



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

City of Asotin

Asotin County

For the period January 1, 2016 through December 31, 2016

Published August 14, 2017

Report No. 1019595





Office of the Washington State Auditor
Pat McCarthy

August 14, 2017

Mayor and City Council
City of Asotin
Asotin, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Asotin
Asotin County
January 1, 2016 through December 31, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

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

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

Identification of Major Federal Programs:

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
10.770	Water and Waste Disposal Loans and Grants (Section 306C)

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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

**City of Asotin
Asotin County
January 1, 2016 through December 31, 2016**

Mayor and City Council
City of Asotin
Asotin, 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 Asotin, Asotin County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated July 5, 2017.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly legible.

Pat McCarthy

State Auditor

Olympia, WA

July 5, 2017

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

**City of Asotin
Asotin County
January 1, 2016 through December 31, 2016**

Mayor and City Council
City of Asotin
Asotin, Washington

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

We have audited the compliance of the City of Asotin, Asotin County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

Pat McCarthy

State Auditor

Olympia, WA

July 5, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Asotin Asotin County January 1, 2016 through December 31, 2016

Mayor and City Council
City of Asotin
Asotin, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Asotin, Asotin County, Washington, for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 16.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Asotin 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 Asotin, for the year ended December 31, 2016, 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 Asotin, as of December 31, 2016, or the changes

in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2017 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 "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

July 5, 2017

FINANCIAL SECTION

**City of Asotin
Asotin County
January 1, 2016 through December 31, 2016**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2016
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2016
Notes to the Financial Statements – 2016

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2016
Schedule of Expenditures of Federal Awards – 2016
Notes to the Schedule of Expenditures of Federal Awards – 2016

City of Asotin
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 EMS Fund	103 Street Fund
Beginning Cash and Investments					
30810	Reserved	76,974	-	12,810	103
30880	Unreserved	(11,602)	1,115	-	-
388 / 588	Prior Period Adjustments, Net	-	(101,345)	-	-
Revenues					
310	Taxes	473,397	373,049	42,278	54,166
320	Licenses and Permits	18,346	7,107	-	-
330	Intergovernmental Revenues	119,234	82,881	-	28,491
340	Charges for Goods and Services	666,475	24	-	-
350	Fines and Penalties	29,538	18,559	-	-
360	Miscellaneous Revenues	199,192	192,664	17	1,000
Total Revenues:		1,506,182	674,283	42,295	83,657
Expenditures					
510	General Government	115,683	115,683	-	-
520	Public Safety	476,959	437,903	39,056	-
530	Utilities	542,107	-	-	-
540	Transportation	71,697	-	-	71,697
550	Natural and Economic Environment	27,337	9,431	-	-
560	Social Services	336	336	-	-
570	Culture and Recreation	18,613	15,530	-	-
Total Expenditures:		1,252,732	578,883	39,056	71,697
Excess (Deficiency) Revenues over Expenditures:		253,451	95,401	3,239	11,960
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	3,005,495	41,133	-	-
397	Transfers-In	750	750	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	30,395	18,998	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		3,036,641	60,881	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,872,441	1,847	-	-
591-593, 599	Debt Service	1,242,448	18,042	-	1,255
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	30,033	29,961	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		3,144,921	49,849	-	1,255
Increase (Decrease) in Cash and Investments:		145,169	106,433	3,239	10,705
Ending Cash and Investments					
5081000	Reserved	113,675	-	16,049	10,808
5088000	Unreserved	96,866	6,202	-	-
Total Ending Cash and Investments		210,542	6,202	16,049	10,808

The accompanying notes are an integral part of this statement.

City of Asotin
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		105 Cemetary Fund	106 REET Capital Improvement	107 Stadium/Conve ntion Center	122 Community Center Church
Beginning Cash and Investments					
30810	Reserved	26,307	603	1,762	963
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	3,599	306	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,225	-	4	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	17	-	17	2,569
Total Revenues:		1,242	3,599	327	2,569
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	1,222	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	503	940
Total Expenditures:		1,222	-	503	940
Excess (Deficiency) Revenues over Expenditures:		20	3,599	(176)	1,629
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	3,609	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	3,609	-	-
Increase (Decrease) in Cash and Investments:		20	(10)	(176)	1,629
Ending Cash and Investments					
5081000	Reserved	26,328	593	1,586	2,592
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		26,328	593	1,586	2,592

The accompanying notes are an integral part of this statement.

City of Asotin
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		123 Asotin Days	126 Building Inspector Fund	300 Fire Department Building Fund	301 City Of Asotin Marina Capital
Beginning Cash and Investments					
30810	Reserved	1,219	4,162	14,459	3,830
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	11,239	-	-
330	Intergovernmental Revenues	-	-	-	6,620
340	Charges for Goods and Services	240	5,179	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	25	-	-	2,818
Total Revenues:		265	16,418	-	9,438
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	17,906	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	430	-	-	1,210
Total Expenditures:		430	17,906	-	1,210
Excess (Deficiency) Revenues over Expenditures:		(165)	(1,488)	-	8,228
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	81	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	81	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	6,620
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	72	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	72	-	6,620
Increase (Decrease) in Cash and Investments:		(165)	(1,479)	-	1,608
Ending Cash and Investments					
5081000	Reserved	1,054	2,683	14,459	5,438
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		1,054	2,683	14,459	5,438

The accompanying notes are an integral part of this statement.

City of Asotin
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		401 Water Fund	402 WWTP - Sewer Fund	403 Stormwater Fund
Beginning Cash and Investments				
30810	Reserved	10,755	-	-
30880	Unreserved	38,594	(64,479)	13,168
388 / 588	Prior Period Adjustments, Net	-	101,345	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	1,242
340	Charges for Goods and Services	277,901	348,604	33,298
350	Fines and Penalties	5,545	5,434	-
360	Miscellaneous Revenues	58	6	-
Total Revenues:		283,504	354,044	34,540
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	243,321	249,110	48,454
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		243,321	249,110	48,454
Excess (Deficiency) Revenues over Expenditures:		40,183	104,934	(13,914)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	2,964,362	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	11,317
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	2,964,362	11,317
Other Decreases in Fund Resources				
594-595	Capital Expenditures	6,936	1,853,429	-
591-593, 599	Debt Service	49,275	1,173,876	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		56,211	3,027,304	-
Increase (Decrease) in Cash and Investments:		(16,028)	41,992	(2,597)
Ending Cash and Investments				
5081000	Reserved	13,737	18,349	-
5088000	Unreserved	19,584	60,509	10,571
Total Ending Cash and Investments		33,321	78,858	10,571

The accompanying notes are an integral part of this statement.

City of Asotin
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016

		Total for All Funds (Memo Only)	601 Cemetery Trust Fund	634 Advance Travel Expense Fund
308	Beginning Cash and Investments	13,688	12,938	750
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	750	-	750
	Net Increase (Decrease) in Cash and Investments:	(750)	-	(750)
508	Ending Cash and Investments	12,938	12,938	-

The accompanying notes are an integral part of this statement.

**Notes to the Financial Statements
City of Asotin
For the Year Ended December 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Asotin was incorporated on July 28, 1890 and operates under the laws of the state of Washington applicable to a non-charter code city with a Mayor-Council form of government. The City of Asotin is a general purpose government and provides public safety, fire prevention, street improvement, parks and general administrative services. In addition, the City owns and operates a water/sewer system.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund (Current Expense) (001)

This fund is the primary operating fund of the City of Asotin. 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 City of Asotin. 101 EMS, 103 Street, 105 Cemetery, 106 REET Capital Improvement, 107 Stadium/Convention, 122 Asotin Community Center, 123 Asotin Days, and 126 Building Inspector are the funds in this category.

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. Fund 300 was started in the year 2000. This fund is a Fire Department Building Reserve Fund. Fund 301 is the City of Asotin Marina Capital Projects/Improvement Fund. This fund was started in the year of 2014 for the purpose of restoring the Asotin Marina.

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. Fund 401 is the Water Fund for the City of Asotin. Fund 402 is the Waste Water Treatment Plant Fund, Fund 403 is the Stormwater, Fund 408 is the Water/Sewer Reserve Fund, Fund 412 is the Waste Water Treatment Plant Construction Fund and Fund 413 is the Waste Water Treatment Plant Debt Service Fund.

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds (600 – 630)

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments. The Cemetery Trust Fund 601 is in this category.

Agency Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City of Asotin 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 Asotin adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

<u>Fund/Department</u>	<u>Final Appropriated</u> <u>Amounts</u>	<u>Actual</u> <u>Expenses</u>	<u>Variance</u>
001 - Current Expense Fund	650,000.00	628,732.03	21,267.97
101 - EMS Fund	43,505.00	39,056.35	4,448.65
103 - Street Fund	109,850.00	72,952.40	36,897.60
105 - Cemetary Fund	2,005.00	1,221.80	783.2
106 - REET Captial Improvement Fund	9,000.00	3,609.25	5,390.75
107 - Stadium/Convention Center Fund	550	503.09	46.91
122 - Community Center Church	6,005.00	939.9	5,065.10
123 - Asotin Days	2,050.00	430.04	1,619.96
126 - Building Inspector Fund	20,000.00	17,977.78	2,022.22
300 - Fire Department Building Fund Reserve			
301 - City Of Asotin Marina Capital Projects/Improvement Fund	65,000.00	7,830.03	57,169.97
401 - Water Fund			
Water Fund	303,000.00	292,595.91	10,404.09
Water/Sewer Reserve Fund	8,000.00	6,936.18	1,063.82
Total 401 - Water Fund	311,000.00	299,532.09	11,467.91
402 - WWTP - Sewer Fund			
WWTP - Sewer Fund	335,805.00	312,052.51	23,752.49
Waste Water Treatment Plant Construction Fund	3,200,000.00	2,964,361.89	235,638.11
Waste Water Treatment Plant Debt Service Reserve Fund			
Total 402 - WWTP - Sewer Fund	3,535,805.00	3,276,414.40	259,390.60
403 - Stormwater Fund	55,696.00	48,453.73	7,242.27

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes); 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 Asotin's legislative body.

D. Cash and Investments See Note #3 *Deposits and Investments.*

E. Capital Assets

The City of Asotin adopted a capitalization policy dated February 8, 2016. Capital assets are assets with an initial individual cost of more than \$5,000.00 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

The estimated accumulated leave balances are shown on Schedule 9 of this report. 7.65% has been included for Social Security and Medicare.

Vacation leave may be accumulated up to Council Action and is payable upon separation or retirement.

Sick leave may be accumulated up to 720 hours. Upon separation or retirement employees do receive payment for 25% 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 Asotin's "*Other Financing Sources or Uses*" consist of State and Federal Loan Proceeds and Interfund Transfers.

I. Risk Management

The City of Asotin is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2016, there are 205 members in the program.

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

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. The standard member deductible is \$1,000 for each claim (deductible may vary per member), while the program is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 of the self-insured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$1,718,302.

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

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is \$15,000 and is covered by the CIAW.

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

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2016, were \$1,484,482.16.

Health & Welfare AWC

The City of Asotin 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, 2016, 258 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, dental and vision insurance through the following carriers: Group Health Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and 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. In 2016, the AWC Trust HCP purchased 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 two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW.

The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

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 city council. When expenditures that meet restrictions are incurred, the City of Asotin intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

Reserved Fund Balance

<u>Fund Number and Name</u>	<u>Amount Reserved</u>	<u>Nature of Restriction</u>
EMS Fund (101)	\$16,049	Reserved by council action for EMS Operations
Street Fund (103)	\$10,808	Reserved by council action for Street Operations
Cemetery Fund (105)	\$26,328	Reserved by council action for Cemetery Maintenance
REET Capital Imp Fund (106)	\$593	Reserved by State action for Capital Improvements
Stadium/Convention Center Fund (107)	\$1,586	Reserved State action for Stadium/Convention to support tourism
Community Center Fund (122)	\$2,592	Reserved by council action for Community Center Maint
Asotin Days Fund (123)	\$1,054	Reserved by council action for Asotin Days Functions
Building Inspector Fund (126)	\$2,683	Reserved by council action for the Building Department
Fire Department Bldg Fund (300)	\$14,459	Reserved by council for Fire Dept Bldg Operations
Asotin Marina Capital Projects Fund (301)	\$5,438	Reserved by council for Asotin Marina Capital Projects
Water Fund (401)	\$13,737	Reserved with Roll up funds from fund 408
Waste Water Treatment Plant (402)	\$18,349	Reserved with Roll up funds from fund 408
Total	\$113,676	

NOTE 2 - PROPERTY TAX

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

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

The City of Asotin’s regular levy for the year 2016 was \$2.02275552 per \$1,000 on an assessed valuation of \$87,190,962 for a total regular levy of \$176,366.

The City of Asotin’s EMS Voted Levy for 2016 was \$0.49200054 per \$1,000 on an assessed value of \$87,190,962 for a total excess levy of \$42,898.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission). All investments are insured, registered or held by the City of Asotin or its agent in the government’s name.

Investments are reported at (original cost/fair value). Investments by type at December 31, 2016 are as follows:

L.G.I.P (FMV).....	\$36,308.95
Certificate of Deposit Twin River Bank...(COST)...	<u>\$27,335.00</u>
Total.....	\$63,643.95

NOTE 4 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Asotin and summarizes the City of Asotin's debt transactions for year ended December 31, 2016.

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

	<u>Revenue Bonds</u>	<u>Principal</u>	<u>Revenue Bonds</u>	<u>Revenue Bonds</u>	<u>Principal</u>
	<u>Total</u>		<u>Interest</u>	<u>Total</u>	
2017		\$139,560.88	\$50,208.37		\$189,769.25
2018		\$141,786.82	\$47,799.70		\$189,586.52
2019		\$143,969.63	\$45,434.19		\$189,403.82
2020		\$134,600.27	\$43,151.00		\$177,751.27
2021		\$131,564.43	\$41,344.62		\$172,909.05
2022-2026		\$597,653.51	\$179,269.79		\$776,923.30
2027-2031		\$185,143.27	\$151,023.39		\$336,166.66
2032-2036		\$167,055.84	\$131,244.16		\$298,300.00
2037-2041		\$189,447.14	\$108,852.87		\$298,300.01
2042-2046		\$214,980.80	\$83,319.20		\$298,300.00
2047-2051		\$243,885.98	\$54,414.02		\$298,300.00
2052-2056		\$276,234.89	\$21,611.11		\$297,846.00
2057		\$59,186.55	\$19.45		\$59,206.00
TOTALS		<u>\$2,625,070.01</u>	<u>\$957,691.87</u>		<u>\$3,582,761.88</u>

The City is not responsible for paying back the USDA loans until one year after the project is completed.

NOTE 5 - STATE SPONSORED PENSION PLANS

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

Public Employees' Retirement System PERS PLAN (PERS 1)

Public Employees' Retirement System PERS PLAN (PERS 2)

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 2)

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

The Department of Retirement Systems (DRS), 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

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

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

At June 30, 2016 (the measurement date of the plans), the City of Asotin's proportionate share of the collective net pension liabilities*, as reported on Schedule 9, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.00001897%	101,878
PERS 2/3	0.00002433%	122,500
LEOFF 2	0.00004283%	(24,911)
VFFRPF	0.0008%	(13,554)

* For DRS sponsored plans, the allocation percentage and collective liability for each plan is available at www.drs.wa.gov. For VFFRPF, the information is available at www.bvff.wa.gov

LEOFF Plan 2

The city 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

Other

The City of Asotin has one pending law suit with former City of Asotin employees who are challenging their termination.

The City of Asotin will be opening the Asotin Municipal Court on January 9, 2017. Todd

Richardson has been hired as the Judge and will be holding court in the Asotin City Council Chambers. Jane Richards, will be the Prosecuting Attorney and Rick Laws will be the public defender. Municipal Court will handle all misdemeanor cases as well as local code violations. Please contact the Asotin Municipal Court at [509-243-4411](tel:509-243-4411), fax [509-243-1223](tel:509-243-1223) or visit cityofasotin.org for additional information.

2017 ASOTIN MUNICIPAL COURT DATES:

Jan 26	July 27
Feb 23	Aug 24
Mar 23	Sept 28
Apr 27	Oct 26
May 25	Nov - 16
June 22	Dec - 21

The City of Asotin started a Civil Service Commission.

Interlocal Agreements

The City of Asotin has Interlocal Agreements with the following agencies:

- Asotin County Sheriff/Jail
- Garfield County Sheriff/Jail
- Asotin County Public Works Road Work
- Whitcom for 911 Dispatch
- Asotin County Stormwater

Communications

The City of Asotin publishes the bi-monthly minutes of the City of Asotin Council Meetings on our website at www.cityofasotin.org.

City of Asotin
Schedule of Liabilities
For the Year Ended December 31, 2016

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.61	Notes Payable 2013 Ford Police Sedans/2016 Police SIV	3/5/2023	47,616	41,148	14,992	73,772
263.61	Notes Payable 2013 Ford F350 RC 4x4	5/5/2020	15,040	-	3,256	11,784
Total General Obligation Debt/Liabilities:			62,656	41,148	18,248	85,556
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	Loan From other Govern DOE WWTP Improvements	10/31/2025	548,899	-	51,262	497,637
263.82	Loan From other Govern DOE Lower Reservoir Replace Project	10/1/2026	401,979	-	36,543	365,436
263.82	Loan From Other Govern CERB Jetco Machine & Fabrication Retention	7/31/2030	142,000	-	9,467	132,533
263.82	Loan From other Govern USDA-Rural Development WWTP Construction	7/31/2055	372,975	905,025	-	1,278,000
263.82	Loan From other Govern USDA-Rural Development WWTP Equipment	12/31/2055	10,480	-	139	10,341
259.12	Compensated Absences/Pro		33,812	240	-	34,052
264.30	Pension Liabilities		185,819	38,558	-	224,377
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,695,964	943,823	97,411	2,542,376
Total Liabilities:			1,758,620	984,971	115,659	2,627,932

City of Asotin
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Rural Business-cooperative Service, Department Of Agriculture	Rural Business Development Grant	10.351	N/A	-	6,620	6,620	1,2
Rural Utilities Service, Department Of Agriculture	Water and Waste Disposal Loans and Grants (Section 306C)	10.770	Section 306C	-	1,851,524	1,851,524	1,2,3
Highway Safety Cluster			Total CFDA 10.770:	-	1,851,524 #	1,851,524	-
National Highway Traffic Safety Administration (nhisa), Department Of Transportation	State and Community Highway Safety	20.600	Section 402	-	185	185	1,2
National Highway Traffic Safety Administration (nhisa), Department Of Transportation (via Washington Association Of Sheriffs And Police Chiefs)	State and Community Highway Safety	20.600	126-6200-00	973	-	973	1,2
	Total Highway Safety Cluster:			973	185	1,158	-
	Total Federal Awards Expended:			973	1,858,329	1,859,302	-

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Asotin financial statements. The City of Asotin uses the single-entry cash basis accounting.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Asotin's portion, are more than shown.

NOTE 3 - FEDERAL LOANS

(a) The City of Asotin was approved by the USDA Rural Utilities Service to receive a loan totaling \$1,485,500.00 to build a sewer treatment plant.

The amount listed for each loan includes the proceeds received during the year and the outstanding loan balance from prior years. Both the current and prior year loans are also reported on the City of Asotin's Schedule of Long-Term Liabilities.

NOTE 4 – INDIRECT COST RATE

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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