



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Financial Statements Audit Report**

**Town of Wilbur**

**Lincoln County**

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

**Published February 23, 2017**

**Report No. 1018625**





**Office of the Washington State Auditor**  
**Pat McCarthy**

February 23, 2017

Mayor and Town Council  
Town of Wilbur  
Wilbur, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

**Town of Wilbur  
Lincoln County  
January 1, 2014 through December 31, 2015**

**2015-001    The Town's internal controls over financial statement preparation were inadequate to ensure accurate reporting.**

***Background***

Town management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified deficiencies in internal controls that adversely affected the Town's ability to produce reliable financial statements, notes and required schedules.

***Description of Condition***

Our audit identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a significant deficiency:

- Town personnel responsible for compiling the financial information did not have adequate knowledge to accurately prepare the financial statements, notes to the financial statements, and schedule of liabilities.
- The Town does not have controls in place to ensure its annual financial reports are prepared in accordance with current Budgeting, Accounting and Reporting Systems (BARS) Manual and submitted in accordance with state law.
- The Town's monthly bank reconciliation process does not ensure cash held in financial institutions is accurately reflected in the accounting records. The Clerk/Treasurer agreed deposits and withdrawals from the bank statements to general ledger activity but did not identify transactions recorded in the general ledger that were reconciling items to the bank accounts.

***Cause of Condition***

The Town has a small staff and limited resources to dedicate to the financial reporting function. The Town relies on its accounting software to generate accurate financial statements and has not developed a review process to ensure its accuracy.

## ***Effect of Condition***

The financial statements for 2015 and 2014 contained the following errors:

- Claims Clearing and Payroll Clearing Funds were improperly reported in the Fiduciary Fund Resources and Uses Arising from Cash Transactions for both 2015 and 2014, overstating ending cash by \$122,961 and \$120,561 respectively.
- The Schedule of Liabilities did not include compensated absences liabilities, and debt interest payments were inappropriately applied to principal in the Schedule of Liabilities, understating liabilities by \$31,670 for 2015 and \$18,421 for 2014.
- The Town classified reserved cash balances as unreserved for at least \$29,991 and \$3,107 for 2015 and 2014 respectively, in the Wheeled Sport and Tourism funds.
- The Town did not prepare and file the Notes to the Financial Statements with the annual report for 2015 and 2014.

The Town corrected the errors listed above.

## ***Recommendation***

We recommend the Town strengthen its internal controls over financial statement preparation to ensure:

- Employees responsible for preparing the financial reports are properly trained.
- The financial statements, footnotes, notes and schedules are prepared in accordance with current BARS Manual guidance.
- Controls include a detailed review of the financial statements, supporting schedules and notes to ensure they are complete and accurate. The Town may wish to consider using a checklist or other review tool to catch errors. Examples of such checklists may be found on the Client Support section of our website, [www.sao.wa.gov](http://www.sao.wa.gov).

## ***Town's Response***

- *The Town will ensure that more training will be done for a better understanding of filing the annual report. Such as the financial statements, footnotes, notes and schedules are prepared in accordance*

*with current BARS Manual guidance. A checklist will be followed to catch any possible errors.*

- *Training has already been scheduled for the State Auditor's Office Online Filing Workshop with a one hour one on one session.*
- *The clerk will attach a list of outstanding checks with each bank statement reconciliation.*

### ***Auditor's Remarks***

We appreciate the Town's commitment to resolve this finding and thank the Town for its cooperation and assistance during the audit. We look forward to reviewing the Town's corrective action during the next audit.

### ***Applicable Laws and Regulations***

RCW 43.09.230 Local government accounting- Annual reports- Comparative statistics, states in part:

The state auditor shall require from every local government financial reports covering the full period of each fiscal year, in accordance with the form and methods prescribed by the state auditor, which shall be uniform for all account of the same class.

Such reports shall be prepared, certified and filed with the state auditor within one hundred fifty days after the close of each fiscal year.

RCW 43.09.200 Local government accounting – Uniform system of accounting, states in part:

The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

*Budgeting Accounting and Reporting System (BARS) manual- Part 3, Accounting, Chapter 1. Accounting Principles and General Procedures, Section*

C. Internal Controls, states in part:

Internal control is defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), in standards adopted by the American Institute of Certified Public Accountants and by the Federal Office of Management and Budget as follows:

Internal Control is a process- affected by those charged with governance, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Compliance with applicable laws and regulations
- Reliability of financial reporting

Management and the governing body are responsible for the government's performance, compliance and financial reporting. Therefore, the adequacy of internal control to provide reasonable assurance of achieving these objectives is also the responsibility of management and the governing body. The governing body has ultimate responsibility for ensuring adequate controls to achieve objectives, even though primary responsibility has been delegated to management.

*Government Auditing Standards*, December 2011 Revision, paragraph 4.23 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, as follows:

.07 For purposes of generally accepted auditing standards, the following terms have the meanings attributed as follows:

Deficiency in 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

**Material weakness.** A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Significant deficiency.** 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.

.A11 Indicators of material weaknesses in internal control include:

- Identification of fraud, whether or not material, on the part of senior management;
- Restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error;
- Identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control; and
- Ineffective oversight of the entity's financial reporting and internal control by those charged with governance.



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

**Town of Wilbur  
Lincoln County  
January 1, 2014 through December 31, 2015**

Mayor and Town Council  
Town of Wilbur  
Wilbur, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Town of Wilbur, Lincoln 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 Town's financial statements, and have issued our report thereon dated February 1, 2017.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2015-001 that we consider to be significant deficiencies.

## **COMPLIANCE AND OTHER MATTERS**

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

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

## **TOWN'S RESPONSE TO FINDINGS**

The Town's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA

February 1, 2017

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Town of Wilbur Lincoln County January 1, 2014 through December 31, 2015**

Mayor and Town Council  
Town of Wilbur  
Wilbur, Washington

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

We have audited the accompanying financial statements of the Town of Wilbur, Lincoln County, Washington, for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Town's financial statements, as listed on page 15.

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

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

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

As described in Note 1, the Town of Wilbur 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 Town of Wilbur, 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 Town used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

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

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

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

February 1, 2017

## **FINANCIAL SECTION**

**Town of Wilbur  
Lincoln 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  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2014  
Notes to the Financial Statements – 2015  
Notes to the Financial Statements – 2014

### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2015  
Schedule of Liabilities – 2014

**Town of Wilbur**  
**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	104 Tourism Fund	109 Museum Fund	150 Wheeled Sports Fund	335 1/4% Real Est Excise Tax	401 Water Fund	404 Cemetery Fund	406 Ambulance Fund	411 Sewer Fund	415 Garbage
<b>Beginning Cash and Investments</b>												
30810 Reserved	84,772	-	-	3,160	50,000	-	21,612	-	-	-	-	-
30880 Unreserved	1,374,393	213,041	8,422	0	(3,593)	998	21,612	140,122	(10,162)	188,752	779,871	35,330
388 & 588 Prior Period Adjustments, Net	0	-	-	-	-	-	-	-	-	-	-	-
<b>Operating Revenues</b>	<b>0</b>											
310 Taxes	325,483	274,796	41,995	3,802.0	-	-	4,890	-	-	-	-	-
320 Licenses and Permits	7,091	6,951	-	-	-	140	-	-	-	-	-	-
330 Intergovernmental Revenues	189,144	128,929	32,392	-	-	26,482	-	-	-	1,341	-	-
340 Charges for Goods and Services	799,981	14,062	-	-	-	-	-	287,226	7,240	56,413	304,369	130,671
350 Fines and Penalties	9,544	5,276	-	-	-	-	-	4,268	-	-	-	-
360 Miscellaneous Revenues	35,848	32,201	54	-	-	0	-	230	48	2,470	817	28
Total Operating Revenues:	1,367,091	462,215	74,441	3,802	0	26,622	4,890	291,724	7,288	60,224	305,186	130,699
<b>Operating Expenditures</b>												
510 General Government	56,471	56,471	-	-	-	-	-	-	-	-	-	-
520 Public Safety	191,967	151,476	-	-	-	-	-	-	-	40,491	-	-
530 Utilities	639,915	-	-	-	-	-	-	223,902	31,154	-	285,806	119,053
540 Transportation	161,824	30,265	131,559	-	-	-	-	-	-	-	-	-
550 Natural and Economic Environment	3,631	177	-	3,454.0	-	-	-	-	-	-	-	-
560 Social Services	0	-	-	-	-	-	-	-	-	-	-	-
570 Culture and Recreation	55,252	49,821	-	-	4,370	1,061	-	-	-	-	-	-
598 Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditures:	1,109,060	288,210	131,559	3,454	4,370	1,061	-	223,902	31,154	40,491	285,806	119,053
Net Operating Increase (Decrease):	258,031	174,005	(57,118)	348	(4,370)	25,561	4,890	67,822	(23,866)	19,733	39,380	11,646
<b>Nonoperating Revenues</b>												
370-380, Other Financing Sources	459	459	-	-	-	-	-	-	-	-	-	-
385-398 Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
397 Transfers-In	55,491	5,002	49,500	-	-	-	-	-	-	-	-	989
Total Nonoperating Revenues:	55,950	5,461	49,500	-	-	-	-	-	-	-	-	989
<b>Nonoperating Expenditures</b>												
580, 596 & Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-
599-593 Debt Service	99,270	-	-	-	-	-	-	52,754	-	-	46,516	-
594-595 Capital Expenditures	125,296	125,296	-	-	-	-	-	-	-	-	-	-
597 Transfers-Out	59,627	55,492	-	-	-	-	-	-	-	-	-	4,135
Total Nonoperating Expenditures:	284,193	180,788	-	-	-	-	-	52,754	-	-	46,516	-
<b>Net Increase (Decrease) in Cash and Investments:</b>	<b>29,788</b>	<b>(1,322)</b>	<b>(7,618)</b>	<b>348</b>	<b>(4,370)</b>	<b>25,561</b>	<b>4,890</b>	<b>15,068</b>	<b>(23,866)</b>	<b>19,732</b>	<b>(7,120)</b>	<b>8,507</b>
<b>Ending Cash and Investments</b>												
5081000 Reserved	114,112	-	-	3,509	50,000	26,482	24,121	-	-	-	-	-
5088000 Unreserved	1,374,844	211,720	806	-	(7,963)	78	23,992	155,189	(34,027)	208,484	772,735	43,830
<b>Total Ending Cash and Investments</b>	<b>1,488,956</b>	<b>211,720</b>	<b>806</b>	<b>3,509</b>	<b>42,037</b>	<b>26,560</b>	<b>48,113</b>	<b>155,189</b>	<b>(34,027)</b>	<b>208,484</b>	<b>772,735</b>	<b>43,830</b>

The accompanying notes are an integral part of this statement.



	700 Cemetery Permanent
<b>Beginning Cash and Investments</b>	
30810 Reserved	10,000
30880 Unreserved	-
388 & 588 Prior Period Adjustments, Net	-
<b>Operating Revenues</b>	
310 Taxes	-
320 Licenses and Permits	-
330 Intergovernmental Revenues	-
340 Charges for Goods and Services	-
350 Fines and Penalties	-
360 Miscellaneous Revenues	-
Total Operating Revenues:	0
<b>Operating Expenditures</b>	
510 General Government	-
520 Public Safety	-
530 Utilities	-
540 Transportation	-
550 Natural and Economic Environment	-
560 Social Services	-
570 Culture and Recreation	-
598 Miscellaneous Expenses	-
Total Operating Expenditures:	-
Net Operating Increase (Decrease):	-
<b>Nonoperating Revenues</b>	
370-380, Other Financing Sources	-
385 & 388 Debt Proceeds	-
397 Transfers-In	-
Total Nonoperating Revenues:	-
<b>Nonoperating Expenditures</b>	
580, 596 & Other Financing Uses	-
599-593 Debt Service	-
594-595 Capital Expenditures	-
597 Transfers-Out	-
Total Nonoperating Expenditures:	-
<b>Net Increase (Decrease) in Cash and Investments:</b>	-
<b>Ending Cash and Investments</b>	
5081000 Reserved	10,000
5088000 Unreserved	-
<b>Total Ending Cash and Investments</b>	<b>10,000</b>

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

	Total for All Funds (Memo Only)	001 Current Expense Fund	101 Street Fund	104 Tourism Fund	109 Museum Fund	150 Wheeled Sports Fund	335 1/4% Real Est Excise Tax	401 Water Fund	404 Cemetery Fund	406 Ambulanc e Fund	411 Sewer Fund	415 Garbage	700 Cemetery Permanent
<b>Beginning Cash and Investments</b>													
30810 Reserved	79,256	-	-	-	50,000	-	19,256	-	-	-	-	-	10,000
30880 Unreserved	1,517,215	248,198	19,405	2,795	411	1,042	19,256	180,894	638	220,943	791,439	32,194	-
388 & 588 Prior Period Adjustments, Net	0	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating Revenues</b>	<b>0</b>												
310 Taxes	306,875	258,003	40,747	3,415	-	-	4,710	-	-	-	-	-	-
320 Licenses and Permits	2,815	2,505	-	-	-	310	-	-	-	-	-	-	-
330 Intergovernmental Revenues	179,763	160,138	18,152	-	-	-	-	-	-	1,473	-	-	-
340 Charges for Goods and Services	722,935	11,478	-	-	-	-	-	260,977	18,370	14,865	295,951	121,294	-
350 Fines and Penalties	7,128	3,542	-	-	-	-	-	3,586	-	-	-	-	-
360 Miscellaneous Revenues	24,705	16,915	823	-	1,200	200	-	3,062	566	1,252	666	21	-
Total Operating Revenues:	1,244,221	452,581	59,722	3,415	1,200	510	4,710	267,625	18,936	17,590	296,617	121,315	0
<b>Operating Expenditures</b>													
510 General Government	100,208	100,208	-	-	-	-	-	-	-	-	-	-	-
520 Public Safety	216,748	166,967	-	-	-	-	-	-	-	49,781	-	-	-
530 Utilities	650,496	-	-	-	-	-	-	245,997	29,736	-	261,557	113,206	-
540 Transportation	131,183	6,478	124,705	-	-	-	-	-	-	-	-	-	-
550 Natural and Economic Environment	3,103	-	-	3,103	-	-	-	-	-	-	-	-	-
560 Social Services	95	95	-	-	-	-	-	-	-	-	-	-	-
570 Culture and Recreation	51,435	45,677	-	-	5,204	554	-	-	-	-	-	-	-
Total Operating Expenditures:	1,153,268	319,425	124,705	3,103	5,204	554	0	245,997	29,736	49,781	261,557	113,206	0
Net Operating Increase (Decrease):	90,953	133,156	(64,983)	312	(4,004)	(44)	4,710	21,628	(10,800)	(32,191)	35,060	8,109	0
<b>Nonoperating Revenues</b>													
370-380, Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-
385-388 Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
397 Transfers-In	76,579	22,099	54,000	-	-	-	-	-	-	-	-	480	-
Total Nonoperating Revenues:	76,579	22,099	54,000	-	-	-	-	-	-	-	-	480	-
<b>Nonoperating Expenditures</b>													
580, 596 & Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-
589-593 Debt Service	101,282	-	-	-	-	-	-	54,655	-	-	46,627	-	-
594-595 Capital Expenditures	149,783	142,039	-	-	-	-	-	7,744	-	-	-	-	-
597 Transfers-Out	57,555	53,500	-	-	-	-	-	-	-	-	-	4,055	-
Total Nonoperating Expenditures:	308,620	195,539	-	-	-	-	-	62,399	-	-	46,627	4,055	-
<b>Net Increase (Decrease) in Cash and Investments:</b>	<b>(141,086)</b>	<b>(40,284)</b>	<b>(10,983)</b>	<b>312</b>	<b>(4,004)</b>	<b>(44)</b>	<b>4,710</b>	<b>(40,771)</b>	<b>(10,800)</b>	<b>(32,191)</b>	<b>(11,567)</b>	<b>4,534</b>	<b>-</b>
<b>Ending Cash and Investments</b>													
5081000 Reserved	84,719	-	-	3,107	50,000	-	21,612	-	-	-	-	-	10,000
5088000 Unreserved	1,370,663	207,913	8,422	-	(3,593)	998	21,612	140,122	(10,162)	188,752	779,871	36,728	-
Total Ending Cash and Investments	1,455,382	207,913	8,422	3,107	46,407	998	43,224	140,122	(10,162)	188,752	779,871	36,728	10,000

The accompanying notes are an integral part of this statement.

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

	Total for All Funds (Memo Only)	621 Cemetery Expend Trust	633 Treasurers Suspense
308 Beginning Cash and Investments	29,636	29,604	32
388 & 588 Prior Period Adjustments, Net	-	-	-
310-360 Revenues	-	-	-
380-390 Other Increases and Financing Sources	-	-	-
510-570 Expenditures	-	-	-
580-590 Other Decreases and Financing Uses	1,181	-	1,181
Net Increase (Decrease) in Cash and Investments:	(1,181)	-	(1,181)
508 Ending Cash and Investments	28,455	29,604	(1,149)

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

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

	Total for All Funds (Memo Only)	621 Cemetery Expend Trust	633 Treasurers Suspense
308 Beginning Cash and Investments	29,604	29,604	-
388 & 588 Prior Period Adjustments, Net	-	-	-
310-360 Revenues	-	-	-
380-390 Other Increases and Financing Sources	2,071	-	2,071
510-570 Expenditures	-	-	-
580-590 Other Decreases and Financing Uses	2,039	-	2,039
Net Increase (Decrease) in Cash and Investments:	32	-	32
508 Ending Cash and Investments	29,636	29,604	32

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

## Notes to the Financial Statements Town of Wilbur 2015

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

The Town of Wilbur was incorporated on 1890 and operates under the laws of the state of Washington applicable to a Town. The Town of Wilbur is a general purpose government and provides public safety, fire prevention, street improvement, parks, and recreation, general administrative services and a Town owned water utility. The Town of Wilbur uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The Town of Wilbur 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**

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

#### **GOVERNMENTAL FUND TYPES:**

##### **General (Current Expense) Fund (001)**

This fund is the primary operating fund of the Town of Wilbur. It accounts for all 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 Town of Wilbur.

##### **Capital Projects 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.

#### Permanent Funds (700-799)

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 (400-499)

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

#### FIDUCIARY FUND TYPES:

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

##### Private-Purpose Trust Funds (621-630)

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

##### Agency Funds (631-699)

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

#### B. Basis of Accounting

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

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

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

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

### C. Budgets

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

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 - Current Expense	341808	282421	59387
003 - CE Reserve	24148	0	24148
004 - CE Replace Reserve	3346	2525	821
005 – Library	17960	14259	3701
006 - Swimming Pool	31439	28763	2676
007 - Swim Pool Reserve	12100	160	11940
010 – Airport	11456	30264	(18808)
011 - Airport Cap Improve	144600	122769	21831
101 – Streets	143000	131558	11442
104 – Tourism	3395	3453	(58)
109 – Museum	5419	4370	1049
150 – Wheeled Sports Fund	1500	1060	440
335 - ¼ % Real Estate	9000	0	9000
401 – Water	263667	223902	39765
403 – Water Reserve	71231	52754	18477
404 – Cemetery	31358	31153	205
406 – Ambulance	76545	40491	36054
411 - Sewer	247510	265693	(18183)
412 - Sewer Reserve	51517	46628	4889
415 - Garbage	122619	122517	102
416 - Landfill Reserve	2500	3150	(650)
633 – Treasurers Suspense	0	1181	(1181)
Total All Funds	1,616,208	1,409,070	207,137

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 Town's legislative body.

Explanation of variances of 010 and 411:

010 - Grant work was done that was not put into the budget.

411 – An employee planned on retiring at the end of the year, which meant we paid the new employee and the one retiring. That was not budgeted for.

D. Cash

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

E. Deposits

The Town of Wilbur deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments See Note 3, *Investments*.

G. Derivatives and Similar Transactions

None

H. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 2 years. The capital assets of the Town of Wilbur are recorded as expenditures when purchased.

I. Compensated Absences

Vacation leave may be accumulated up to 15 days and is payable upon separation or retirement.

Sick leave may be accumulated 720. Upon separation or retirement employees do not receive payment for unused sick leave.

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

K. Other Financing Sources or Uses

The Town of Wilbur's Other Financing Sources or Uses consist of transfers-in and out between funds.

L. Risk Management

The Town of Wilbur is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a 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 program was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of September 1, 2015, there are 240 members in the program.

The pool provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive and collision, equipment breakdown and crime protection, and liability, including general, automobile and wrongful acts, are included to fit members' various needs.

The pool acquires liability insurance through their Administrator, Canfield, that are subject to a per-occurrence self-insured retention of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the program is responsible for the remaining \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 portion of the self-insured retention. The program also purchases a Stop Loss Policy with an attachment point of \$2,815,000 to cap the total claims paid by the program in any one year.

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

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim. There is no program self-insured retention of this coverage.

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

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. The program has no employees. Claims are filed by members with Canfield, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2015, were \$1,099,472.

#### M. Reserved Fund Balance

The Town of Wilbur has two funds, Museum Trust in the amount of \$50,000 and Cemetery Trust in the amount of \$10,000 that are listed reserve and the interest is to be used for maintenance while the principal is to remain invested.

The Town of Wilbur's Fund #336 titled ¼% RE Tax Goose Creek floodplain hazard mitigation account (GCFPHM) in the amount of \$24,120.95 is listed as reserve. The clerk

is directed to deposit a total of fifty percent of the real estate excise tax funds into this annually for the future capital improvements necessary to implement the town's floodplain hazard mitigation plan. Interest is to accumulate. Adopted by Wilbur Municipal Code **3.32.530 Floodplain mitigation account.**

The Tourism Fund has \$3,509 in reserve. This amount is unspent Hotel/Motel taxes which is regulated by RCW 67.28.

The Wheeled Sports Fund has \$26,482 in reserve. This amount is unspent funds from a State Department of Ecology grant.

N. Accounting and Reporting Changes for 2015

Effective for 2015, the Town implemented provisions of GASB 68 Accounting and financial Reporting for Pensions. As a result, Note 6 – Pensions Plans discloses the Town's proportionate share of the net pension asset for the cost-sharing, multiple-employer plan (LEOFF 2) in which the Town participates.

**Note 2 – Compliance and Accountability**

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations in any of the funds of the Town, except as disclosed in Note 1C – Budgets.

**Note 3 - Investments**

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

Investments are presented at cost value.

Investments by type at December 31, 2015 are as follows:

Type of Investment	Town Own investments	Investments held by Town of Wilbur as an agent for other local governments, individuals or private organizations	Total
L.G.I.P.	\$921,700.42	\$0.00	\$921,700.42
Key Investment Services	\$48,260.46	\$0.00	\$48,185.46
Money Market Investment	\$433,163.35	\$0.00	\$433,163.35
KB Wheeled Sports Park	\$84.16	\$0.00	\$84.16
Total	\$1,403,208.39	\$0.00	\$1,403,133.39

**Note 4 - 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 the Town. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Town's regular levy for the year 2015 was \$3.2347 per \$1,000 on an assessed valuation of \$41,664,860 for a total regular levy of \$128,806.

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

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

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

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Other Debt</u>	<u>Total Debt</u>
2016		98,207.61		98,207.61
2017		96,670.07		96,670.07
2018		95,132.73		95,132.73
2019		23,467.11		23,467.11
2020		23,355.38		23,355.38
2021 - 2025		115,100.64		115,100.64
2026 - 2028		67,719.41		67,719.41
TOTALS		\$519,652.95		\$519,652.95

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

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

The Town Marshall participated 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 plan: Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 2

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

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

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

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

At June 30, 2015 (the measurement date of the plans), the Towns proportionate share of the collective net pension liabilities, was as follows:

Allocation %	Liability (Asset)
LEOFF 2	.002398% (\$24,647)

#### LEOFF Plan 2

The Town 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.

## Notes to the Financial Statements Town of Wilbur 2014

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

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- 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.
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- Ending balances are not presented using the classifications defined in GAAP.

#### **A. Fund Accounting**

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

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##### **Special Revenue Funds (100-199)**

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

### Capital Projects 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.

### Permanent Funds (700-799)

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 (400-499)

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### FIDUCIARY FUND TYPES:

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

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## B. Basis of Accounting

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

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

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

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

### C. Budgets

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

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 - Current Expense	377324	358611	18714
003 - CE Reserve	24148	24148	0
004 - CE Replace Reserve	19525	0	19525
005 – Library	16960	14234	2726
006 - Swimming Pool	30081	28852	1228
007 - Swim Pool Reserve	12100	100	12000
010 – Airport	9600	6477	3122
011 - Airport Cap Improve	144600	112189	32410
101 – Streets	131000	124704	11442
104 – Tourism	2320	3102	(782)
109 – Museum	5608	5204	403
150 – Wheeled Sports Fund	0	553	(553)
335 - ¼ % Real Estate	9000	0	9000
401 – Water	228331	253741	(25410)
403 – Water Reserve	72656	54655	18000
404 – Cemetery	31347	29735	1611
406 – Ambulance	93545	49780	43764
411 - Sewer	246510	261557	(15047)
412 - Sewer Reserve	51629	46628	5001
415 - Garbage	125664	118539	7124
416 - Landfill Reserve	2500	1890	610
633 – Treasurers Suspense	0	2038	(2038)
Total All Funds	1,634,448	1,496,743	137,704

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 Town's legislative body.

Explanation of variances of 401 and 411:

401 & 411 – The Town had extra expenses due to water line breaks and sewer problems that were not budgeted for.

D. Cash

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

E. Deposits

The Town of Wilbur deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments See Note 3, *Investments*.

G. Derivatives and Similar Transactions

None

H. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 2 years. The capital assets of the Town of Wilbur are recorded as expenditures when purchased.

I. Compensated Absences

Vacation leave may be accumulated up to 15 days and is payable upon separation or retirement.

Sick leave may be accumulated 720. Upon separation or retirement employees do not receive payment for unused sick leave.

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

K. Other Financing Sources or Uses

The Town of Wilbur's Other Financing Sources or Uses consist of transfers-in and out between funds.

L. Risk Management

The Town of Wilbur is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a 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 program was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of September 1, 2014, there are 240 members in the program.

The pool provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive and collision, equipment breakdown and crime protection, and liability, including general, automobile and wrongful acts, are included to fit members' various needs.

The pool acquires liability insurance through their Administrator, Canfield, that are subject to a per-occurrence self-insured retention of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the program is responsible for the remaining \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 portion of the self-insured retention. The program also purchases a Stop Loss Policy with an attachment point of \$2,815,000 to cap the total claims paid by the program in any one year.

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

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim. There is no program self-insured retention of this coverage.

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

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. The program has no employees. Claims are filed by members with Canfield, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2015, were \$1,099,472.

#### M. Reserved Fund Balance

The Town of Wilbur has two funds, Museum Trust in the amount of \$50,000 and Cemetery Trust in the amount of \$10,000 that are listed reserve and the interest is to be used for maintenance while the principal is to remain invested.

The Town of Wilbur's Fund #336 titled ¼% RE Tax Goose Creek floodplain hazard mitigation account (GCFPHM) in the amount of \$21,612.00 is listed as reserve. The clerk is directed to deposit a total of fifty percent of the real estate excise tax funds into this annually for the future capital improvements necessary to implement the town's floodplain hazard mitigation plan. Interest is to accumulate. Adopted by Wilbur Municipal Code **3.32.530 Floodplain mitigation account.**

The Tourism Fund has \$3,107 in reserve. This amount is unspent Hotel/Motel taxes which is regulated by RCW 67.28.

#### **Note 2 – Compliance and Accountability**

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations in any of the funds of the Town, except as noted in Note 1C-Budgets.

#### **Note 3 - Investments**

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

Investments are presented at cost value.

Investments by type at December 31, 2014 are as follows:

Type of Investment	Town Own investments	Investments held by Town of Wilbur as an agent for other local governments, individuals or private organizations	Total
L.G.I.P.	\$920,188.19	\$0.00	\$920,188.19
Key Investment Services	\$47,084.46	\$0.00	\$47,084.46
Money Market Investment	\$433,119.56	\$0.00	\$433,116.56
KB Wheeled Sports Park	\$84.15	\$0.00	\$84.15
Total	\$1,400,473.36	\$0.00	\$1,400,473.36

#### **Note 4 - 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 the Town. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Town's regular levy for the year 2014 was \$3.2342 per \$1,000 on an assessed valuation of \$41,664,860 for a total regular levy of \$128,829.

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

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

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

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Other Debt</u>	<u>Total Debt</u>
2015		99,745.14		99,745.14
2016		98,207.61		98,207.61
2017		96,670.07		96,670.07
2018		95,132.73		95,132.73
2019		23,467.11		23,467.11
2020 - 2024		115,659.39		115,659.39
2025 - 2028		90,516.04		90,516.04
TOTALS		\$619,398.95		\$619,398.95

## **Note 6 - Pension Plans**

### A. State Sponsored Pension Plans

The Town Marshall participated 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 Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 2

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

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

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

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

### LEOFF Plan 2

The Town 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.

**Town of Wilbur**  
**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.) Liabilities</b>						
263.83	Sewer Loan	12/31/2018	90,406		22,602	67,804
263.83	Water Loan	12/31/2018	190,106		53,229	136,877
263.83	Sewer Loan	12/31/2028	312,895		23,914	288,981
259.11	Compensated Absences		9,615	13,969	10,637	12,947
<b>Total General Obligation Debt/Liabilities:</b>			<b>603,022</b>	<b>13,969</b>	<b>110,382</b>	<b>506,609</b>
<b>Total Liabilities:</b>			<b>603,022</b>	<b>13,969</b>	<b>110,382</b>	<b>506,609</b>

**Town of Wilbur**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2014**

<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.) Liabilities</b>						
263.82	Sewer Loan L9600013S Issued 12-31-1998	12/31/2018	113,008	0	22,602	90,406
263.82	Water Loan PW-98-791-068 issued 4-08-1998	7/30/2018	237,632	0	47,526	190,106
263.82	Sewer Loan PR08-951-087 Issued 06-03-2008	7/1/2028	335,245	0	22,350	312,895
263.92	Cities Insurance Association of WA Fund Reassessment 5 yrs	1/1/2015	1,524		1,524	0
259.12	Compensated Absences		27,462	19,727	37,575	9,615
<b>Total General Obligation Debt/Liabilities:</b>			<b>714,871</b>	<b>19,727</b>	<b>108,975</b>	<b>603,022</b>
<b>Total Liabilities:</b>			<b>714,871</b>	<b>19,727</b>	<b>108,975</b>	<b>603,022</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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