



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

City of Wapato

Yakima County

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

Published September 22, 2016

Report No. 1017550





Washington State Auditor's Office

September 22, 2016

Mayor and City Council
City of Wapato
Wapato, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Wapato'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

TABLE OF CONTENTS

Schedule Of Findings And Questioned Costs.....	4
Summary Schedule Of Prior Audit Findings	6
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	8
Independent Auditor’s Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance In Accordance With The Uniform Guidance	11
Independent Auditor’s Report On Financial Statements	14
Financial Section.....	17
About The State Auditor’s Office.....	34

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Wapato
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 Wapato 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 unmodified 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>
10.760	Water and Waste Disposal Systems for Rural Communities

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Wapato Yakima County January 1, 2015 through December 31, 2015

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the City of Wapato. The State Auditor's Office has reviewed the status as presented by the City.

Audit Period: January 1, 2014 through December 31, 2014	Report Ref. No: 1015253	Finding Ref. No: 2014-001	CFDA Number(s): 10.760
Federal Program Name and Granting Agency: U.S. Department of Agriculture		Pass-Through Agency Name: NA	
Finding Caption: The City does not have adequate internal controls to ensure compliance with federal suspension and debarment requirements.			
Background: The City spent \$1,365,078 in Water and Waste Disposal Systems for Rural Communities loan program in 2014. The City used the funds to update its wastewater facilities. Federal requirements prohibit grant recipients from contracting with or making sub awards to vendors that are suspended or debarred from doing business with the federal government. For contracts paid \$25,000 or more, the City must ensure the vendor is not suspended or debarred. The City can obtain written certification from the vendor or insert a clause into the contract where the vendor states it is not suspended or debarred. Alternatively, the City may review the federal the Federal Excluded Parties List (EPLS) issued by the U.S. General Services Administration. This requirement must be met prior to entering into a contract with the vendor. Typically, the City awards contracts for federally funded projects through its bid procurement process and ensures the contracts include clauses covering suspension and debarment requirements. However, for one engineering firm that was paid \$552,879 in 2014, the City did not include the necessary clause in the contract or take other measures to ensure federal suspension and debarment requirements were met prior to entering into this contract.			
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Fully Corrected </div> <div> <input type="checkbox"/> Partially Corrected </div> <div> <input type="checkbox"/> Not Corrected </div> <div> <input type="checkbox"/> Finding is considered no longer valid </div> </div>			
Corrective Action Taken: <i>August 25, 2016-Suspension/Debarment paperwork for Huibregtse Louman Associates (HLA) for the WWTP Upgrade: HLA was hired April 2013 to work on the WWTP Upgrade previous to the City having a loan/grant from USDA-RD. USDA-RD loan was signed in July 2013.</i>			

Public Works Director Gary Potter was instructed by Mayor Jesse Farias to manage the grant and make sure it was in compliance. Mr. Potter retired September 2013. HLA was removed from the project as of September 15, 2014. Gray and Osborne was hired on October 6, 2014. Current Public Works Director, Menglou Wang, was able to provide the Auditor's Suspension and Debarment paperwork on both Gray and Osborne along with the construction contractor, Apollo. He could not find that paperwork on HLA. He looked through all of Mr. Potter's paperwork and reached out to him by email trying to locate the document. The document showing suspension and/or debarment for HLA was not located and Mr. Potter did not respond to the email. This was communicated to the Audit Lead, Mandy Wilson. Per The Mayor's direction Mr. Wang attended Federal Grant training on October 13, 2015 which was taught by Felicia Den Adel in Pasco, WA. The City has implemented procedures to ensure that future contracts are awarded in accordance with federal suspension and debarment requirements, if applicable.

**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 Wapato
Yakima County
January 1, 2015 through December 31, 2015**

Mayor and City Council
City of Wapato
Wapato, 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 Wapato, Yakima County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 16, 2016.

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 audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

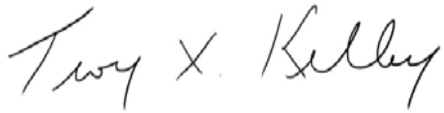
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

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

PURPOSE OF THIS REPORT

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

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

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 16, 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 Wapato
Yakima County
January 1, 2015 through December 31, 2015**

Mayor and City Council
City of Wapato
Wapato, Washington

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

We have audited the compliance of the City of Wapato, 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.

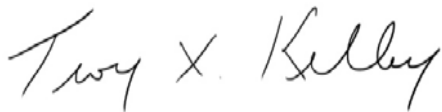
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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 16, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Wapato Yakima County January 1, 2015 through December 31, 2015

Mayor and City Council
City of Wapato
Wapato, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Wapato, Yakima County, Washington, for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 17.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Wapato 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 Wapato, for the year ended December 31, 2015, 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 Wapato, as of December 31, 2015, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

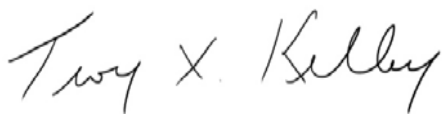
Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 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.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 16, 2016

FINANCIAL SECTION

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

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

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

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

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 Street Fund
Beginning Cash and Investments				
30810	Reserved	588,249	81,792	125,527
30880	Unreserved	4,735,469	1,862,425	-
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	2,296,216	2,187,693	100,592
320	Licenses and Permits	103,039	99,531	100
330	Intergovernmental Revenues	1,828,761	197,619	119,945
340	Charges for Goods and Services	4,291,092	1,100,231	104
350	Fines and Penalties	50,817	49,932	-
360	Miscellaneous Revenues	837,238	70,604	1,788
Total Operating Revenues:		9,407,163	3,705,611	222,528
Operating Expenditures				
510	General Government	919,171	803,316	1,993
520	Public Safety	2,332,528	2,332,528	-
530	Utilities	2,878,735	-	-
540	Transportation	568,581	-	173,439
550	Natural and Economic Environment	70,294	55,261	-
560	Social Services	1,433	1,433	-
570	Culture and Recreation	133,146	133,146	-
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		6,903,888	3,325,684	175,432
Net Operating Increase (Decrease):		2,503,275	379,927	47,096
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	157,922	68,333	41
391-393	Debt Proceeds	14,226,188	349,148	-
397	Transfers-In	-	-	-
Total Nonoperating Revenues:		14,384,110	417,481	41
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	96,351	86,334	-
591-593	Debt Service	7,701,356	31,651	-
594-595	Capital Expenditures	8,552,239	79,099	69,282
597	Transfers-Out	-	-	-
Total Nonoperating Expenditures:		16,349,945	197,084	69,282
Net Increase (Decrease) in Cash and Investments:		537,439	600,324	(22,145)
Ending Cash and Investments				
5081000	Reserved	608,040	41,614	103,382
5088000	Unreserved	5,253,118	2,502,926	-
Total Ending Cash and Investments		5,861,158	2,544,540	103,382

The accompanying notes are an integral part of this statement.

170 CDBG Rehabilitation Fund	225 Debt Service/Wapato Ave LID	230 SEID Loan- Valicoff Fruit	309 Capital Improvement Fund	401 Water Fund	402 Sewer Fund
64,422	8,925	-	10,159	-	-
-	24,466	-	-	1,426,496	809,807
-	-	-	-	-	-
-	-	-	7,931	-	-
-	-	-	-	3,408	-
-	-	-	-	-	1,511,197
-	-	-	-	1,019,900	1,324,432
-	886	-	-	-	-
178	3,406	6,218	36	3,953	778
178	4,292	6,218	7,968	1,027,262	2,836,407
-	-	412	-	247	55
-	-	-	-	-	-
-	-	-	-	961,292	1,161,183
-	-	-	-	-	-
7,960	-	-	-	7,072	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,960	-	412	-	968,611	1,161,238
(7,782)	4,292	5,806	7,968	58,651	1,675,169
23,127	-	10,093	-	36,672	(631)
-	-	-	-	-	13,877,040
-	-	-	-	-	-
23,127	-	10,093	-	36,672	13,876,409
-	-	-	-	1,580	-
-	162	-	-	-	7,669,543
-	-	-	-	45,818	8,226,750
-	-	-	-	-	-
-	162	-	-	47,398	15,896,293
15,345	4,130	15,899	7,968	47,925	(344,715)
79,767	37,520	15,900	18,126	-	-
-	-	-	-	1,474,420	465,093
79,767	37,520	15,900	18,126	1,474,420	465,093

The accompanying notes are an integral part of this statement.

403 Garbage Fund	404 Cemetery Fund	501 Equipment Rental & Revolving	502 Public Works Service Center	503 Information Technology Rental & Revolving	701 Cemetery Perpetual Endowment
-	-	-	-	-	297,425
134,400	30,656	329,553	45,348	2,208	70,109
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
741,338	102,586	-	2,500	-	-
-	-	-	-	-	-
557	58	351,616	254,115	143,019	911
741,895	102,644	351,616	256,615	143,019	911
-	-	-	-	113,148	-
-	-	-	-	-	-
643,439	112,822	-	-	-	-
-	-	155,339	239,803	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
643,439	112,822	155,339	239,803	113,148	-
98,456	(10,178)	196,277	16,812	29,871	911
(400)	843	5,939	-	-	13,905
-	-	-	-	-	-
-	-	-	-	-	-
(400)	843	5,939	-	-	13,905
-	2,344	-	6,092	-	-
-	-	-	-	-	-
-	(550)	93,780	-	38,061	-
-	-	-	-	-	-
-	1,794	93,780	6,092	38,061	-
98,056	(11,129)	108,436	10,720	(8,190)	14,816
-	-	-	-	-	311,730
232,457	19,526	437,989	56,069	(5,982)	70,620
232,457	19,526	437,989	56,069	(5,982)	382,351

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	632 Inmate Trust	633 Court Bond Trust	635 WTBD-Street Managerial Fund
308	Beginning Cash and Investments	88,075	884	5,888	81,304
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	-	-	-	-
380-390	Other Increases and Financing Sources	284,206	76,362	138,068	69,775
510-570	Expenditures	-	-	-	-
580-590	Other Decreases and Financing Uses	219,512	78,207	141,031	274
Net Increase (Decrease) in Cash and Investments:		64,694	(1,845)	(2,963)	69,501
508	Ending Cash and Investments	152,769	(961)	2,925	150,805

The accompanying notes are an integral part of this statement.

City of Wapato
Notes to the Financial Statements
For the year ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies

The City of Wapato was incorporated on August 31, 1908 and operates under the laws of the state of Washington applicable to a second-class city. The City of Wapato is a general purpose local government and provides general administrative services, public safety, municipal court, jail facility, fire prevention, parks, street improvements, water, sewer, garbage services and cemetery.

The City of Wapato 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 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.

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 government on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

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

Agency Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

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 Wapato also recognizes expenditures paid during 20 days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City adopts an annual appropriated budgets for general, special revenue, capital project, and enterprises funds. These budgets are appropriated at the fund level except the general (current expense) fund, where budget is adopted at the department 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	Actual Expenditures	Variance
Administration	\$870,925	\$860,461.41	\$10,463.59
Law Enforcement	\$2,282,455	\$1,969,665.22	\$312,789.78
Fire Department	\$387,560	\$347,268.74	\$40,291.26
Recreation	\$29,875	\$30,445.58	(\$570.58)
Public Works	\$154,770	\$142,375.39	\$12,394.61
Non Revenues	\$0	\$58,118.48	(\$58,118.48)
002-Jail Profit Managerial Fund	\$35,000	\$12,517.07	\$22,482.93
003-3/10'S of 1% Yakima CO Tax CE	\$134,400	\$134,324.18	\$75.82
004-Community Outreach	\$2,150	\$46.46	\$2,103.54
Total 001-Current Expense Fund	\$3,897,135	\$3,555,223	\$341,912
101-Street Fund	\$192,750	\$175,432.49	\$17,317.51
102-Street Construction Managerial Fund	\$755,800	\$69,281.70	\$686,518.30
170-CDBG Rehabilitation Fund	\$13,800	\$7,960.00	\$5,840.00
225-Debt Service/Wapato Ave LID	\$3,500	\$162.00	\$3,338.00
230-SEID Loan-Valicoff Fruit	\$15,250	\$411.75	\$14,838.25
309-Capital Construction	\$10,000	\$0.00	\$10,000.00
401-Water Fund	\$1,357,815	\$996,423.26	\$361,391.74
402-Sewer Fund	\$1,210,055	\$1,174,420.53	\$35,634.47
403-Garbage Fund	\$643,845	\$643,438.58	\$406.42
404-Cemetery Fund	\$122,305	\$114,615.85	\$7,689.15
410-Water Construction	\$323,010	\$19,586.42	\$303,423.58
420-Sewer Construction	\$10,160,000	\$15,883,110.21	(\$5,723,110.21)
501-Equipment Rental & Revolving	\$356,870	\$249,118.78	\$107,751.22
502-Public Works Service Center	\$340,975	\$239,903.73	\$101,071.27
503-Information Technology Rental & Revolving	\$183,000	\$124,745.08	\$58,254.92
	\$19,586,110	\$23,253,833	(\$3,667,723)

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's legislative body.

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 \$2,500 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 30 days (or 240 hours) and is payable upon separation or retirement. Vacation leave may be accumulated up to 320 hours by the WSCCCE union contract but up to 240 hours are paid out when the employee separates. All vacation is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours for the Teamsters union contracts, up to 1152 hours for the federation union contract, and there is no cap for management group. Upon separation or retirement employees do not receive payment for unused sick leave.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The City of Wapato *Other Financing Sources or Uses* consist of interfund operation transfers and interfund loan proceeds.

Interfund transactions are classified as follows:

Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods or services or payments in lieu of taxes, are similarly treated when they involve other funds of the city.

Transfers to support the operations of other funds are recorded as “Operating Transfers” and classified with “Other Financing Sources or Uses.”

Receipts and disbursements on behalf of other governments are recorded as non-revenues and non-expenditures

I. Risk Management

The City of Wapato 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, 2015, 102 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials’ liability, employee fidelity and faithful performance, and equipment breakdown insurance coverage. Equipment breakdown is included with the property

insurance carrier and fidelity (crime) coverage is a stand-alone policy which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. For the \$9 million in excess coverage limits, an excess liability policy is purchased from Starr Indemnity & Liability Company. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. In 2015, AWC RMSA carried a retention of \$100,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

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

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

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 the City Council or outside funding sources. When expenditures that meet restrictions are incurred, the City of Wapato intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

\$ 690.48	002-Jail Profit
\$ 40,923.57	003-3/10's of 1% Yakima County Tax
\$103,381.55	101-Streets-Motor Vehicle Tax & Property Tax
\$ 79,767.44	170-CDBG Rehabilitation Fund
\$ 37,520.08	225-LID Repayment Fund
\$ 15,899.87	230-SIED Loan
\$ 18,126.46	309-Capital Construction-REET
\$311,730.32	701-Cemetery

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 Wapato. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City's regular levy for the year 2015 was \$3.03042172 per \$1,000 on an assessed valuation of \$158,921,185 for a total regular levy of \$483,673.41.

Note 3 – Deposits and Investments

It is the City'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/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City of Wapato 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 Wapato
L.G.I.P.	\$4,148,863.77
U.S. Government Securities	<u>998,754.50</u>
Total	<u>\$5,147,618.27</u>

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 Wapato and summarizes the City's debt transactions for year ended December 31, 2015.

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

	Debt	Interest	Total
2015	\$23,995.70	\$14,581.49	\$38,577.19
2016	\$150,634.20	\$165,434.99	\$316,069.19
2017	\$154,870.01	\$161,199.17	\$316,069.18
2018	\$158,809.85	\$157,259.37	\$316,069.22
2019	\$162,871.28	\$153,197.91	\$316,069.19
2020 - 2024	\$879,081.76	\$701,264.20	\$1,580,345.96
2025 - 2029	\$782,950.73	\$604,509.27	\$1,387,460.00
2030 - 2034	\$864,895.85	\$522,564.15	\$1,387,460.00
2035 - 2039	\$955,418.84	\$432,041.16	\$1,387,460.00
2040 - 2044	\$1,055,254.39	\$332,205.61	\$1,387,460.00
2045 - 2049	\$1,165,931.99	\$221,528.01	\$1,387,460.00
2050 - 2054	\$1,287,968.36	\$99,491.64	\$1,387,460.00
2055 - 2059	\$275,944.60	\$4,173.55	\$280,118.15
	\$7,918,627.57	\$3,569,450.51	\$11,488,078.08

The City is building a new wastewater facility through USDA-RD loan/grant program. USDA-RD program requires that the city secure a bond anticipation note during the construction phase of the project. The City secured a bond anticipation note (BAN) with Key Bank. The city paid off the BAN on November 20, 2015 and entered the USDA-RD revenue bonds in the amount of \$7,615,000.

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2015:

Borrowing Fund	Lending Fund	Balance 1/1/2015	New Loans	Repayments	Balance 12/31/2015
001 Current Expense	410 Water Construction	\$30,000.00	\$0.00	\$30,000.00	\$0.00
	TOTALS	\$30,000.00	\$0.00	\$30,000.00	\$0.00

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all City'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 LEOFF II, PERS II, PERS III, and PSERSII.

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.

The City of Wapato also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

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

	<i>Allocation</i>	<i>Liability (Asset)</i>
PERS 1 UAAL	0.011331%	592,717
PERS 2 and 3	0.011534%	412,116
Public Safety ERS 2	0.094395%	17,229
LEOFF I		(80,256.00)
LEOFF II		(246,857.00)

LEOFF Plan 1

The City of Wapato also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City of Wapato 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 7 - Other Disclosures

Compliance and Accountability: There have been expenditures exceeding legal appropriations in funds of the City of Wapato. They are:

Current Expense-Parks and Recreation (\$570.58)

Sewer Construction for the new Wastewater Facility (\$5,723,110.21)

Even with a budget amendment, the utility costs and other costs for the community center were more than anticipated. The sewer construction fund was off because of the double reporting of the loan as a loan and as interim financing.

There have been funds that are at negative balance at the end of the year. They are:

Street Construction (\$15,876.41)

Information Technology Rental & Revolving (\$5,981.54)

Inmate Trust (\$961.44).

Street Construction was at a negative balance waiting for grant reimbursement. Information Technology Rental and Revolving will be resolved in 2016. Inmate Trust is a negative cash balance because of an incorrect calculation that Law Enforcement administrative staff used.

New Funds: The following new funds were started in 2015:

Ordinance 1305 004 Community Outreach Managerial Fund

Ordinance 1300 230 SIED Loan Fund

Reporting Funds and Management Funds: The following management funds were combined with their reporting fund for the 2015 Annual Report.

<u>Managerial Fund</u>	<u>Reporting Fund</u>
002 Jail Profit	001 Current Expense
003 3/10's of 1% Yakima County Sales Tax	001 Current Expense
004 Community Outreach	001 Current Expense
005 General Fund Reserve	001 Current Expense
102 Street Construction Fund	101 Streets
410 Water Construction	401 Water Fund
420 Sewer Construction	402 Sewer Fund

OPEB: The City of Wapato has a commitment to pay for post-employment benefits for employees that belong to LEOFF I. These benefits include medical, vision, long-term care, and any other health care required by law. Three retirees received benefits during the year. The costs for those benefits were \$25,810.33.

Schedule 09: The ending balance for 2014 LOCAL loan for a fire truck, \$385,722, was incorrectly reported and includes interest. The correct amount, \$303,628, was placed in the 2015 Beginning Balance.

Component Units-Wapato Transportation Benefit District (WTBD): The Board decided in November, 2015 that the City should absorb the transportation benefit district. This was done in early 2016. There were no transportation projects in 2015. The Board approved \$125,000 worth of projects for 2016, which were funded.

City of Wapato
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>
General Obligation Debt/Liabilities						
263.96	LOCAL - Fire Truck	6/1/2024	303,628	-	23,996	279,632
Total General Obligation Debt/Liabilities:			303,628	-	23,996	279,632
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absenses - GO - Streets	12/31/2015	2,851	2,249	2,521	2,579
259.12	Compensated Absenses - Cemetery	12/31/2015	2,391	1,456	2,447	1,400
259.12	Compensated Absenses - GO - Current Expense	12/31/2015	134,969	65,936	132,330	68,575
259.12	Compensated Absenses - Water	12/31/2015	30,231	15,602	27,959	17,874
259.12	Compensated Absenses - Sewer	12/31/2015	60,800	20,382	60,815	20,367
259.12	Compensated Absenses - Garbage	12/31/2015	2,110	446	1,834	722
259.12	Compensated Absenses - Public Works Service Center	12/31/2015	5,803	2,874	5,880	2,797
264.30	Net Pension Liability	12/31/2015	-	1,022,062	-	1,022,062
263.82	USDA RD WWTP Loan	12/31/2057	-	7,615,000	-	7,615,000
263.62	Key Bank TAN for WWTP Loan Interim Financing	11/20/2015	1,352,960	6,262,040	7,615,000	-
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,592,115	15,008,046	7,848,786	8,751,375
Total Liabilities:			1,895,742	15,008,046	7,872,782	9,031,007

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

Federal Agency (Pass-Through Agency) Water and Waste Program Cluster	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Rural Utilities Service, Department Of Agriculture	Water and Waste Disposal Systems for Rural Communities	10.760	WEP 09-04-13- Grant	-	1,511,197	1,511,197	1, 2, 4
Rural Utilities Service, Department Of Agriculture	Water and Waste Disposal Systems for Rural Communities	10.760	WEP 09-04-13 TAN	-	6,249,718	6,249,718	1, 2, 3, 4
Total Water and Waste Program Cluster:				-	7,760,915	7,760,915	-
Office Of Community Planning And Development, Department Of Housing And Urban Development (via WA ST Dept of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	14-65400-042	7,072	-	7,072	1, 4
Office Of Community Planning And Development, Department Of Housing And Urban Development (via WA ST Dept of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	Rehab Loans	22,912	-	22,912	1, 2, 4
Total CFDA 14.228:				29,985	-	29,985	-
Total Federal Awards Expended:				29,984	7,760,915	7,790,900	-

The accompanying notes are an integral part of this schedule.

City of Wapato
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's financial statements. The City of Wapato uses the cash basis of accounting.

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 Wapato'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 – Revolving Loan - Program Income

The City of Wapato has a revolving loan program for low income housing renovation. Under this federal program, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year was \$0.00 and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was \$22,912.30.

Note 4 – Indirect Cost Rate

No indirect cost rate was collected on any project. The amount expended includes \$0.00 claimed as an indirect cost recovery using an approved indirect cost rate of 0.0 percent. The city 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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov