	607,023	154,412
350	Fines & Penalties	0	0	0
360	Miscellaneous Revenues	133	0	0
Total Operating Revenues:		11,825	607,023	154,412
Operating Expenditures				
510	General Government	0	0	0
520	Public Safety	0	0	0
530	Utilities	0	292,277	144,097
540	Transportation	0	0	0
550	Natural and Economic Environment	0	0	0
560	Social Services	0	0	0
570	Culture And Recreation	0	0	0
598	Intergovernmental Payments	0	0	0
Total Operating Expenditures:			292,277	144,097
Net Operating Increase (Decrease):		11,825	314,746	10,315
Nonoperating Revenues				
370, 380, 395, 398	Other Financing Sources	0	0	8,418
391-393	Debt Proceeds	0	0	0
397	Transfers-In	0	0	0
Total Nonoperating Revenues:				8,418
Nonoperating Expenditures				
580, 596, 599	Other Financing Uses	0	0	8,966
591-593	Debt Service	0	112,308	0
594-595	Capital Expenditures	73	24,071	4,836
597	Transfers-Out	0	0	0
Total Nonoperating Expenditures:		73	136,379	13,802
Increase (Decrease) in Cash and Investments		11,752	178,367	4,931
Ending Cash and Investments				
50810	End Fund Bal-Reserved	0	151,415	0
50880	End Fund Balance-Unreserved	293,368	937,245	145,493

The accompanying notes are an integral part of this Statement.

**NOTES TO THE FINANCIAL STATEMENTS
TOWN OF WATERVILLE
MCAG. NO 0282**

For the Year ended December 31, 2013

Note 1 - Summary of Significant Accounting Policies

The Town of Waterville 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 Waterville) was incorporated in 1889 and operates under the laws of the state of Washington applicable to a Mayor-Council form of government. The Town of Waterville is a general purpose government and provides public safety, parks, recreation health and social services, general administrative services, and operates a water-sewer system. The Town of Waterville 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 Waterville 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 Waterville'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 Waterville:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Agency Funds

These funds are used to account assets that Town of Waterville holds for others in an agency capacity.

B. Basis of Accounting

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

In accordance with state law the Town of Waterville 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 Town of Waterville) adopts annual appropriated budgets for 15 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 used for financial reporting.

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - Current Expense			
Current Expense	399,650.00	272,847.51	126,802.49
Mosquito Abatement	14,535.00	11,320.83	3,214.17
City Wide Cumulative Reserve	462,636.00	4,320.00	458,316.00
ASP Clearing		-1,399.28	1,399.28
101 - City Streets	418,992.00	193,547.45	225,444.55
103 - Park / Pool	146,570.00	89,369.39	57,200.61
305 - Capital Improvement Reserve	277,825.00	73.16	277,751.84
411 - Water / Sewer			
Public Works Trust Loan Redemption	67,573.00		67,573.00
Water / Sewer Revenue Bond 1993	42,048.00	42,048.00	
Water / Sewer Rev Bond Reserve 1993	42,048.00		42,048.00
2009 RD Water Debt Redemption	40,452.00	32,300.00	8,152.00
2009 USDA RD Water Debt Reserve	33,588.00		33,588.00
Water / Sewer	831,000.00	469,054.96	361,945.04
Water / Sewer Cumulative Reserve	294,900.00		294,900.00
413 - Garbage	236,100.00	157,898.94	78,201.06
2013 BUDGET GRAND TOTALS	3,307,917.00	1,271,380.96	2,036,536.04

Budgeted amounts are authorized to be transferred between line items within any fund classes; 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 of Waterville's legislative body.

D. Cash

The Town of Waterville maintains a checking account at Sterling Savings for all cash, other than that invested in CD's, which are listed in Note 2, Investments.

E. Deposits

The Town of Waterville deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation.

F. Investments See Note 2, *Investments*.

G. Capital Assets

The capital assets of the Town of Waterville are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 40 days and is payable upon separation or retirement.

Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do not receive payment for unused sick leave.

I. Long-Term Debt See Note 4, *Debt Service Requirements*.

J. Other Financing Sources or Uses

The Town of Waterville's *Other Financing Sources* or *Uses* consist of operating transfers-in, transfers-out, and residual transfers.

K. Risk Management

The Town of Waterville is a member of Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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 program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of September 1, 2013, there are 236 members in the program.

The program provides the following forms of joint self-insurance and excess coverage for its members: Property, including Automobile Comprehensive, and Collision; Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, are included to fit members' various needs.

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

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

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

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

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

L. Reserved Fund Balance

The Town of Waterville maintains an ending fund reserve balance in the 406 Water/Sewer Revenue Bond Reserve Fund 1993, 407 2009 RD Water Debt Redemption Fund, and 408 2009 USDA Water Debt Reserve Fund as a compliance measure regarding loan repayment with the U. S. Department of Agriculture.

Note 2 - Investments

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

Investments are presented at Sterling Savings Bank and North Cascades National Bank.

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

Certificate of Deposit – Sterling Savings Bank	\$ 200,000.00
Certificate of Deposit – North Cascades National Bank	\$ 178,261.26

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 after the end of each month.

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

In November 2011 the residents of Waterville approved a ballot measure for a permanent levy lid lift of \$0.25 per \$1,000 of assessed valuation to fund the maintenance and operations of the municipal pool. Tax distributions of \$31,000.15 resulting from this levy were allocated to the 103 Park Fund in 2013.

The Town of Waterville's regular levy for the year 2013 was \$2.80 per \$1,000 on an assessed valuation of \$60,886,848 for a total regular levy of \$177,218. The 2013 revenues from the levy lid lift for the pool are included in this figure.

Note 4 – Debt Service Requirements

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

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

YEAR	2013 REVENUE BONDS	2013 TOTAL DEBT
2013	\$ 112,308	\$ 112,308
2014	\$ 111,715	\$ 111,715
2015	\$ 111,122	\$ 111,122
2016	\$ 110,529	\$ 110,529
2017	\$ 109,935	\$ 109,935
2018 - 2022	\$ 540,780	\$ 540,780
2023 - 2027	\$ 496,296	\$ 496,296
2028 - 2032	\$ 371,740	\$ 371,740
2033 - 2037	\$ 201,584	\$ 201,584
2038 - 2042	\$ 161,500	\$ 161,500
2043 - 2047	\$ 161,500	\$ 161,500
2048 - 2049	\$ 64,173	\$ 64,173
TOTALS	\$ 2,553,182	\$ 2,553,182

Note 5 - Pension Plans

Substantially all Town of Waterville's full-time and qualifying part-time employees participate in PERS 2 or PERS 3 plans 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 Town of Waterville's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

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

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

Note 6 - Other Disclosures

Douglas County entered into an interlocal agreement with the Town of Waterville whereby the Town was designated as the lead agency for the Waterville Mosquito Control District. The Board of Trustees of the Waterville Mosquito Control District, a junior taxing authority of Douglas County, entered into an interlocal agreement with the Town of Waterville, whereby all tax revenues collected by the County and remitted to the Waterville Mosquito Control District, would be promptly passed through to the Town of Waterville to administer mosquito control measures as approved by the Waterville Mosquito Control District. The interlocal agreement also designated the Town of Waterville Clerk-Treasurer as its Clerk of the Board for the District.

Resolution 2013-06 established the 003 Mosquito Abatement Fund as a sub-fund of the general fund to account for revenues and expenditures related to the Waterville Mosquito Control District and mosquito control separate from other general fund revenues and expenditures.

Ordinance 13-742 amended the 2013 Final Budget as adopted by Ordinance 12-733 to account for revenues received and expended in the 003 Mosquito Abatement Fund of \$14,535. It also accounted for additional revenues and expenditures resulting from the 2012 TIB Small Cities Arterial Program (SCAP) grant for the reconstruction of Chelan Avenue of \$143,232, and \$4,000 of additional revenues and expenditures resulting from the TIB Small Cities Pavement Preservation (SCPP) grant for the Third Street overlay. The 2013 Final Budget increased from \$3,146,150.00 to \$3,307,917.00.

Per Ordinance 2013 – 01, garbage rates were increased as a result of a tipping fee increase to the Town's garbage service contractor, Consolidated Disposal, Inc. The rates became effective 8/01/2013.

Per Ordinance 2013 – 737, water rates were increased 1.6%, with the new rates effective 1/20/2014.

Per Ordinance 2013 – 738, sewer rates were increased 3%, with the new rates effective 1/20/2014.

The Town contracted with Xpress Bill Pay, an integrated online bill pay service with BIAS Software, for online utility, permitting, and animal and business license payments. The service was initiated and activated in September with the first online transactions appearing 9/06/2013.

Town of Waterville

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	Vacation Leave		4,530	572	46	5,056
Total General Obligations:				4,530	572	46	5,056
Revenue Obligations							
	252.11	1993 Water/Sewer Revenue Bond Issued 12/13/1993	12/15/2033	536,395		14,906	521,489
	252.11	Public Works Trust PW-06-962-PRE-111 Issued 1/01/2007	7/1/2026	415,187	0	29,656	385,531
	252.11	2009 USDA Rural Development Revenue Bond Issued 10/19/2009	10/19/2049	596,936	0	6,930	590,006
	259.12	Vacation Leave		10,960	0	79	10,881
Total Revenue Obligations:				1,559,478	0	51,571	1,507,907
Total Liabilities:				1,564,008	572	51,617	1,512,963

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

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	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov