



# Washington State Auditor's Office

Government that works for citizens

## Financial Statements Audit Report

# City of Mattawa

Grant County

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

Published November 28, 2016

Report No. 1018024





## Washington State Auditor's Office

November 28, 2016

Mayor and City Council  
City of Mattawa  
Mattawa, Washington

### Report on Financial Statements

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

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

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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

**City of Mattawa  
Grant County  
January 1, 2014 through December 31, 2015**

Mayor and City Council  
City of Mattawa  
Mattawa, 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 Mattawa, Grant 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 November 21, 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 audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## **COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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

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

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

November 21, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## City of Mattawa Grant County January 1, 2014 through December 31, 2015

Mayor and City Council  
City of Mattawa  
Mattawa, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Mattawa, Grant 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 11.

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

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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

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

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

As described in Note 1, the City of Mattawa 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 Mattawa, 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 Mattawa, 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**

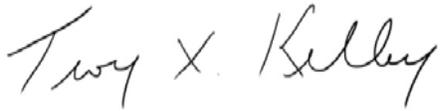
### ***Supplementary and Other Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 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.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized "X" in the middle.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

November 21, 2016

## FINANCIAL SECTION

**City of Mattawa  
Grant 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  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2015  
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### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2015  
Schedule of Liabilities – 2014

**City of Mattawa**  
**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 Fund</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	619,814	1,418	388,230
30880	Unreserved	2,724,016	754,373	-
388 & 588	Prior Period Adjustments, Net	-	-	-
<b>Operating Revenues</b>				
310	Taxes	651,967	650,043	-
320	Licenses and Permits	51,047	51,047	-
330	Intergovernmental Revenues	503,206	184,980	306,721
340	Charges for Goods and Services	1,253,486	57,374	-
350	Fines and Penalties	13,132	4,072	-
360	Miscellaneous Revenues	157,862	87,121	1,844
Total Operating Revenues:		<u>2,630,699</u>	<u>1,034,637</u>	<u>308,565</u>
<b>Operating Expenditures</b>				
510	General Government	141,683	141,683	-
520	Public Safety	650,872	650,872	-
530	Utilities	987,741	-	-
540	Transportation	94,904	-	94,904
550	Natural and Economic Environment	63,472	63,472	-
560	Social Services	2,502	2,502	-
570	Culture and Recreation	70,252	70,252	-
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		<u>2,011,424</u>	<u>928,780</u>	<u>94,904</u>
Net Operating Increase (Decrease):		<u>619,273</u>	<u>105,856</u>	<u>213,661</u>
<b>Nonoperating Revenues</b>				
370-380, 395 & 398	Other Financing Sources	11,197	112	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
Total Nonoperating Revenues:		<u>11,197</u>	<u>112</u>	<u>-</u>
<b>Nonoperating Expenditures</b>				
580, 596 & 599	Other Financing Uses	175	175	-
591-593	Debt Service	169,734	-	-
594-595	Capital Expenditures	421,068	95,342	208,268
597	Transfers-Out	-	-	-
Total Nonoperating Expenditures:		<u>590,978</u>	<u>95,517</u>	<u>208,268</u>
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b><u>39,493</u></b>	<b><u>10,451</u></b>	<b><u>5,393</u></b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	615,212	1,425	393,622
5088000	Unreserved	2,768,112	764,819	-
<b>Total Ending Cash and Investments</b>		<b><u>3,383,325</u></b>	<b><u>766,243</u></b>	<b><u>393,622</u></b>

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

<b>350 Capital Improvement Fund</b>	<b>401 Water Operating Fund</b>	<b>405 Sewer Operating Fund</b>	<b>420 Solid Waste Fund</b>
72,545	79,334	78,288	-
-	864,509	1,029,317	75,817
-	-	-	-
1,924	-	-	-
-	-	-	-
-	-	11,504	-
-	476,482	404,480	315,150
-	5,482	2,323	1,254
151	4,530	63,892	324
<u>2,075</u>	<u>486,494</u>	<u>482,199</u>	<u>316,729</u>
-	-	-	-
-	-	-	-
-	347,324	316,499	323,918
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	<u>347,324</u>	<u>316,499</u>	<u>323,918</u>
<u>2,075</u>	<u>139,170</u>	<u>165,700</u>	<u>(7,189)</u>
-	6,795	4,290	-
-	-	-	-
-	-	-	-
-	<u>6,795</u>	<u>4,290</u>	<u>-</u>
-	-	-	-
-	70,214	99,521	-
12,469	63,340	41,648	-
-	-	-	-
<u>12,469</u>	<u>133,554</u>	<u>141,169</u>	<u>-</u>
<b>(10,394)</b>	<b>12,411</b>	<b>28,821</b>	<b>(7,189)</b>
62,150	79,334	78,681	-
-	876,920	1,057,745	68,628
<u>62,150</u>	<u>956,254</u>	<u>1,136,427</u>	<u>68,628</u>

The accompanying notes are an integral part of this statement.

**City of Mattawa**  
**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 Fund</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	681,137	1,407	370,883
30880	Unreserved	2,812,302	815,451	-
388 & 588	Prior Period Adjustments, Net	-	-	-
<b>Operating Revenues</b>				
310	Taxes	572,649	568,948	-
320	Licenses and Permits	33,317	33,317	-
330	Intergovernmental Revenues	358,380	183,643	156,943
340	Charges for Goods and Services	1,062,472	37,033	-
350	Fines and Penalties	17,549	6,517	-
360	Miscellaneous Revenues	124,687	26,278	2,808
Total Operating Revenues:		<u>2,169,053</u>	<u>855,736</u>	<u>159,752</u>
<b>Operating Expenditures</b>				
510	General Government	141,087	141,087	-
520	Public Safety	616,420	616,420	-
530	Utilities	975,238	-	-
540	Transportation	89,336	-	89,336
550	Natural and Economic Environment	45,661	45,661	-
560	Social Services	500	500	-
570	Culture and Recreation	60,139	60,139	-
Total Operating Expenditures:		<u>1,928,381</u>	<u>863,807</u>	<u>89,336</u>
Net Operating Increase (Decrease):		<u>240,672</u>	<u>(8,071)</u>	<u>70,416</u>
<b>Nonoperating Revenues</b>				
370-380, 395 & 398	Other Financing Sources	963	963	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
Total Nonoperating Revenues:		<u>963</u>	<u>963</u>	<u>-</u>
<b>Nonoperating Expenditures</b>				
580, 596 & 599	Other Financing Uses	-	-	-
591-593	Debt Service	170,755	-	-
594-595	Capital Expenditures	220,489	53,959	53,068
597	Transfers-Out	-	-	-
Total Nonoperating Expenditures:		<u>391,244</u>	<u>53,959</u>	<u>53,068</u>
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b><u>(149,609)</u></b>	<b><u>(61,067)</u></b>	<b><u>17,348</u></b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	619,814	1,418	388,230
5088000	Unreserved	2,724,016	754,373	-
<b>Total Ending Cash and Investments</b>		<b><u>3,343,831</u></b>	<b><u>755,791</u></b>	<b><u>388,230</u></b>

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

<b>350 Capital Improvement Fund</b>	<b>401 Water Operating Fund</b>	<b>405 Sewer Operating Fund</b>	<b>420 Solid Waste Fund</b>
151,594	79,334	77,919	-
-	945,478	923,789	127,585
-	-	-	-
3,701	-	-	-
-	-	-	-
-	17,793	-	-
-	417,810	349,840	257,789
-	7,246	2,398	1,389
742	6,931	87,069	858
<b>4,443</b>	<b>449,780</b>	<b>439,306</b>	<b>260,036</b>
-	-	-	-
-	-	-	-
-	430,533	232,901	311,804
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	430,533	232,901	311,804
<b>4,443</b>	<b>19,247</b>	<b>206,405</b>	<b>(51,768)</b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	70,246	100,508	-
83,492	29,969	-	-
-	-	-	-
<b>83,492</b>	<b>100,215</b>	<b>100,508</b>	<b>-</b>
<b>(79,049)</b>	<b>(80,968)</b>	<b>105,897</b>	<b>(51,768)</b>
72,545	79,334	78,288	-
-	864,509	1,029,317	75,817
<b>72,545</b>	<b>943,843</b>	<b>1,107,606</b>	<b>75,817</b>

The accompanying notes are an integral part of this statement.

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

		<u>Total for All Funds</u> <u>(Memo Only)</u>	<u>635 Customer</u> <u>Deposit Fund</u>
308	Beginning Cash and Investments	14,217	14,217
388 & 588	Prior Period Adjustments, Net	-	-
310-360	Revenues	-	-
380-390	Other Increases and Financing Sources	3,000	3,000
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	<u>1,915</u>	<u>1,915</u>
Net Increase (Decrease) in Cash and Investments:		1,085	1,085
508	Ending Cash and Investments	15,302	15,302

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>635 Customer Deposit Fund</b>
308	Beginning Cash and Investments	12,764	12,764
388 & 588	Prior Period Adjustments, Net	-	-
310-360	Revenues	-	-
380-390	Other Increases and Financing Sources	2,600	2,600
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	1,146	1,146
Net Increase (Decrease) in Cash and Investments:		1,454	1,454
508	Ending Cash and Investments	14,217	14,217

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

**CITY OF MATTAWA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mattawa was incorporated on 1958 and operates under the laws of the state of Washington applicable to a non charter code city with mayor-council form of government. The City of Mattawa is a general purpose local government and provides public safety, street services, park, general administrative services, as well as fire protection and health through contracted services. In addition, the city owns and operates a water and waste water treatment system. The City of Mattawa uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The City of Mattawa 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 (001)

This fund is the primary operating fund of the City Of Mattawa. It accounts for financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City Of Mattawa.

### Capital Project Funds (300 – 399)

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 (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. Water Fund – 401 Water Operating Fund, 402 Water Bond Redemption Fund, 404 Water Bond Reserve Fund, 407 Water Emergency Fund, 411 Water Capital Improvement, 460 Water System Fund. Sewer Fund – 405 Sewer Operating, 406 Sewer Debt Fund, 408 Sewer Emergency Fund, 410 Sewer Reserve, 412 Sewer Capital Improvement. Solid Waste Fund – 420.

#### FIDUCIARY FUND TYPES:

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

### Agency Funds (631-699)

This fund is used to account assets that the City of Mattawa holds on behalf of others in a custodial capacity. (Water, sewer and garbage customer deposits.)

#### 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 Mattawa 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 Mattawa 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/Department	Final Appropriated Amounts	Actual Expenses	Variance
<b>001 - Current Expense Fund</b>			
Current Expense Fund	1,017,224.63	1,013,396.60	3,828.03
Police Vehicle Fund	10,930.00	10,900.24	29.76
<b>Total 001 - Current Expense Fund</b>	<b>1,028,154.63</b>	<b>1,024,296.84</b>	<b>3,857.79</b>
<b>101 - Street Fund</b>			
	526,656.00	303,172.08	223,483.92
<b>350 - Capital Improvement Fund</b>			
	12,500.00	12,469.29	30.71
<b>401 - Water Operating Fund</b>			
Water Operating Fund	408,134.00	395,755.18	12,378.82
Water Bond Debt Fund	70,214.00	70,213.54	0.46
Water System Construction	50,000.00	14,909.28	35,090.72
<b>Total 401 - Water Operating Fund</b>	<b>528,348.00</b>	<b>480,878.00</b>	<b>47,470.00</b>
<b>405 - Sewer Operating Fund</b>			
Sewer Operating Fund	379,863.00	345,919.88	33,943.12
Sewer Debt Fund	70,909.00	70,908.88	0.12
Sewer Capital Improvement	34,505.00	40,839.27	-6,334.27
<b>Total 405 - Sewer Operating Fund</b>	<b>485,277.00</b>	<b>457,668.03</b>	<b>27,608.97</b>
<b>420 - Solid Waste Fund</b>			
	324,251.00	323,917.68	333.32
<b>635 - Customer Deposit Fund</b>			
	3,000.00	1,914.98	1,085.02

Budgeted amounts are authorized to be transferred between departments within any fund or object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Mattawa's legislative body. The budget shown above is as adopted in ordinance 543 and does not include ending balances.

D. Cash and Investments

See Note 2, 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 (policy #2013-02). Capital assets and inventory are recorded as expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 200 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees are eligible to receive payment of 1/2 of their unused sick leave after 5 years of employment. 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 Mattawa "Other Financing Sources or Uses" consist of the state building code fees collected and then submitted to the state, new water hook-up fees and new sewer hook-up fees.

I. Risk Management

PROPERTY & LIABILITY -- The City of Mattawa is a member of the 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 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 and 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 Solution, 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 ended December 1, 2015 were \$627,702.49.

**HEALTH & WELFARE** - The City of Mattawa 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, 2015, 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 2 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.

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 of the City of Mattawa. When expenditures that meet restrictions are incurred, the City of Mattawa intends to use reserved resources first before using unreserved amounts. Reserves of Ending Cash and Investments consist of:

Fund	Description	Amount
General Fund #001	Reserved for the Library Fund ending balance per ordinance 359	\$1,425
Street Fund #101	Reserved for the motor vehicle tax revenue and ordinance 31	\$393,622
Capital Improvement Fund #350	Reserved for the real estate excise tax revenue and ordinance 245	\$62,150
Water Loan Reserves Fund #401 (404)	Reserved for water loan reserves	\$79,334
Sewer Loan Reserve Fund #405 (410)	Reserved for sewer loan reserves	\$78,681
Customer Deposit Fund #635 (agency fund)	Reserved for utility deposits	\$15,302
Total Reserves		\$630,514

NOTE 2 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes 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 the City Of Mattawa. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The City Of Mattawa’s regular levy for the year 2015 was \$2.4307929626 per \$1,000 on an assessed valuation of \$51,184,643 for a total regular levy of \$124,419.27.

NOTE 3 - DEPOSITS AND INVESTMENTS

It is the City Of Mattawa’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 (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC). All investments are insured, registered or held by the City of Mattawa or its agent in the government's name.

Investments are reported at either fair market value or cost. Investments by type at December 31, 2015 are as follows:

<u>Type of Investment</u>	<u>City of Mattawa</u>	<u>Total</u>
L.G.I.P. (FMV)	\$ 223,916.69	\$ 223,916.69
2.8 Year Government Bond (Cost)	\$ 701,042.40	\$ 701,042.40
4 Year Government Bond (Cost)	\$1,002,991.00	\$1,002,991.00
3.6 Year Government Bond (Cost)	\$ 996,220.00	\$ 996,220.00
<b>TOTAL</b>	<b>\$2,924,170.09</b>	<b>\$2,924,170.09</b>

NOTE 4 - DEBT SERVICE REQUIREMENTS

Debt Service

The accompanying Schedule of Liabilities (Schedule 9) provides more details of the outstanding debt and liabilities of the City Of Mattawa and summarizes the City Of Mattawa’s debt transactions for year ended December 31, 2015.

The debt service requirements for revenue bonds are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	118,817.47	50,895.33	169,712.80
2017	121,939.50	47,248.76	169,188.26
2018	125,186.41	43,474.79	168,661.20
2019	124,717.06	39,568.37	164,285.43
2020	114,413.68	35,524.15	149,937.83
2021-2025	629,864.42	111,737.26	741,601.68
2026-2027	281,900.69	10,906.36	292,807.05
<b>TOTALS</b>	<b>\$ 1,516,839.23</b>	<b>\$ 339,355.02</b>	<b>\$1,856,194.25</b>

NOTE 5 – PENSION PLANS

Substantially all City of Mattawa 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:

Public Employees’ Retirement System Plan 2 (PERS)  
Law Enforcement Officers’ and Fire Fighter’s Retirement System Plan 2 (LEOFF).

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 98504-8380

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 Mattawa's proportionate share of the collective net pension liabilities, as reported on the Schedule 9, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	.002876%	\$150,442
PERS 2/3	.003714%	\$132,703
LEOFF 2	.008455%	(\$86,900)

**LEOFF Plan 2**

The City of Mattawa 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

**LEGAL COMPLIANCE**

The budget shown above in Note 1(C) is as adopted in ordinance 543 and does not include ending balances.

## ***BUDGET ADJUSTMENTS***

The 2015 budget was amended October 1, November 5 and December 17, 2015, general fund in the amount \$153,332.63, street fund for \$3,000.00, capital projects fund for \$12,500.00, water fund for \$64,291.00, sewer fund for \$66,908.00 and solid waste fund for \$40,975.00.

## ***GRANTS AND LOANS***

The City has been approved for a planning grant/loan from Department of Ecology to develop an Engineering Report for the City's wastewater treatment facility. This will be \$60,000.00 loan and \$60,000.00 forgivable principal (grant).

The Washington State Transportation Improvement Board awarded the city a grant for street overlay improvements on portions of Columbia and Ellice Avenues in the amount of \$513,700.00.

Washington State Department of Transportation awarded the city a grant to construct a sidewalk on a portion of Williams Avenue in the amount of \$265,000.00.

## ***CONTINGENCIES AND LITIGATION***

The City of Mattawa placed one of its police officers on administrative leave for a period of 11 months. After a thorough investigation of misuse of police power, the officer was then fired from his position. The officer hired legal counsel to represent him in an appeal to the city's Civil Service Board. The city's Civil Service Board upheld the city's firing of the officer after a weeklong hearing of facts. The officer's legal counsel then filed a tort claim against the city for civil rights violation/whistle blower. That litigation is pending as of March 11, 2016.

## ***INTERLOCAL AGREEMENTS***

CENTRAL BASIN INVESTIGATION TEAM  
GRANT COUNTY FIRE DISTRICT #8  
GRANT COUNTY MUNICIPAL COURT  
GRANT COUNTY MACC  
GRANT COUNTY PUD  
GRANT COUNTY SHERIFF

## ***COMPENSATED ABSENCES/ACCRUED LEAVE***

The City of Mattawa's compensated absences/leave accrual at 12/31/15 was \$47,550.00 and is documented in Schedule 9.

## ***TRANSPORTATION BENEFIT DISTRICT***

The city created a Transportation Benefit District August 20, 2015. On December 17, 2015, Ordinance 15-582 was created by the City Council assuming the rights, powers, functions, and obligations of the Mattawa Transportation Benefit District and abolishing the TBD Governing Board following its assumption. The TBD has had no revenue or expense in 2015.

**CITY OF MATTAWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JANUARY 1, 2014 THROUGH DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mattawa was incorporated on 1958 and operates under the laws of the state of Washington applicable to a non charter code city with mayor-council form of government. The City of Mattawa is a general purpose local government and provides public safety, street services, park, general administrative services, as well as fire protection and health through contracted services. In addition, the city owns and operates a water and waste water treatment system. The City of Mattawa uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The City of Mattawa 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 (001)

This fund is the primary operating fund of the City Of Mattawa. It accounts for financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City Of Mattawa.

### Capital Project Funds (300 – 399)

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 (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. Water Fund – 401 Water Operating Fund, 402 Water Bond Redemption Fund, 404 Water Bond Reserve Fund, 407 Water Emergency Fund, 411 Water Capital Improvement, 460 Water System Fund. Sewer Fund – 405 Sewer Operating, 406 Sewer Debt Fund, 408 Sewer Emergency Fund, 410 Sewer Reserve, 412 Sewer Capital Improvement. Solid Waste Fund – 420.

### FIDUCIARY FUND TYPES:

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

#### Agency Funds (631-699)

This fund is used to account assets that the City of Mattawa holds for others in an agency capacity. (Water, sewer and garbage customer deposits.)

### 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 Mattawa 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 Mattawa 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 Expenses	Variance
<b>001 - Current Expense Fund</b>			
Current Expense Fund	881,317.00	865,322.72	5,994.28
Police Vehicle Fund	53,100.00	52,443.47	656.53
Library Fund	0	0	.00
<b>Total 001 - Current Expense Fund</b>	<b>934,417.00</b>	<b>917,766.19</b>	<b>6,650.81</b>
<b>101 - Street Fund</b>	<b>511,154.00</b>	<b>142,404.45</b>	<b>368,749.55</b>
<b>350 - Capital Improvement Fund</b>	<b>185,000.00</b>	<b>83,492.46</b>	<b>101,507.54</b>
<b>401 - Water Operating Fund</b>			
Water Operating Fund	579,338.39	524,255.05	55,083.34
Water Bond Redemption Fund	70,246.39	0	.02
Water System Construction	47,000.00	6,493.50	40,506.50
<b>Total 401 - Water Operating Fund</b>	<b>696,584.78</b>	<b>530,748.55</b>	<b>95,589.86</b>
<b>405 - Sewer Operating</b>			
Sewer Operating	353,462.50	262,475.27	75,987.23
Sewer Debt Fund	70,933.78	70,933.78	.00
Sewer Capital Improvement	20,000.00	0	20,000.00
<b>Total 405 - Sewer Operating</b>	<b>444,396.28</b>	<b>333,409.05</b>	<b>95,987.23</b>
<b>420 - Solid Waste Fund</b>	<b>316,829.00</b>	<b>311,804.07</b>	<b>5,024.93</b>
<b>635 - Customer Deposit Fund</b>	<b>2,000.00</b>	<b>1,146.41</b>	<b>853.59</b>

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of

employment must be approved by the City of Mattawa's legislative body. The budget shown above is as adopted in ordinance 543 and does not include ending balances.

D. Cash and Investments

See Note 2, 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 (policy #2013-02). Capital assets and inventory are recorded as expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 200 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment after 5 years of employment of 1/2 of unused sick 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 of Mattawa "Other Financing Sources or Uses" consist of transfers out of water and sewer operating funds into debt payment funds and out of the general fund into the police car reserve fund.

I. Risk Management

PROPERTY & LIABILITY -- The City of Mattawa is a member of the 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, 2014, there are 223 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, Canfield, that is subject to a per-occurrence self insured retention of \$100,000. Members are responsible for a \$1,000 deductible 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 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 policy term.

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

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. On July 21, 2014, the Board passed a resolution changing the CIAW's renewal date from September 1, to December 1st beginning with the 2014-15 policy term. An endorsement was added to the 2013-14 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/brokers with Canfield, who has been contracted to perform program administration, claims adjustment, administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended December 1, 2014 were \$1,817,654.59.

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Sewer Loan Reserve Fund #405 (410)	Reserved for sewer loan reserves	\$78,288
Customer Deposit Fund #635 (agency fund)	Reserved for utility deposits	\$14,217
Total Reserves		\$634,031

NOTE 2 - DEPOSITS AND INVESTMENTS

It is the City Of Mattawa’s policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

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L.G.I.P. (FMV)	\$ 923,777.26	\$ 923,777.26
2 Year Government Bond (Cost)	\$1,000,000.00	\$1,000,000.00
3 Year Government Bond (Cost)	<u>\$1,000,000.00</u>	<u>\$1,000,000.00</u>
TOTAL	\$2,923,777.26	\$2,923,777.26

NOTE 3 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes 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 the City Of Mattawa. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The City Of Mattawa’s regular levy for the year 2014 was \$2.440147 per \$1,000 on an assessed valuation of \$49,587,174 for a total regular levy of \$121,000.00 .

**NOTE 4 - DEBT SERVICE REQUIREMENTS**

The accompanying Schedule of Liabilities (Schedule 9) provides more details of the outstanding debt and liability of the City Of Mattawa and summarizes the City Of Mattawa’s debt transactions for year ended December 31, 2014.

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

<b>Year</b>	<b>Revenue Debt</b>	<b>Total Debt</b>
2015	170,234.93	170,234.93
2016	169,712.80	169,712.80
2017	169,188.26	169,188.26
2018	168,661.20	168,661.20
2019-2023	760,814.06	760,814.06
2024-2028	<u>587,817.93</u>	<u>587,817.93</u>
<b>TOTALS</b>	<b>\$2,026,429.18</b>	<b>\$2,026,429.18</b>

**NOTE 5 – PENSION PLANS**

Substantially all City of Mattawa full-time and qualifying part-time employees participate in Public Employees’ Retirement System Plan 2 (PERS) or Law Enforcement Officers’ and Fire Fighter’s Retirement System Plan 2 (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 Mattawa’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, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**NOTE 6 – OTHER DISCLOSURES**

The 2014 budget was amended November 20 and December 18, 2014, general fund in the amount \$85,000.00, water fund for \$85,000.00, and solid waste fund for \$20,000.00.

The City received a 2014 planning only grant by US Department of HUD through Washington State Department of Commerce for \$24,000.00 to develop an Engineering Report for the City's wastewater treatment facility.

The Washington State Transportation Improvement Board issued the city a grant for street improvements in the amount of \$225,800.00.

### *Contingencies and Litigations*

The City of Mattawa placed one of its police officers on administrative leave for a period of 11 months. After a thorough investigation of misuse of police power, the officer was then fired from his position. The officer hired legal counsel to represent him in an appeal to the city's Civil Service Board. The city's Civil Service Board upheld the city's firing of the officer after a weeklong hearing of facts. The officer's legal counsel then filed a tort claim against the city for civil rights violation/whistle blower. That litigation is pending as of March 20, 2015.

### *Interlocal Agreements*

CENTRAL BASIN INVESTIGATION TEAM  
GRANT COUNTY FIRE DISTRICT #8  
GRANT COUNTY MUNICIPAL COURT  
GRANT COUNTY MACC  
GRANT COUNTY PUD  
GRANT COUNTY SHERIFF

### **COMPENSATED ABSENCES/ACCRUED LEAVE**

The City of Mattawa's compensated absences/leave accrual is documented as follows in Schedule 9:

General Fund 001 - \$18,741.78 (General Obligation Debt)  
Street Fund 101 - \$1,773.64 (General Obligation Debt)  
Water Fund 401 - \$8,626.06 (Revenue Debt)  
Sewer Fund 405 - \$7,528.99 (Revenue Debt)  
Garbage Fund 420 - \$4,276.19 (Revenue Debt)

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	DOE L9800024	1/1/2019	49,846	-	9,969	39,877
252.11	DOE L9800025	1/1/2019	34,616	-	7,692	26,924
252.11	PW 07 962-014	7/1/2027	300,368	-	23,105	277,263
252.11	COLUMBIA BANK -- WATER	6/1/2027	709,651	-	42,681	666,970
252.11	COLUMBIA BANK -- SEWER	6/1/2027	538,175	-	32,368	505,807
259.12	COMPENSATED ABSENCES		45,041	34,375	31,866	47,550
264.30	PENSION LIABILITY		-	283,145	-	283,145
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>1,677,697</b>	<b>317,520</b>	<b>147,681</b>	<b>1,847,536</b>
<b>Total Liabilities:</b>			<b>1,677,697</b>	<b>317,520</b>	<b>147,681</b>	<b>1,847,536</b>

**City of Mattawa  
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 G/O		15,408	15,281	8,122	22,567
	<b>Total General Obligation Debt/Liabilities:</b>		<b>15,408</b>	<b>15,281</b>	<b>8,122</b>	<b>22,567</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	DOE L9800024	1/1/2019	59,815	-	9,969	49,846
252.11	DOE L9800025	1/1/2019	42,308	-	7,692	34,616
252.11	PW 07 962-014	7/1/2027	323,473	-	23,105	300,368
252.11	COLUMBIA BANK -- WATER	6/1/2027	750,691	-	41,040	709,651
252.11	COLUMBIA BANK -- SEWER	6/1/2027	569,298	-	31,123	538,175
259.12	COMPENSATED ABSENCES REVENUE		27,883	16,903	22,312	22,474
	<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>		<b>1,773,468</b>	<b>16,903</b>	<b>135,241</b>	<b>1,655,130</b>
	<b>Total Liabilities:</b>		<b>1,788,876</b>	<b>32,184</b>	<b>143,363</b>	<b>1,677,697</b>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

<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>