



# Washington State Auditor's Office

Government that works for citizens

## Financial Statements and Federal Single Audit Report

### City of Moxee

Yakima County

**For the period January 1, 2014 through December 31, 2015**

**Published September 19, 2016**

**Report No. 1017472**





## Washington State Auditor's Office

September 19, 2016

Mayor and City Council  
City of Moxee  
Moxee, Washington

### **Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Moxee**  
**Yakima County**  
**January 1, 2015 through December 31, 2015**

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Moxee are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### Financial Statements

We issued an adverse opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation of all funds with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

##### Internal Control over Financial Reporting:

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

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

#### Federal Awards

##### Internal Control over Major Programs:

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

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

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

### **Identification of Major Federal Programs:**

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**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 Moxee  
Yakima County  
January 1, 2014 through December 31, 2015**

Mayor and City Council  
City of Moxee  
Moxee, 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 Moxee, Yakima County, Washington, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 8, 2016.

We issued an adverse 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.

In addition, we noted certain matters that we have reported to the management of the City in a separate letter dated September 8, 2016.

## COMPLIANCE AND OTHER MATTERS

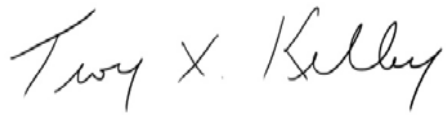
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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

September 8, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE**

**City of Moxee  
Yakima County  
January 1, 2015 through December 31, 2015**

Mayor and City Council  
City of Moxee  
Moxee, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM**

We have audited the compliance of the City of Moxee, Yakima County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

### **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

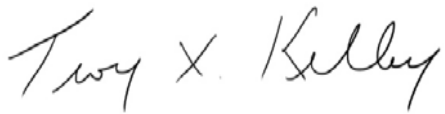
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies

in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

September 8, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **City of Moxee Yakima County January 1, 2014 through December 31, 2015**

Mayor and City Council  
City of Moxee  
Moxee, Washington

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

We have audited the accompanying financial statements of the City of Moxee, Yakima County, Washington, for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 16.

#### **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 Moxee 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 Moxee, for the years ended December 31, 2015 and 2014, 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 Moxee, as of December 31, 2015 and 2014, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## **Other Matters**

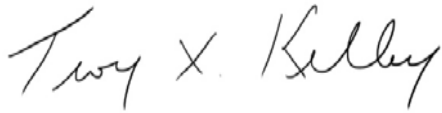
### ***Supplementary and Other Information***

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Schedules of Liabilities are also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2016 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.

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TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

September 8, 2016

## **FINANCIAL SECTION**

**City of Moxee  
Yakima County  
January 1, 2014 through December 31, 2015**

### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2015  
Fund Resources and Uses Arising from Cash Transactions – 2014  
Notes to Financial Statements – 2015  
Notes to Financial Statements – 2014

### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2015  
Schedule of Liabilities – 2014  
Schedule of Expenditures of Federal Awards – 2015  
Notes to the Schedule of Expenditures of Federal Awards – 2015



**City of Moxee**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2015**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 Streets</b>	<b>301 Capital Projects</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	5,107,014	1,601,295	361,499	91,263
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	1,333,661	1,061,061	147,509	-
320	Licenses and Permits	207,521	207,521	-	-
330	Intergovernmental Revenues	1,455,455	124,582	78,988	-
340	Charges for Goods and Services	1,475,446	35,815	13,818	-
350	Fines and Penalties	14,781	14,781	-	-
360	Miscellaneous Revenues	208,921	102,209	530	74,038
Total Operating Revenues:		4,695,786	1,545,970	240,845	74,038
<b>Operating Expenditures</b>					
510	General Government	324,780	324,780	-	-
520	Public Safety	659,373	659,373	-	-
530	Utilities	1,150,078	-	-	-
540	Transportation	172,856	-	172,856	-
550	Natural and Economic Environment	88,161	53,552	-	-
560	Social Services	859	859	-	-
570	Culture and Recreation	105,220	105,220	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		2,501,326	1,143,784	172,856	-
Net Operating Increase (Decrease):		2,194,460	402,186	67,989	74,038
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	287,754	20,120	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	131,745	-	-	20,000
Total Nonoperating Revenues:		419,499	20,120	-	20,000
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	20,376	20,376	-	-
591-593	Debt Service	344,308	26,084	-	-
594-595	Capital Expenditures	1,615,862	50,457	32,549	24,260
597	Transfers-Out	131,745	20,000	-	-
Total Nonoperating Expenditures:		2,112,291	116,917	32,549	24,260
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>501,668</b>	<b>305,389</b>	<b>35,440</b>	<b>69,778</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	5,608,682	1,906,684	396,939	161,040
<b>Total Ending Cash and Investments</b>		<b>5,608,682</b>	<b>1,906,684</b>	<b>396,939</b>	<b>161,040</b>

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

<b>302 Economic Development</b>	<b>303 Dcd</b>	<b>305 City Street Construction</b>	<b>401 Water/Sewer Operating Fund</b>	<b>402 Pressurized Irrigation System</b>	<b>405 Garbage Fund</b>
-	-	-	-	-	-
444,663	28,992	9,415	2,459,136	-	110,750
-	-	-	-	-	-
125,091	-	-	-	-	-
-	-	-	-	-	-
-	-	1,251,885	-	-	-
-	-	-	981,141	40,638	404,034
-	-	-	-	-	-
719	44	1	31,120	99	162
125,809	44	1,251,887	1,012,261	40,736	404,196
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	717,236	36,197	396,646
-	-	-	-	-	-
34,608	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
34,608	-	-	717,236	36,197	396,646
91,201	44	1,251,887	295,025	4,539	7,550
-	-	-	267,634	-	-
-	-	-	-	-	-
-	-	-	-	111,745	-
-	-	-	267,634	111,745	-
-	-	-	-	-	-
-	-	-	318,224	-	-
-	-	1,246,433	262,162	-	-
-	-	-	111,745	-	-
-	-	1,246,433	692,131	-	-
91,201	44	5,454	(129,472)	116,284	7,550
-	-	-	-	-	-
535,864	29,036	14,868	2,329,665	116,285	118,301
535,864	29,036	14,868	2,329,665	116,285	118,301

The accompanying notes are an integral part of this statement.

**City of Moxee**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2014**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 Streets</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	16,326	-	-
30880	Unreserved	4,770,024	1,428,778	346,876
388 & 588	Prior Period Adjustments, Net	-	-	-
<b>Operating Revenues</b>				
310	Taxes	1,215,721	1,041,678	139,708
320	Licenses and Permits	115,481	115,481	-
330	Intergovernmental Revenues	509,157	117,678	75,389
340	Charges for Goods and Services	1,276,146	28,500	-
350	Fines and Penalties	12,792	12,792	-
360	Miscellaneous Revenues	160,757	97,230	556
Total Operating Revenues:		3,290,054	1,413,360	215,654
<b>Operating Expenditures</b>				
510	General Government	354,895	354,895	-
520	Public Safety	617,559	617,559	-
530	Utilities	1,022,598	-	-
540	Transportation	201,031	-	201,031
550	Natural and Economic Environment	85,335	51,505	-
560	Social Services	832	832	-
570	Culture and Recreation	111,203	111,203	-
Total Operating Expenditures:		2,393,452	1,135,994	201,031
Net Operating Increase (Decrease):		896,601	277,366	14,623
<b>Nonoperating Revenues</b>				
370-380, 395 & 398	Other Financing Sources	134,851	19,687	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
Total Nonoperating Revenues:		134,851	19,687	-
<b>Nonoperating Expenditures</b>				
580, 596 & 599	Other Financing Uses	17,531	17,531	-
591-593	Debt Service	192,985	26,084	-
594-595	Capital Expenditures	500,274	80,921	-
597	Transfers-Out	-	-	-
Total Nonoperating Expenditures:		710,791	124,537	-
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>320,662</b>	<b>172,517</b>	<b>14,623</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	-	-	-
5088000	Unreserved	5,107,014	1,601,295	361,499
<b>Total Ending Cash and Investments</b>		<b>5,107,014</b>	<b>1,601,295</b>	<b>361,499</b>

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

<b>301 Capital Projects</b>	<b>302 Economic Development</b>	<b>303 Dcd</b>	<b>305 City Street Construction</b>	<b>401 Water/Sewer Operating Fund</b>	<b>405 Garbage Fund</b>
16,326	-	-	-	-	-
76,743	443,379	28,941	27,337	2,304,381	113,589
-	-	-	-	-	-
-	34,334	-	-	-	-
-	-	-	-	-	-
-	-	-	204,345	111,744	-
-	-	-	-	889,734	357,913
-	-	-	-	-	-
16,154	780	51	10	45,775	201
16,154	35,114	51	204,356	1,047,253	358,114
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	665,912	356,686
-	-	-	-	-	-
-	33,830	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	33,830	-	-	665,912	356,686
16,154	1,284	51	204,356	381,341	1,428
-	-	-	-	115,164	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	115,164	-
-	-	-	-	-	-
-	-	-	-	166,901	-
17,961	-	-	222,278	174,848	4,266
-	-	-	-	-	-
17,961	-	-	222,278	341,749	4,266
<b>(1,807)</b>	<b>1,284</b>	<b>51</b>	<b>(17,922)</b>	<b>154,756</b>	<b>(2,838)</b>
-	-	-	-	-	-
91,263	444,663	28,992	9,415	2,459,136	110,750
<b>91,263</b>	<b>444,663</b>	<b>28,992</b>	<b>9,415</b>	<b>2,459,136</b>	<b>110,750</b>

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

**City of Moxee**  
**Notes to the Financial Statements**  
**For the year ended 12/31/2015**

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

The City of Moxee was incorporated on 1921 and operates under the laws of the state of Washington applicable to a non-charter code city with a Mayor-Council form of government. The City of Moxee is a general purpose local government and provides public safety, street improvements, parks and general administration services. In addition, the City owns and operates a water system and sewer collection system.

The City of Moxee reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the government. 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 government.

### 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.

#### Internal Service Funds

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

### B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

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

### C. Budgets

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

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense (General)	\$ 1,415,850	\$ 1,249,868	\$ 165,982
City Streets	\$ 221,700	\$ 202,856	\$ 18,844
Capital Projects	\$ 50,000	\$ 24,260	\$ 25,740
Economic Development	\$ 191,000	\$ 34,608	\$ 156,392
City Street Construction	\$ 1,650,600	\$ 1,246,433	\$ 404,167
Water/Sewer	\$ 1,200,845	\$ 1,168,985	\$ 31,860
Pressurized Irrigation System	\$ 43,000	\$ 36,197	\$ 6,803
Garbage	\$ 403,500	\$ 396,646	\$ 6,854
Capital Facilities Projects	\$ 46,000	\$ 43,220	\$ 2,780
Water Capital Improvements	\$ 390,000	\$ 262,162	\$ 127,838
Equipment Reserves	\$ 90,000	\$ 83,006	\$ 6,994
	<u>\$ 5,702,495</u>	<u>\$ 4,748,241</u>	<u>\$ 954,254</u>

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

During the year 2015 the 2015 Final Budget had total amendments in the following funds:

Fund 401	Water /Sewer	\$238,453.00
Fund 402	Pressurized Irrigation System	\$ 15,000.00
Fund 405	Garbage	\$ 30,000.00
Fund 425	Capital Facilities	\$ 46,000.00
Fund 430	Water Capital Improvements	\$270,000.00
Fund 501	Equipment Reserves	<u>\$ 20,000.00</u>
		\$619,453.00

All amendments were for unanticipated expenditures of which there were sufficient revenues and cash reserves to cover the cost of the unforeseen expenditures. In Fund 401 \$153,000 was for a DWSRF loan payment that was expected to be 2016 and \$45,453 for funds received at year end in 2014 to be transferred to Fund 402, an operating transfer of \$30,000 to Fund 425 and \$10,000 was for unanticipated expenditures. In Fund 402 \$15,000 was for unanticipated supplies for repairs. In Fund 405 \$30,000 was for unanticipated expenditures in services. In Fund 425 \$46,000 was for a Water Comp Plan Update. In Fund 430 \$270,000 was for an emergency drought declaration. In Fund 501 \$20,000 was for the purchase of a used snow plow.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 20 days and is payable upon separation or retirement. Sick leave may be accumulated up to 480 hours. Upon retirement or death unpaid sick leave is paid at 8 hours per 32 hours of sick time. (4 to 1). Leave payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consist of Transfers -in and Transfers Out.

## I. Risk Management

The City of Moxee is a member of Cities Insurance Association of Washington (CIAW). 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 December 1, 2015, there are 210 members in the program.

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

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability which have a self-insured retention of \$25,000. 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 as another layer of protection to its membership, with an attachment point of \$2,140,107.

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, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is \$15,000 and is covered by the CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 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/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2015, were \$627,702.49.



#### J. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Ordinance or Resolution of the City Council. When expenditures that meet restrictions are incurred, the City of Moxee intends to use reserved resources first before using unreserved amounts.

The City of Moxee has no reservations of Ending Cash and Investments.

#### **Note 2 - 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 City of Moxee. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Moxee's regular levy for the year 2015 was \$1.52748568 per \$1,000 on an assessed valuation of \$282,931,249 for a total regular levy of \$432,173.43.

#### **Note 3 – Deposits and Investments**

It is the City of Moxee's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All investments are insured, registered or held by the City of Moxee or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2015 are as follows:

Type of Investment	City of Moxee's Own Investments	Investments held by the City of Moxee as an agent for Other local governments, Individuals or private organizations.	Total
Money Market Account	\$5,398,138.02	\$60,342.94	\$5,458,480.96

## **Note 4 – Debt Service Requirements**

### **Debt Service**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Moxee and summarizes the City of Moxee's debt transactions for year ended December 31, 2015.

The debt service requirements for Public Works Trust Fund Loan, SIED Loans and DWSRF Loan are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$263,701.43	\$42,800.36	\$306,501.79
2017	\$239,296.33	\$38,826.61	\$278,122.94
2018	\$239,958.05	\$35,870.40	\$275,828.45
2019	\$240,635.90	\$32,898.09	\$273,533.99
2020	\$218,966.91	\$29,909.22	\$248,876.13
2021-2025	\$1,105,858.10	\$110,814.43	\$1,216,672.53
2026-2030	\$617,271.04	\$50,158.49	\$667,429.53
2031-2035	\$359,255.48	\$13,472.08	\$372,727.56
<b>TOTALS</b>	<b>\$3,284,943.24</b>	<b>\$354,749.68</b>	<b>\$3,639,692.92</b>

## **Note 5 – Pension Plans**

### **A. State Sponsored Pension Plans**

Substantially all the City of Moxee's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2015, the City of Moxee's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	.003692%	\$193,126
PERS 2/3	.004771%	\$170,471
LEOFF 1	.000418%	-\$5,038
LEOFF 2	.009957%	-\$102,338

#### LEOFF Plan 2

The City of Moxee also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

### **Note 6 - Other Disclosures**

#### Construction Projects

The City of Moxee has active construction projects as of December 31, 2015. The projects include the Morrier Lane/SR24 Intersection Improvement Project and the Morrier lane Extension Project.

The Morrier Lane/SR Intersection Project Design & Right of Way is funded with Federal pass through funds from the Department of Transportation provided by Surface Transportation Program (STP) and TIB funds.

The Morrier Lane Extension Project is funded for design only from the Department of Transportation with Federal pass through funds from the (STP) programs.

## City of Moxee

For the Year Ended December 31, 2014

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

The City of Moxee was incorporated in 1921 and operates under the laws of the state of Washington applicable to a Mayor-Council. The City of Moxee is a general purpose local government and provides public safety, street improvements, parks and general administration services. In addition the City of Moxee owns and operates a water system and sewer collection system.

The City of Moxee reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

#### A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

#### GOVERNMENTAL FUND TYPES:

##### General (Current Expense) Fund

This fund is the primary operating fund of the government. 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 government.

##### 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.

### 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 government on a cost reimbursement basis.

### B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

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

### C. Budgets

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

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense (General)	\$ 1,376,750	\$ 1,243,028	\$ 133,722
City Streets	\$ 224,400	\$ 206,031	\$ 18,369
Capital Projects	\$ 30,000	\$ 17,961	\$ 12,039
Economic Development	\$ 35,000	\$ 33,830	\$ 1,170
City Street Construction	\$ 524,000	\$ 222,278	\$ 301,722
Water/Sewer	\$ 897,400	\$ 859,047	\$ 38,353
Garbage	\$ 366,800	\$ 360,952	\$ 5,848
Water Capital Improvements	\$ 405,000	\$ 158,613	\$ 246,387
Equipment Reserves	\$ 55,000	\$ 54,971	\$ 29
Totals	\$ 3,914,350	\$ 3,156,711	\$ 757,639

Budgeted amounts are authorized to be transferred between 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 Moxee's City Council.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

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

F. Compensated Absences

Vacation leave may be accumulated up to 20 days and is payable upon separation or retirement. Sick leave may be accumulated 480 hours. Upon retirement or death employees unused sick leave is paid at 8 hours per 32 hours of sick time (4 to 1). Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The City of Moxee *Other Financing Sources or Uses* consist of transfers in and out between funds and proceeds from sales of capital assets.

I. Risk Management

The City of Moxee is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a 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 December 1, 2014, there are 223 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, is included to fit members various needs.

The program acquires liability insurance through their Administrator, Canfield, that is subject to a per-occurrence self-insured retention of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the program is responsible for the remaining \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members 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 \$3,259,396 to cap the total claims paid by the program in any one year.

Property insurance is subject to a per occurrence self-insurance retention of \$25,000. Members are responsible for the first \$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, which may vary per member with the exception of Pumps & Motors which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program of 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 of 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. On July 21, 2014 the Board passed a resolution changing the CIAW's renewal date from September 1, to December 1<sup>st</sup> beginning with the 2014-2015 policy term. An endorsement was added to the 2013-2014 Memorandum of Coverage, extending coverage to December 1, 2014. The next full policy year will begin on December 1, 2014. Premiums were prorated for the extension period. Invoices and certificates were issued.

The program has no employees. Claims are filed by members with Canfield, which has been contracted to perform program administration, and loss prevention for the program. Fees paid to third party administrator under this arrangement for the year ending December 1, 2014, were \$1,817,654.59.

Copies of the program's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

#### J. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Ordinance or Resolution of the City Council. When expenditures that meet restrictions are incurred, the City of Moxee intends to use reserved resources first before using unreserved amounts.

The City of Moxee previously reported in 2013 that it had an ending reserved fund balance in Fund 301 Capital Projects of \$16,326.38 for future signal improvements for SR 24 and Faucher Road, required by WA State Department of Transportation. It has since been determined that these funds do not fit the criteria of reserved funds and are now being reported as unreserved funds.

The City of Moxee has no Ending Cash and Investments reservations.

### **Note 2- 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 City of Moxee. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Moxee's regular levy for the year 2014 was \$1.54322146 per \$1,000 on an assessed valuation of \$269,777,430 for a total regular levy of \$416,326.32.

### **Note 3 – Deposits and Investments**

It is the City of Moxee's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the NCUA. All investments are insured, registered or held by the City of Moxee or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2014 are as follows:

<u>Type of Investment</u>	<u>Total Balance</u>
Money Market Account	\$4,800,740.02

### **Note 4 – Debt Service Requirements**

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Moxee and summarizes the City of Moxee debt transactions for year ended December 31, 2014.

It should be noted that on 2013's Schedule 09 for the DWSRF Loan reflected an addition in the amount \$1,776,713.40, with an ending balance of \$1,776,713.40. That figure did not include the loan fee of \$19,546. The accurate amount should have been \$1,796,277.40 for both the addition and the ending balance. This year the Schedule 09 reflects the correct beginning balance for the DWSRF loan in the amount of \$1,796,277.40.



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

<b>Year</b>	<b>Revenue Debt</b>	<b>G.O. Debt</b>	<b>Total</b>
2014	\$166,901.12	\$26,084.22	\$192,985.34
2015	\$318,910.61	\$26,084.22	\$344,994.83
2016	\$280,417.41	\$26,084.38	\$306,501.79
2017	\$278,122.94	\$0.00	\$278,122.94
2018	\$275,828.45	\$0.00	\$275,828.45
2019-2023	\$1,257,955.27	\$0.00	\$1,257,955.27
2024-2028	\$954,109.88	\$0.00	\$954,109.88
2029-2033	\$476,013.51	\$0.00	\$476,013.51
2034	\$91,161.08	0	\$91,161.08
Totals	\$4,099,420.27	\$78,252.82	\$4,177,673.09

#### **Note 5 - Interagency Loans**

An interagency loan of \$30,000 to Terrace Heights Sewer District on 12/31/2013 to purchase equipment was repaid in full on 3/3/2014. The following table displays interagency loan activity during 2014:

<u>Lending Fund</u>	<u>Balance 1/1/2013</u>	<u>New Loan</u>	<u>Repayments</u>	<u>Balance 12/31/2014</u>
401 –Water/Sewer	\$25,000	\$30,000	\$55,000	\$0

#### **Note 6 - Pension Plans**

Substantially all City of Moxee's full-time and qualifying part-time employees participate in PERS and LEOFF 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 Moxee'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 – Health & Welfare**

The City of Moxee is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP. The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement. Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims. Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

**City of Moxee**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2015**

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>General Obligation Debt/Liabilities</b>						
263.83	2004 SIED Loan YC-BE-04	6/1/2016	49,109	-	24,058	25,051
<b>Total General Obligation Debt/Liabilities:</b>			<b>49,109</b>	<b>-</b>	<b>24,058</b>	<b>25,051</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		25,928	4,203	-	30,131
264.30	Pension Liabilities		-	363,596	-	363,596
263.82	1999 PWTF Loan - PW-99-791-022	7/1/2019	111,817	-	22,363	89,454
263.82	2006 PWTF Loan- PW-06-962-027	7/1/2026	1,200,000	-	100,000	1,100,000
263.82	2013-DWSRF Loan- DM 11+952-025	10/1/2035	1,796,277	-	89,814	1,706,464
263.82	2012 SIED Loan - YC-TB-12	6/1/2027	389,818	-	25,843	363,975
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,523,840</b>	<b>367,799</b>	<b>238,020</b>	<b>3,653,619</b>
<b>Total Liabilities:</b>			<b>3,572,950</b>	<b>367,799</b>	<b>262,078</b>	<b>3,678,670</b>

**City of Moxee**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2014**

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>General Obligation Debt/Liabilities</b>						
259.11	Compensated absences		34,858	-	14,834	20,024
263.81	2004 SIED Loan YC-BE-04	6/1/2016	72,215	-	23,105	49,109
<b>Total General Obligation Debt/Liabilities:</b>			<b>107,073</b>	<b>-</b>	<b>37,939</b>	<b>69,134</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		11,298	-	5,793	5,505
259.12	Compensated Absences		1,900	-	1,500	399
263.82	1999 PWTF Loan PW-99-791-022	7/1/2019	134,180	-	22,363	111,817
263.82	2006 PWTF Loan PW-06-962-027	7/21/2026	1,300,000	-	100,000	1,200,000
263.82	2013-DWSRF Loan DM 11-952-025	10/1/2035	1,796,277	-	-	1,796,277
263.82	2012 SIED Loan YC-TB-12	6/1/2027	415,045	-	25,227	389,818
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,658,700</b>	<b>-</b>	<b>154,884</b>	<b>3,503,816</b>
<b>Total Liabilities:</b>			<b>3,765,773</b>	<b>-</b>	<b>192,823</b>	<b>3,572,950</b>

**City of Moxee**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2015**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
Bureau Of Justice Assistance, Department Of Justice (via Bureau of Justice, Department of Justice/Bureau of Justice Assistance)	Bulletproof Vest Partnership Program	16.607	OMB-1121-0235	933	-	933	1,2
<b>Highway Planning and Construction Cluster</b>							
Federal Highway Administration (fhwa), Department Of Transportation (via Department of Transportation/Federal Highway Administration(FWHA))	Highway Planning and Construction	20.205	STPUS-4669- 9939(023)	1,075,492	-	1,075,492	1,2
Federal Highway Administration (fhwa), Department Of Transportation (via Department of Transportation/Federal Highway Administration(FWHA))	Highway Planning and Construction	20.205	STPUS-4669- 9939(001)	1,535	-	1,535	1,2
<b>Total Highway Planning and Construction Cluster:</b>				<b>1,077,027</b>	<b>-</b>	<b>1,077,027</b>	
<b>Total Federal Awards Expended:</b>				<b>1,077,960</b>	<b>-</b>	<b>1,077,960</b>	

**City of Moxee**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2015**

**Note 1 – Basis of Accounting**

This schedule is prepared on the same basis of accounting as the City of Moxee's financial statements. The City of Moxee 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 an Other 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.

**Note 2 – Program Costs**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Moxee's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 – Indirect Cost Rate**

The City of Moxee has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

## 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<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>