



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

## **Financial Statements Audit Report**

# **City of Granger**

**Yakima County**

**For the period January 1, 2012 through December 31, 2013**

**Published February 26, 2015**

**Report No. 1013668**





## Washington State Auditor Troy Kelley

February 26, 2015

Mayor and City Council  
City of Granger  
Granger, Washington

### Report on Financial Statements

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

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

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

## TABLE OF CONTENTS

Status of Prior Audit Findings .....	4
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 .....	5
Independent Auditor’s Report on Financial Statements .....	8
Financial Section.....	11
About The State Auditor’s Office.....	40

## STATUS OF PRIOR AUDIT FINDINGS

### City of Granger Yakima County January 1, 2012 through December 31, 2013

The status of findings contained in the prior years' audit reports of the City of Granger is provided below:

#### **1. The City did not have adequate internal controls over accounting and financial statement preparation to ensure accurate reporting.**

Report No. 1009508, dated February 27, 2013

##### ***Background***

We identified the following deficiencies, that when taken together, represent a material weakness in controls:

- The Clerk-Treasurer is solely responsible for preparing all portions of the financial statements and lacks the level of technical knowledge needed to ensure financial reporting is accurate and complete.
- The Clerk-Treasurer prepares journal entries and reconciles the bank statements. No one reviews the journal entries or the bank reconciliation for accuracy or completeness.
- The Clerk-Treasurer did not use guidance in the *Budget Accounting and Reporting System* (BARS) manual when preparing the financial statements and notes and was not aware of recent changes to the BARS manual.
- The City did not have an independent review process to ensure financial reports were complete and accurate.

##### ***Status***

The condition reported during the 2011 audit has been resolved. Management added additional reviews as part of the financial statement preparation process and used the most recent guidance from the BARS manual. No material errors or significant deficiencies in internal controls were noted

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**City of Granger  
Yakima County  
January 1, 2012 through December 31, 2013**

Mayor and City Council  
City of Granger  
Granger, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Granger, Yakima County, Washington, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 12, 2015.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed 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 City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

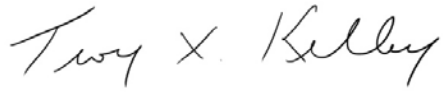
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

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

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

February 12, 2015

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **City of Granger Yakima County January 1, 2012 through December 31, 2013**

Mayor and City Council  
City of Granger  
Granger, Washington

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

We have audited the accompanying financial statements of the City of Granger, Yakima County, Washington, for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Granger, for the years ended December 31, 2013 and 2012, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

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

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Granger, as of December 31, 2013 and 2012, 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.

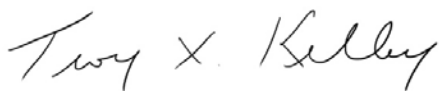
## Other Matters

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

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

February 12, 2015

## **FINANCIAL SECTION**

**City of Granger  
Yakima County  
January 1, 2012 through December 31, 2013**

### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2013  
Fund Resources and Uses Arising from Cash Transactions – 2012  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2012  
Notes to Financial Statements – 2013  
Notes to Financial Statements – 2012

### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2013  
Schedule of Liabilities – 2012

**City of Granger**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2013**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>100 Street Fund</b>	<b>120 EMS</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	505,247	61,425	-	-
30880	Unreserved	1,352,307	257,295	124,971	15,747
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	951,565	773,286	33,771	26,041
320	Licenses & Permits	37,337	37,337	-	-
330	Intergovernmental Revenues	696,609	184,532	67,910	-
340	Charges for Goods and Services	1,216,181	48,168	6,000	-
350	Fines & Penalties	29,294	29,294	-	-
360	Miscellaneous Revenues	51,436	14,867	2,260	12
Total Operating Revenues:		2,982,422	1,087,484	109,942	26,053
<b>Operating Expenditures</b>					
510	General Government	306,175	306,175	-	-
520	Public Safety	778,121	708,583	-	24,900
530	Utilities	1,048,747	11,733	-	-
540	Transportation	154,918	-	154,918	-
550	Natural and Economic Environment	44,494	43,977	-	-
560	Social Services	591	591	-	-
570	Culture And Recreation	73,359	70,873	-	-
Total Operating Expenditures:		2,406,405	1,141,932	154,918	24,900
<b>Net Operating Increase (Decrease):</b>		<b>576,017</b>	<b>(54,448)</b>	<b>(44,976)</b>	<b>1,153</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	170,131	23,931	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	182,464	82,464	-	-
Total Nonoperating Revenues:		352,595	106,395	-	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	168,739	23,639	-	-
591-593	Debt Service	82,156	-	-	-
594-595	Capital Expenditures	671,143	40,224	-	-
597	Transfers-Out	180,404	100,000	-	-
Total Nonoperating Expenditures:		1,102,442	163,862	-	-
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>(173,830)</b>	<b>(111,916)</b>	<b>(44,976)</b>	<b>1,153</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	620,767	82,050	-	-
50880	Unreserved	1,066,570	124,754	79,995	16,900

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

**City of Granger**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2013**

		<b>135 Criminal Justice</b>	<b>139 Public Safety</b>	<b>175 Festival/Float Fund</b>	<b>180 Dinosaur</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	11,427	79,974	38,178	3,165
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	40,481	74,500	-	-
320	Licenses & Permits	-	-	-	-
330	Intergovernmental Revenues	4,537	-	-	-
340	Charges for Goods and Services	-	-	623	-
350	Fines & Penalties	-	-	-	-
360	Miscellaneous Revenues	1	96	1,094	3
Total Operating Revenues:		45,019	74,596	1,717	3
<b>Operating Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	44,639	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture And Recreation	-	-	2,485	-
Total Operating Expenditures:		44,639	-	2,485	-
<b>Net Operating Increase (Decrease):</b>		<b>381</b>	<b>74,596</b>	<b>(768)</b>	<b>3</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	-	-	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	100,000	-	-
Total Nonoperating Revenues:		-	100,000	-	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	-	-	-	-
594-595	Capital Expenditures	-	47,480	-	-
597	Transfers-Out	-	61,940	-	-
Total Nonoperating Expenditures:		-	109,420	-	-
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>381</b>	<b>65,176</b>	<b>(768)</b>	<b>3</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	-	-	-	-
50880	Unreserved	11,807	145,150	37,410	3,168

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

**City of Granger**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2013**

		<b>190 Federal Housing</b>	<b>195 CONSECHA PROJ</b>	<b>210 SEID Loan</b>	<b>305 CULTURAL PLAZA</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	46,227	-	3,000	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses & Permits	-	-	-	-
330	Intergovernmental Revenues	3,565	172,536	-	263,529
340	Charges for Goods and Services	-	-	-	-
350	Fines & Penalties	-	-	-	-
360	Miscellaneous Revenues	51	-	(3,000)	-
Total Operating Revenues:		3,616	172,536	(3,000)	263,529
<b>Operating Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	482	35	-	-
560	Social Services	-	-	-	-
570	Culture And Recreation	-	-	-	-
Total Operating Expenditures:		482	35	-	-
<b>Net Operating Increase (Decrease):</b>		<b>3,134</b>	<b>172,501</b>	<b>(3,000)</b>	<b>263,529</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	-	-	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		-	-	-	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	-	-	-	-
594-595	Capital Expenditures	-	165,227	-	263,529
597	Transfers-Out	-	-	-	-
Total Nonoperating Expenditures:		-	165,227	-	263,529
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>3,134</b>	<b>7,274</b>	<b>(3,000)</b>	<b>(0)</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	-	7,273	-	-
50880	Unreserved	49,361	-	0	-

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

**City of Granger**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2013**

		<b>310 GTP Development</b>	<b>335 Capital Improvement Fund</b>	<b>410 Water/Sewer</b>	<b>430 Garbage</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	312,241	131,581
30880	Unreserved	18,460	61,127	533,451	89,921
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	-	3,485	-	-
320	Licenses & Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	813,382	212,652
350	Fines & Penalties	-	-	-	-
360	Miscellaneous Revenues	6	38	34,760	1,177
Total Operating Revenues:		6	3,523	848,142	213,829
<b>Operating Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	612,921	252,811
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture And Recreation	-	-	-	-
Total Operating Expenditures:		-	-	612,921	252,811
<b>Net Operating Increase (Decrease):</b>		<b>6</b>	<b>3,523</b>	<b>235,221</b>	<b>(38,982)</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	-	-	76,200	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		-	-	76,200	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	-	-	75,100	-
591-593	Debt Service	-	-	81,292	-
594-595	Capital Expenditures	-	-	154,684	-
597	Transfers-Out	18,463	-	-	-
Total Nonoperating Expenditures:		18,463	-	311,076	-
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>(18,457)</b>	<b>3,523</b>	<b>345</b>	<b>(38,982)</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	-	-	399,657	131,787
50880	Unreserved	2	68,265	446,380	50,733

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

**City of Granger**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2013**

		<u>450 Irrigation</u>
<b>Beginning Cash and Investments</b>		
30810	Reserved	-
30880	Unreserved	69,365
388 & 588	Prior Period Adjustments, Net	-
<b>Operating Revenues</b>		
310	Taxes	-
320	Licenses & Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	135,356
350	Fines & Penalties	-
360	Miscellaneous Revenues	71
Total Operating Revenues:		<u>135,427</u>
<b>Operating Expenditures</b>		
510	General Government	-
520	Public Safety	-
530	Utilities	171,283
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture And Recreation	-
Total Operating Expenditures:		<u>171,283</u>
<b>Net Operating Increase (Decrease):</b>		<u>(35,856)</u>
<b>Nonoperating Revenues</b>		
370-380, 395 & 398	Other Financing Sources	70,000
391-393	Debt Proceeds	-
397	Transfers-In	-
Total Nonoperating Revenues:		<u>70,000</u>
<b>Nonoperating Expenditures</b>		
580, 596 & 599	Other Financing Uses	70,000
591-593	Debt Service	865
594-595	Capital Expenditures	-
597	Transfers-Out	-
Total Nonoperating Expenditures:		<u>70,865</u>
<b>Net Increase (Decrease) in Cash and Investments:</b>		<u>(36,721)</u>
<b>Ending Cash and Investments</b>		
50810	Reserved	-
50880	Unreserved	32,644

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



## City of Granger

## FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS CODE		Total for	001	100
		All Funds 1/	General Fund	Street Fund
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$550,037.94	\$61,307.57	\$0.00
308.80	Unreserved	\$1,101,562.37	\$96,766.17	\$36,910.57
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$931,960.90	\$732,836.32	\$59,166.87
320	Licenses and Permits	\$81,010.24	\$81,010.24	\$0.00
330	Intergovernmental	\$415,511.08	\$197,373.35	\$194,742.37
340	Charges for Goods and Services	\$1,032,934.06	\$8,936.22	\$0.00
350	Fines and Penalties	\$30,508.11	\$30,508.11	\$0.00
360	Miscellaneous	\$62,110.90	\$17,819.83	\$6,251.32
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$108,202.12	\$86,924.32	\$0.00
Total Revenues and Other Financing Sources		\$2,662,237.41	\$1,155,408.39	\$260,160.56
	Total Resources	\$4,313,837.72	\$1,313,482.13	\$297,071.13
Operating Expenditures:				
510	General Government	\$262,234.34	\$262,234.34	
520	Public Safety	\$737,577.38	\$601,506.61	\$0.00
530	Physical Environment	\$970,874.88	\$10,105.10	\$0.00
540	Transportation	\$130,872.85	\$0.00	\$130,872.85
550	Economic Environment	\$41,875.23	\$33,750.88	\$0.00
560	Mental and Physical Health	\$851.18	\$851.18	\$0.00
570	Culture and Recreational	\$78,918.07	\$76,007.44	\$0.00
	Total Operating Expenditures	\$2,223,203.93	\$984,455.55	\$130,872.85
591-593	Debt Service	\$81,428.41	\$0.00	\$0.00
594-595	Capital Outlay	\$147,383.14	\$10,135.09	\$41,226.91
	Total Expenditures	\$2,452,015.48	\$994,590.64	\$172,099.76
597-599	Other Financing Uses	\$3,000.00	\$0.00	\$0.00
Total Expenditures and Other Financing Uses		\$2,455,015.48	\$994,590.64	\$172,099.76
Excess (Deficit) of Resources Over Uses		\$1,858,822.24	\$318,891.49	\$124,971.37
380	Nonrevenues (Except 384)	\$31,086.65	\$24,186.65	\$0.00
580	Nonexpenditures (Except 584)	\$32,367.26	\$24,362.26	\$0.00
Ending Cash and Investments:		\$1,857,541.63	\$318,715.88	\$124,971.37
508.10	Reserved	\$534,839.43	\$61,425.27	\$0.00
508.80	Unreserved	\$1,322,702.20	\$257,290.61	\$124,971.37

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

## City of Granger

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

For the Year Ended December 31, 2012

BARS CODE		120	135	139
		EMS FUND	CRIMINAL JUSTICE FUND	PUBLIC SAFETY FUND
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$0.00	\$0.00	\$0.00
308.80	Unreserved	\$12,964.70	\$7,684.13	\$94,946.00
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$25,604.74	\$37,522.59	\$69,056.82
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$136.02	\$7,684.02	\$0.00
340	Charges for Goods and Services	\$0.00	\$0.00	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$0.00	\$0.65	\$118.57
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$0.00
Total Revenues and Other Financing Sources		\$25,740.76	\$45,207.26	\$69,175.39
	Total Resources	\$38,705.46	\$52,891.39	\$164,121.39
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$22,958.45	\$41,464.88	\$71,647.44
530	Physical Environment	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$22,958.45	\$41,464.88	\$71,647.44
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Outlay	\$0.00	\$0.00	\$9,500.00
	Total Expenditures	\$22,958.45	\$41,464.88	\$81,147.44
597-599	Other Financing Uses	\$0.00	\$0.00	\$3,000.00
Total Expenditures and Other Financing Uses		\$22,958.45	\$41,464.88	\$84,147.44
Excess (Deficit) of Resources Over Uses		\$15,747.01	\$11,426.51	\$79,973.95
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$0.00
Ending Cash and Investments:		\$15,747.01	\$11,426.51	\$79,973.95
508.10	Reserved	\$0.00	\$0.00	\$0.00
508.80	Unreserved	\$15,747.01	\$11,426.51	\$79,973.95

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

## City of Granger

## FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS  CODE		175	180	190
		FLOAT/FESTIVAL FUND	DINOSAUR FUND	HOUSING REHABILITATION FUND
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$0.00	\$0.00	\$0.00
308.80	Unreserved	\$39,914.43	\$3,161.42	\$38,712.00
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$0.00	\$0.00	\$15,575.32
340	Charges for Goods and Services	\$0.00	\$0.00	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$1,174.69	\$3.72	\$63.68
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$0.00
Total Revenues and Other Financing Sources		\$1,174.69	\$3.72	\$15,639.00
	Total Resources	\$41,089.12	\$3,165.14	\$54,351.00
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$8,124.35
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$2,910.63	\$0.00	\$0.00
	Total Operating Expenditures	\$2,910.63	\$0.00	\$8,124.35
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Outlay	\$0.00	\$0.00	\$0.00
	Total Expenditures	\$2,910.63	\$0.00	\$8,124.35
597-599	Other Financing Uses	\$0.00	\$0.00	\$0.00
Total Expenditures and Other Financing Uses		\$2,910.63	\$0.00	\$8,124.35
Excess (Deficit) of Resources Over Uses		\$38,178.49	\$3,165.14	\$46,226.65
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$0.00
Ending Cash and Investments:		\$38,178.49	\$3,165.14	\$46,226.65
508.10	Reserved	\$0.00	\$0.00	\$0.00
508.80	Unreserved	\$38,178.49	\$3,165.14	\$46,226.65

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

## City of Granger

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

For the Year Ended December 31, 2012

BARS CODE		210	310	410
		SEID	GTP	WATER/SEWER
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$0.00	\$0.00	\$327,869.85
308.80	Unreserved	\$0.31	\$18,433.92	\$524,992.95
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$0.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$0.00	\$0.00	\$700,022.63
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$3,000.00	\$25.67	\$32,616.90
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$21,277.80
Total Revenues and Other Financing Sources		\$3,000.00	\$25.67	\$753,917.33
	Total Resources	\$3,000.31	\$18,459.59	\$1,606,780.13
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$592,034.27
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$0.00	\$0.00	\$592,034.27
591-593	Debt Service	\$0.00	\$0.00	\$81,428.41
594-595	Capital Outlay	\$0.00	\$0.00	\$86,521.14
	Total Expenditures	\$0.00	\$0.00	\$759,983.82
597-599	Other Financing Uses	\$0.00	\$0.00	\$0.00
Total Expenditures and Other Financing Uses		\$0.00	\$0.00	\$759,983.82
Excess (Deficit) of Resources Over Uses		\$3,000.31	\$18,459.59	\$846,796.31
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$6,900.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$8,005.00
Ending Cash and Investments:		\$3,000.31	\$18,459.59	\$845,691.31
508.10	Reserved	\$0.00	\$0.00	\$312,240.78
508.80	Unreserved	\$3,000.31	\$18,459.59	\$533,450.53

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

## City of Granger

## FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS  CODE		430	450	635
		GARBAGE FUND	IRRIGATION FUND	CAPITAL IMPROVEMENT FUND
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments				
308.10	Reserved	\$131,325.32	\$29,535.20	\$0.00
308.80	Unreserved	\$104,889.95	\$69,309.36	\$52,876.46
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
Revenues and Other Sources				
310	Taxes	\$0.00	\$0.00	\$7,773.56
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$0.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$189,851.54	\$134,123.67	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$485.53	\$73.63	\$476.71
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$0.00
Total Revenues and Other Financing Sources		\$190,337.07	\$134,197.30	\$8,250.27
	Total Resources	\$426,552.34	\$233,041.86	\$61,126.73
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$205,050.50	\$163,685.01	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
	Total Operating Expenditures	\$205,050.50	\$163,685.01	\$0.00
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Outlay	\$0.00	\$0.00	\$0.00
	Total Expenditures	\$205,050.50	\$163,685.01	\$0.00
597-599	Other Financing Uses	\$0.00	\$0.00	\$0.00
Total Expenditures and Other Financing Uses		\$205,050.50	\$163,685.01	\$0.00
Excess (Deficit) of Resources Over Uses		\$221,501.84	\$69,356.85	\$61,126.73
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$0.00
Ending Cash and Investments:		\$221,501.84	\$69,356.85	\$61,126.73
508.10	Reserved	\$131,580.67	\$29,592.71	\$0.00
508.80	Unreserved	\$89,921.17	\$39,764.14	\$61,126.73

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

**City of Granger**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2013**

		<b>Total for All Funds (Memo Only)</b>	<b>621 D McElfresh Memorial</b>	<b>622 Bell Memorial</b>	<b>630 COURT</b>
308	Beginning Cash and Investments	71,505	2,060	66,505	2,940
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	412	1	411	-
380-390	Other Increases and Financing Sources	59,470	-	-	59,470
510-570	Expenditures	350	-	350	-
580-590	Other Decreases and Financing Uses	60,395	2,060	-	58,335
	Net Increase (Decrease) in Cash and Investments:	(863)	(2,059)	61	1,135
508	Ending Cash and Investments	70,642	0	66,566	4,076

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

**City of Granger**  
**FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

**For the Year Ended December 31, 2012**

	Total for	621	622	Court
	All Funds 1/	McElfresh	Bell Memorial	
	Total Amount	Actual Amount	Actual Amount	
Beginning Cash and Investments	\$69,936.46	\$2,056.03	\$65,005.01	\$2,875.42
Prior Period Adjustments	\$0.00	\$0.00	\$0.00	\$0.00
Revenue and Other Financing Sources	\$64,878.81	\$3.61	\$2,360.77	\$62,514.43
Total Resources	\$134,815.27	\$2,059.64	\$67,365.78	\$65,389.85
Expenditures And Other Financing Uses	\$63,310.61	\$0.00	\$860.99	\$62,449.62
Excess (Deficit) of Resources Over Uses	\$71,504.66	\$2,059.64	\$66,504.79	\$2,940.23
Nonrevenues (Except 384)	\$0.00	\$0.00	\$0.00	\$0.00
Nonexpenditures (Except 584)	\$0.00	\$0.00	\$0.00	\$0.00
Ending Cash and Investments	\$71,504.66	\$2,059.64	\$66,504.79	\$2,940.23

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF GRANGER**  
**NOTES TO FINANCIAL STATEMENTS**  
**January 1, 2013 through December 31, 2013**

**Note 1 - Summary of Significant Accounting Policies**

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

The City of Granger was incorporated on October 1, 1909 and operates under the laws of the state of Washington applicable to a non-charter code city. The City of Granger is a general purpose government and provides public safety, fire protection, street improvements, parks, general administrative services, water, sewer, irrigation, and garbage services. The City of Granger uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

**A. Fund Accounting**

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

**GOVERNMENTAL FUND TYPES:**

**General (Current Expense) Fund**

This fund is the primary operating fund of the City of Granger. 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 City of Granger.

**Debt Service Funds**

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

**Capital Projects 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.

**Permanent Funds**

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



## PROPRIETARY FUND TYPES:

### Enterprise Funds

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

### Internal Service Funds

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

## FIDUCIARY FUND TYPES:

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

### Private-Purpose Trust Funds

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

### Agency Funds

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

## B. Basis of Accounting

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

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

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

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

## C. Budgets

The City of Granger adopts an annual appropriated budgets for the General, Street, EMS, Criminal Justice, Crime Prevention, Public Safety, Fire Dept. Reserve, Festival/Float, General Reserve, Federal Housing Rehabilitation, Cosecha Court CDBG, Planning Only, SEID, Cultural Plaza, Capital Improvements, Water/Sewer, Garbage, Consumer Deposit, Irrigation, Garbage Reserve, PWTF Reserve, W/S Reserve, Bell Memorial fund. 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 Expenditures	Variance
General Fund	\$ 1,071,155.00	\$ 1,282,155.12	\$ (211,000.12)
Street Fund	\$ 146,867.00	\$ 154,918.45	\$ (8,054.45)
EMS Fund	\$ 22,120.00	\$ 24,899.52	\$ (2,779.52)
Criminal Justice Fund	\$ 44,793.00	\$ 44,638.50	\$ 154.50
Crime Prevention Fund	\$ 200.00	\$ 0.00	\$ 200.00
Public Safety Fund	\$ 60,010.00	\$ 109,420.26	\$ (49,410.26)
Fire Dept. Reserve Fund	\$ 35,000.00	\$ 0.00	\$ 35,000.00
Festival/Float Fund	\$ 3,000.00	\$ 2,485.11	\$ 514.89
General Reserve Fund	\$ 2,000.00	\$ 0.00	\$ 2,000.00
Fed House Rehab Fund	\$ 5,444.00	\$ 481.92	\$ 4,962.08
Cosecha Court Fund	\$ 254,000.00	\$ 165,262.47	\$ 88,737.53
Plan Only Grant Fund	\$ 0.00	\$ 0.00	\$ 0.00
SEID Fund	\$ 44,550.00	\$ 0.00	\$ 44,550.00
Cultural Plaza Fund	\$ 0.00	\$ 263,528.60	\$ (263,528.60)
Capital Improve Fund	\$ 0.00	\$ 0.00	\$ 0.00
Water/Sewer Fund	\$ 1,753,774.00	\$ 933,984.78	\$ 819,789.22
Garbage Fund	\$ 206,836.00	\$ 252,810.59	\$ (45,974.59)
Consumer Deposit Fund	\$ 38,000.00	\$ 0.00	\$ 38,000.00
Irrigation Fund	\$ 167,504.00	\$ 172,147.23	\$ (4,643.23)
Garbage Reserve Fund	\$ 130,000.00	\$ 0.00	\$ 130,000.00
PWTF Reserve Fund	\$ 15,050.00	\$ 14,912.01	\$ 137.99
W/S Reserve Fund	\$ 203,000.00	\$ 0.00	\$ 203,000.00
Bell Memorial Fund	\$ 13,000.00	\$ 350.06	\$ 12,649.94

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Granger's legislative body.

D. Cash

It is the City of Granger's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

E. Deposits

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

F. Investments See Note 3, *Investments*.

G. Derivatives and Similar Transactions

#### H. Capital Assets

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

#### I. Compensated Absences

Vacation leave may be accumulated up to 17 days depending on the years of service and is payable upon separation or retirement.

Sick leave may be accumulated up to 480 hours. Upon retirement, employees do receive payment for unused sick leave.

#### J. Long-Term Debt See Note 6, *Debt Service Requirements*.

#### K. Other Financing Sources or Uses

The City of Granger's *Other Financing Sources or Uses* consist of:

Interfund loans

Transfer In

Transfer Out

#### L. Risk Management

The City of Granger 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 coverage is 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. 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 AWC RMSA is a cooperative program, the members of the AWC RMSA are jointly liable.

Members contract to remain in the AWC RMSA 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 there were a signatory to the Interlocal Government 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 official of participating members.

**M. Reserved Fund Balance**

The following funds are consolidated within the appropriate primary fund and reported under 308.10 Reserved.

**GENERAL FUND**

185 General Reserve Fund	\$ 2,538.94
137 Crime Prevention Fund	\$23,521.48
150 Fire Dept Reserve Fund	<u>\$35,364.85</u>
	\$61,425.27

**WATER/SEWER**

440 Consumer Deposit	\$ 36,382.29
475 PWTF Reserve	\$147,742.03
480 W/S Reserve	\$104,270.66
196 Planning Only	<u>\$ 23,845.80</u>
	\$312,240.78

**GARBAGE**

451 Garbage Reserve	\$131,786.51
---------------------	--------------

**Note 2 - Investments**

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

Investments are presented at Washington State Local Investment Pool.

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

<u>Type of Investment</u>	① <u>(City of Granger's)</u> <b>own investments</b>	② Investments held by <u>(city/ county/</u> <u>district)</u> as an agent for other local governments, individuals or private organizations.	③ Total
L.G.I.P.	\$ 960,561.45	\$ _____	\$960,561.45
Total	\$ <u>960,561.45</u>	\$ _____	\$960,561.45

### **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 (at/after) the end of each month.

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

The City of Granger's regular levy for the year 2013 was \$2.53 per \$1,000 on an assessed valuation of \$80,303,462 for a total regular levy of \$202,928.56.

### **Note 4- Interfund Loans**

The following table displays interfund loan activity during 2013:

<u>Borrowing</u> <u>Fund</u>	<u>Lending</u> <u>Fund</u>	<u>Balance</u> <u>1/1/2013</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2013</u>
450	410	\$ <u>0</u>	\$ <u>70,000</u>	\$ <u>70,865</u>	\$ <u>0</u>
		TOTALS	\$ <u>70,000</u>	\$ <u>70,865</u>	\$ <u>0</u>

### **Note 5 – Debt Service Requirements**

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

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

	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Revenue</u> <u>Bonds</u>	<u>Other</u> <u>Debt</u>	<u>Total</u> <u>Debt</u>
2014			36,663	36,663
2015			36,526	36,526
2016			36,390	36,390
2017			36,253	36,253
2018			36,116	36,116
2019- 2023			151,303	151,303
2024- 2028			109,440	109,440
2029- 2033			109,440	109,440
2034- 2038			109,440	109,440
2039- 2043			109,440	109,440
2044- 2048			109,440	109,440
2049- 2050			43,776	43,776
TOTALS			<u>\$924,226.00</u>	<u>\$924,226.00</u>

## **Note 6 - Pension Plans**

Substantially all City of Granger's full-time and qualifying part-time employees participate in PERS 2, LEOFF 2 and Deferred Compensation Program administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City of Granger'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 7 - Other Disclosures**

### **LEOFF**

The City of Granger has a commitment to pay for post employment benefits for employees that belong to the Department of Retirement (LEOFF1) these benefits include all medical and vision care. Two retirees received benefits during the year and \$12,862.77 was paid out for those benefits during the year.

On February 12, 2013, the City of Granger terminated three funds; the Granger Travel Plaza Fund, transferring remaining funds to the General Reserve Fund, per Ordinance 1179. The Home Irrigation Fund, transferring remaining funds to the Irrigation Fund, per Ordinance 1180; and the Dorothy McElfresh Memorial Fund, transferring remaining funds to the General Reserve Fund, per Ordinance 1181.

**CITY OF GRANGER**  
**NOTES TO FINANCIAL STATEMENTS**  
**January 1, 2012 through December 31, 2012**

**Note 1 - Summary of Significant Accounting Policies**

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

The City of Granger was incorporated on October 1, 1909 and operates under the laws of the state of Washington applicable to a non-charter code city. The City of Granger is a general purpose government and provides public safety, fire protection, street improvements, parks, general administrative services, water, sewer, irrigation, and garbage services. The City of Granger uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

**A. Fund Accounting**

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

**GOVERNMENTAL FUND TYPES:**

**General (Current Expense) Fund**

This fund is the primary operating fund of the City of Granger. 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 City of Granger.

**Debt Service Funds**

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

**Capital Projects 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.

**Permanent Funds**

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

## PROPRIETARY FUND TYPES:

### Enterprise Funds

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

### Internal Service Funds

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

## FIDUCIARY FUND TYPES:

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

### Private-Purpose Trust Funds

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

### Agency Funds

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

## B. Basis of Accounting

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

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

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

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

## C. Budgets

The City of Granger adopts an annual appropriated budgets for the General, Street, EMS, Criminal Justice, Crime Prevention, Public Safety, Fire Dept. Reserve, Home Irrigation, Festival/Float, Dinosaur, General Reserve, Federal Housing Rehabilitation, NC Service, Planning Only, SEID, GTP, Water/Sewer, Garbage, Consumer Deposit, Irrigation, Garbage Reserve, PWTF Reserve, W/S Reserve, McElfresh Memorial, Bell Memorial, Capital Improvement 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 Expenditures	Variance
General Fund	\$ 994,622.00	\$ 994,590.64	\$ 31.36
Street Fund	\$ 246,610.00	\$ 172,099.76	\$ 74,510.24
EMS Fund	\$ 22,989.00	\$ 22,958.45	\$ 30.55
Criminal Justice Fund	\$ 43,410.00	\$ 41,464.88	\$ 1,945.12
Crime Prevention Fund	\$ 5,000.00	\$ 0.00	\$ 5,000.00
Public Safety Fund	\$ 84,754.00	\$ 84,147.00	\$ 606.56
Fire Dept. Reserve Fund	\$ 34,075.00	\$ 0.00	\$ 34,075.00
Home Irrigation Fund	\$ .00 0	\$ 0.00	\$ 0.00
Festival/Float Fund	\$ 3,850.00	\$ 2,910.63	\$ 939.37
Dinosaur Fund	\$ 0.00	\$ 0.00	\$ 0.00
General Reserve Fund	\$ 2,050.00	\$ 0.00	\$ 2,050.00
Fed House Rehab Fund	\$ 12,850.00	\$ 8,124.35	\$ 4,725.65
NWC Service Fund	\$ 0.00	\$ 0.00	\$ 0.00
Plan Only Grant Fund	\$ 0.00	\$ 0.00	\$ 0.00
SEID Fund	\$ 44,500.00	\$ 0.00	\$ 44,550.00
GTP Fund	\$ 0.00	\$ 0.00	\$ 0.00
Water/Sewer Fund	\$ 752,000.00	\$ 744,935.01	\$ 7,064.99
Garbage Fund	\$ 220,200.00	\$ 205,050.50	\$ 15,149.50
Consumer Deposit Fund	\$ 38,050.00	\$ 0.00	\$ 38,050.00
Irrigation Fund	\$ 169,000.00	\$ 163,685.01	\$ 5,314.99
Garbage Reserve Fund	\$ 125,050.00	\$ 0.00	\$ 125,050.00
PWTF Reserve Fund	\$ 178,000.00	\$ 15,048.81	\$ 162,951.19
W/S Reserve Fund	\$ 103,050.00	\$ 0.00	\$ 103,050.00
McElfresh Fund	\$ 0.00	\$ 0.00	\$ 0.00
Bell Memorial Fund	\$ 83,015.00	\$ 860.99	\$ 82,154.01
Capital Improve Fund	\$ 28,525.00	\$ 0.00	\$ 28,525.00

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Granger's legislative body.

#### D. Cash

It is the City of Granger's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

#### E. Deposits

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

#### F. Investments See Note 3, *Investments*.

G. Derivatives and Similar Transactions

H. Capital Assets

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

I. Compensated Absences

Vacation leave may be accumulated up to 17 days depending on the years of service and is payable upon separation or retirement.

Sick leave may be accumulated up to 480 hours. Upon retirement, employees do receive payment for unused sick leave.

J. Long-Term Debt See Note 6, *Debt Service Requirements*.

K. Other Financing Sources or Uses

The City of Granger's *Other Financing Sources or Uses* consist of:  
Interfund loans  
Transfer In  
Transfer Out

L. Risk Management

The City of Granger 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 coverage is 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. 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 AWC RMSA is a cooperative program, the members of the AWC RMSA are jointly liable.

Members contract to remain in the AWC RMSA 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 there were a signatory to the Interlocal Government 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 official of participating members.

**M. Reserved Fund Balance**

The following funds are consolidated within the appropriate primary fund and reported under 308.10 Reserved.

**GENERAL FUND**

185 General Reserve Fund	\$ 2,538.94
137 Crime Prevention Fund	\$23,521.48
150 Fire Dept Reserve Fund	<u>\$35,364.85</u>
	\$61,425.27

**IRRIGATION**

155 Home Irrigation	\$29,592.71
---------------------	-------------

**WATER/SEWER**

440 Consumer Deposit	\$ 36,382.29
475 PWTF Reserve	\$147,742.03
480 W/S Reserve	\$104,270.66
196 Planning Only	\$ 23,825.00
	\$288,394.98

**GARBAGE**

451 Garbage Reserve	\$131,580.67
---------------------	--------------

**Note 2 - Investments**

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

Investments are presented at Washington State Local Investment Pool.

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

<u>Type of Investment</u>	① (City of Granger's own investments)	② Investments held by (city/ county/ district) as an agent for other local governments, individuals or private organizations.	③ Total
L.G.I.P.	\$959,054.72	\$ _____	\$959,054.72
Total	\$ <u>959,054.72</u>	\$ _____	\$959,054.72

### **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 (at/after) the end of each month.

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

The City of Granger's regular levy for the year 2012 was \$2.58 per \$1,000 on an assessed valuation of \$77,284,409 for a total regular levy of \$199,594.92.

### **Note 4- Interfund Loans**

The following table displays interfund loan activity during 2012: None

<u>Borrowing</u> <u>Fund</u>	<u>Lending</u> <u>Fund</u>	<u>Balance</u> <u>1/1/2012</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2012</u>	
			\$ _____	\$ _____	\$ _____	\$ _____
			_____	_____	_____	_____
		TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

### **Note 5 – Debt Service Requirements**

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Granger and summarizes the City of Granger's debt transactions for year ended December 31, 2012.

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

	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Revenue</u> <u>Bonds</u>	<u>Other</u> <u>Debt</u>	<u>Total</u> <u>Debt</u>
2013	\$	\$	36,809	36,809
2014			36,663	36,663
2015			36,526	36,526
2016			36,390	36,390
2017- 2021			179,896	179,896
2022- 2026			109,440	109,440
2027- 2031			109,440	109,440
2032- 2036			109,440	109,440
2037- 2041			109,440	109,440
2042- 2047			109,440	109,440
2048-2050			65,540	65,540
TOTALS			<u>\$939,024.00</u>	<u>\$939,024.00</u>

## **Note 6 - Pension Plans**

Substantially all City of Granger's full-time and qualifying part-time employees participate in PERS 2, LEOFF 2 and Deferred Compensation Program administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City of Granger'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 7 - Other Disclosures**

### **LEOFF**

The City of Granger has a commitment to pay for post employment benefits for employees that belong to the Department of Retirement (LEOFF1). These benefits include all medical and vision care. Two retirees received benefits during the year and \$25,257.04 was paid out for those benefits during the year.

On October 30, 2012, TA Properties, Inc. (TA) filed a petition under Chapter 11 of the United States Bankruptcy Code. TA asserted in bankruptcy schedules that it owed the City of Granger (COG) \$155,000. The bankruptcy schedules listed COG as an unsecured creditor. COG has filed a claim in the bankruptcy asserting that it is owed \$258,983.98. COG has also asserted that its claim is secured by a junior mortgage on certain real estate owned by TA. The senior security position on the property is held by Wells Fargo Bank in the filed amount of \$4.14 million. TA has not proposed a bankruptcy plan at this point in time, but has instead indicated it is attempting to negotiate a restructure with Wells Fargo Bank. COG has held off taking any action in the bankruptcy proceeding pending a determination of whether a restructuring with Wells Fargo is possible. Recovery prospects are unclear at this point in time.

**City of Granger**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2013**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligations</b>						
259.11	Compensated Absences		27,332	18,319	7,037	38,614
259.11	Compensated Absences		32,086	2,478	12,023	22,541
251.19	2010-USDA RD Loan	5/25/2050	469,453	-	21,880	447,573
263.81	2002 P.W. Board Loan	7/1/2021	123,127	-	13,681	109,446
251.19	2006 Yakima Co. Treasurer SEID	6/1/2013	44,492	-	44,492	-
<b>Total General Obligations:</b>			<b>696,490</b>	<b>20,797</b>	<b>99,113</b>	<b>618,174</b>
<b>Total Liabilities:</b>			<b>696,490</b>	<b>20,797</b>	<b>99,113</b>	<b>618,174</b>

**City of Granger**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2012**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligations</b>						
259.11	Compensated Absences		39,414	1,249	13,331	27,332
	<b>Total General Obligations:</b>		<b>39,414</b>	<b>1,249</b>	<b>13,331</b>	<b>27,332</b>
<b>Revenue Obligations</b>						
259.12	Compensated Absences		46,269	1,466	15,650	32,085
263.62	Notes Payable	12/31/2048	456,000	-	21,888	434,112
263.82	Loans and other payments to other governments	12/31/2021	136,807	-	13,680	123,127
263.82	Loans and other payments to other governments	12/31/2013	88,983	-	44,491	44,492
	<b>Total Revenue Obligations:</b>		<b>728,059</b>	<b>1,466</b>	<b>95,709</b>	<b>633,816</b>
	<b>Total Liabilities:</b>		<b>767,473</b>	<b>2,715</b>	<b>109,040</b>	<b>661,148</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.

Contact information for the State Auditor's Office	
<b>Deputy Director for Communications</b>	Thomas Shapley <a href="mailto:Thomas.Shapley@sao.wa.gov">Thomas.Shapley@sao.wa.gov</a> (360) 902-0367
<b>Public Records requests</b>	(360) 725-5617
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>