



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

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

## **City of Union Gap**

**For the period January 1, 2016 through December 31, 2017**

**Published September 20, 2018**

**Report No. 1022201**





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

September 20, 2018

Mayor and City Council  
City of Union Gap  
Union Gap, Washington

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

Please find attached our report on the City of Union Gap'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,

Pat McCarthy  
State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Union Gap January 1, 2017 through December 31, 2017

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

The results of our audit of the City of Union Gap 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 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>
10.766	Community Facilities Loans and Grants Cluster – Community Facilities Loans and Grants

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 Union Gap  
January 1, 2016 through December 31, 2017**

Mayor and City Council  
City of Union Gap  
Union Gap, 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 Union Gap, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 12, 2018.

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy

State Auditor

Olympia, WA

September 12, 2018



**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 Union Gap  
January 1, 2017 through December 31, 2017**

Mayor and City Council  
City of Union Gap  
Union Gap, Washington

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

We have audited the compliance of the City of Union Gap, 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, 2017. 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, 2017.

## **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

September 12, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## City of Union Gap January 1, 2016 through December 31, 2017

Mayor and City Council  
City of Union Gap  
Union Gap, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Union Gap, for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City'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 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 Union Gap 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 Union Gap, for the years ended December 31, 2017 and 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 Union Gap, as of December 31, 2017 and 2016, 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 conducted for the purpose of forming opinions on the financial statements taken as a whole. The 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 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 September 12, 2018 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.



Pat McCarthy

State Auditor

Olympia, WA

September 12, 2018

## **FINANCIAL SECTION**

### **City of Union Gap January 1, 2016 through December 31, 2017**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2017  
Fund Resources and Uses Arising from Cash Transactions – 2016  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2016  
Notes to Financial Statements – 2017  
Notes to Financial Statements – 2016

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2017  
Schedule of Liabilities – 2016  
Schedule of Expenditures of Federal Awards – 2017  
Notes to the Schedule of Expenditures of Federal Awards – 2017

**City of Union Gap**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense Fund</b>	<b>101 Street Fund</b>	<b>107 Convention Center Reserve Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	10,467,411	455,869	435,366	222,862
30880	Unreserved	2,995,329	1,419,159	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	9,530,961	6,594,264	660,508	187,113
320	Licenses and Permits	224,550	224,400	140	-
330	Intergovernmental Revenues	2,050,317	106,165	141,167	-
340	Charges for Goods and Services	4,704,384	431,921	-	-
350	Fines and Penalties	189,561	170,302	-	-
360	Miscellaneous Revenues	841,034	221,676	96,015	1,897
Total Revenues:		17,540,808	7,748,729	897,829	189,010
<b>Expenditures</b>					
510	General Government	1,816,508	1,611,333	-	99,278
520	Public Safety	4,699,841	4,661,192	-	-
530	Utilities	3,489,050	-	-	-
540	Transportation	1,820,019	-	874,868	-
550	Natural and Economic Environment	236,222	234,113	-	-
560	Social Services	1,226	1,226	-	-
570	Culture and Recreation	564,934	469,129	-	39,944
Total Expenditures:		12,627,801	6,976,994	874,868	139,222
Excess (Deficiency) Revenues over Expenditures:		4,913,006	771,735	22,962	49,788
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	1,698,729	-	-	-
397	Transfers-In	1,095,556	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	198,312	198,312	-	-
381, 395, 398	Other Resources	34,854	-	-	-
Total Other Increases in Fund Resources:		3,027,451	198,312	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	5,442,038	13,667	-	19,000
591-593, 599	Debt Service	744,492	-	-	-
597	Transfers-Out	1,095,556	925,556	10,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	210,354	203,967	-	-
581	Other Uses	31,587	-	-	-
Total Other Decreases in Fund Resources:		7,524,026	1,143,190	10,000	19,000
<b>Increase (Decrease) in Cash and Investments:</b>		<b>416,431</b>	<b>(173,143)</b>	<b>12,962</b>	<b>30,788</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	11,028,700	578,723	448,328	253,650
5088000	Unreserved	2,850,472	1,123,164	-	-
<b>Total Ending Cash and Investments</b>		<b>13,879,172</b>	<b>1,701,887</b>	<b>448,328</b>	<b>253,650</b>

The accompanying notes are an integral part of this statement.



**City of Union Gap**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>108 Tourism Promotion Area Fund</b>	<b>123 Criminal Justice Fund</b>	<b>126 Crime Prevention Assessment</b>	<b>128 Transit System Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	108,419	485,029	24,598	2,966,427
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	250,948	-	1,152,281
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	9,055	-	14,976
340	Charges for Goods and Services	116,108	-	-	-
350	Fines and Penalties	-	-	5,802	-
360	Miscellaneous Revenues	1,161	4,546	198	25,528
Total Revenues:		117,269	264,549	6,000	1,192,786
<b>Expenditures</b>					
510	General Government	92,543	-	-	-
520	Public Safety	-	21,687	48	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	944,993
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		92,543	21,687	48	944,993
Excess (Deficiency) Revenues over Expenditures:		24,726	242,862	5,952	247,792
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	31,587
Total Other Increases in Fund Resources:		-	-	-	31,587
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	196,693	-	-
591-593, 599	Debt Service	-	23	-	-
597	Transfers-Out	-	-	-	37,500
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	31,587	-	-
Total Other Decreases in Fund Resources:		-	228,302	-	37,500
<b>Increase (Decrease) in Cash and Investments:</b>		<b>24,726</b>	<b>14,560</b>	<b>5,952</b>	<b>241,878</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	133,144	499,589	30,551	3,208,306
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>133,144</b>	<b>499,589</b>	<b>30,551</b>	<b>3,208,306</b>

**City of Union Gap**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>130 Community Policing Fund</b>	<b>131 Drug Seizure Forfeiture Fund</b>	<b>133 Marijuana Excise Tax Fund</b>	<b>170 Housing Rehabilitation Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	3,293	1,094	136,532	140,448
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,411	-	53,779	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	130
360	Miscellaneous Revenues	23,047	1,195	1,206	10,193
Total Revenues:		24,458	1,195	54,985	10,323
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	15,122	1,110	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	2,109
560	Social Services	-	-	-	-
570	Culture and Recreation	12,500	-	31,868	-
Total Expenditures:		27,622	1,110	31,868	2,109
Excess (Deficiency) Revenues over Expenditures:		(3,164)	85	23,116	8,214
<b>Other Increases in Fund Resources</b>					
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:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	221	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	221	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(3,164)</b>	<b>(136)</b>	<b>23,116</b>	<b>8,214</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	129	958	159,649	148,662
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>129</b>	<b>958</b>	<b>159,649</b>	<b>148,662</b>

**City of Union Gap**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>213 G.O. Bond Redemption Fund</b>	<b>304 VMB Improvement Fund</b>	<b>306 Parks &amp; Recreation Reserve Fund</b>	<b>312 Public Works Equipment</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	374	563,939	68,581	285,767
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	68,095	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	4,303	369	2,197
Total Revenues:		-	4,303	68,463	2,197
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	11,493	-
Total Expenditures:		-	-	11,493	-
Excess (Deficiency) Revenues over Expenditures:		-	4,303	56,971	2,197
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	79,520	65,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	990
Total Other Increases in Fund Resources:		-	-	79,520	65,990
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	168,810	53,173
591-593, 599	Debt Service	-	-	174	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	168,984	53,173
<b>Increase (Decrease) in Cash and Investments:</b>		-	<b>4,303</b>	<b>(32,493)</b>	<b>15,014</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	374	568,242	36,086	300,780
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>374</b>	<b>568,242</b>	<b>36,086</b>	<b>300,780</b>

**City of Union Gap**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>313 Fire Truck Reserve Fund</b>	<b>315 Police Vehicle Reserve Fund</b>	<b>316 City Hall Building Reserve Fund</b>	<b>318 Municipal Capital Improvement</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	233,215	14,754	377,392	299,985
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	196,049
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,362	109	976	2,944
Total Revenues:		2,362	109	976	198,993
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	683	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	158
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		683	-	-	158
Excess (Deficiency) Revenues over Expenditures:		1,679	109	976	198,835
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	1,698,729	-
397	Transfers-In	180,371	100,000	320,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	2,278	-	-
Total Other Increases in Fund Resources:		180,371	102,278	2,018,729	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	103,881	99,919	1,767,590	1,165
591-593, 599	Debt Service	-	-	1,497	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		103,881	99,919	1,769,087	1,165
<b>Increase (Decrease) in Cash and Investments:</b>		<b>78,169</b>	<b>2,468</b>	<b>250,618</b>	<b>197,670</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	311,384	17,222	628,010	497,655
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>311,384</b>	<b>17,222</b>	<b>628,010</b>	<b>497,655</b>

**City of Union Gap**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>320 City Hall Equipment Reserve Fund</b>	<b>321 Street Development Reserve Fund</b>	<b>324 Infrastructure Reserve Fund</b>	<b>325 Development Mitigation</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	109,881	13,868	238,088	58,063
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	489,798	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	311,520	1,135,839	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	755	978	9,496	135,987
Total Revenues:		755	312,498	1,635,133	135,987
<b>Expenditures</b>					
510	General Government	13,354	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		13,354	-	-	-
Excess (Deficiency) Revenues over Expenditures:		(12,599)	312,498	1,635,132	135,987
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	50,000	-	269,955	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		50,000	-	269,955	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	24,692	322,636	1,830,968	174,074
591-593, 599	Debt Service	-	-	312,070	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		24,692	322,636	2,143,039	174,074
<b>Increase (Decrease) in Cash and Investments:</b>		<b>12,709</b>	<b>(10,138)</b>	<b>(237,952)</b>	<b>(38,087)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	122,590	3,730	136	19,977
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>122,590</b>	<b>3,730</b>	<b>136</b>	<b>19,977</b>

**City of Union Gap**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>401 Water Fund</b>	<b>402 Garbage Fund</b>	<b>403 Sewer Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	1,590,891	-	1,632,678
30880	Unreserved	771,185	200,290	604,695
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	10
330	Intergovernmental Revenues	-	-	208,311
340	Charges for Goods and Services	1,187,792	1,239,034	1,729,530
350	Fines and Penalties	5,148	-	8,179
360	Miscellaneous Revenues	173,550	2,696	117,650
Total Revenues:		1,366,490	1,241,730	2,063,679
<b>Expenditures</b>				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	864,709	1,102,363	1,521,978
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		864,709	1,102,363	1,521,978
Excess (Deficiency) Revenues over Expenditures:		501,781	139,367	541,702
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	30,710	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		30,710	-	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	345,847	-	319,923
591-593, 599	Debt Service	313,607	-	117,121
597	Transfers-Out	47,500	27,500	47,500
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	1,714	4,451	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		708,668	31,951	484,544
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(176,177)</b>	<b>107,416</b>	<b>57,158</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	1,420,040	-	1,640,785
5088000	Unreserved	765,858	307,705	653,745
<b>Total Ending Cash and Investments</b>		<b>2,185,898</b>	<b>307,705</b>	<b>2,294,530</b>

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense Fund</b>	<b>101 Street Fund</b>	<b>107 Convention Center Reserve Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	10,192,423	30,655	465,154	194,300
30880	Unreserved	3,104,427	1,466,267	-	-
388 / 588	Prior Period Adjustments, Net	78	78	-	-
<b>Revenues</b>					
310	Taxes	9,146,247	6,359,180	648,781	181,492
320	Licenses and Permits	221,089	221,039	30	-
330	Intergovernmental Revenues	2,084,776	107,334	140,547	-
340	Charges for Goods and Services	4,607,431	550,537	1,214	-
350	Fines and Penalties	171,457	160,198	-	-
360	Miscellaneous Revenues	346,230	87,501	10,272	918
Total Revenues:		16,577,230	7,485,789	800,845	182,410
<b>Expenditures</b>					
510	General Government	1,595,091	1,595,091	-	-
520	Public Safety	4,176,841	4,130,536	-	-
530	Utilities	3,368,713	-	-	-
540	Transportation	1,602,321	-	786,205	-
550	Natural and Economic Environment	354,283	183,118	-	92,119
560	Social Services	1,648	1,648	-	-
570	Culture and Recreation	544,043	500,808	-	43,235
Total Expenditures:		11,642,941	6,411,201	786,205	135,354
Excess (Deficiency) Revenues over Expenditures:		4,934,290	1,074,588	14,639	47,056
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	919,360	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	175,773	175,773	-	-
381, 395, 398	Other Resources	190,749	4,203	3,073	-
Total Other Increases in Fund Resources:		1,285,883	179,977	3,073	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	4,191,528	8,085	-	18,494
591-593, 599	Debt Service	583,645	-	-	-
597	Transfers-Out	919,360	692,499	47,500	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	176,508	175,952	-	-
581	Other Uses	183,318	-	-	-
Total Other Decreases in Fund Resources:		6,054,360	876,536	47,500	18,494
<b>Increase (Decrease) in Cash and Investments:</b>		<b>165,813</b>	<b>378,028</b>	<b>(29,788)</b>	<b>28,562</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	10,467,411	455,869	435,366	222,862
5088000	Unreserved	2,995,329	1,419,159	-	-
<b>Total Ending Cash and Investments</b>		<b>13,462,740</b>	<b>1,875,028</b>	<b>435,366</b>	<b>222,862</b>

The accompanying notes are an integral part of this statement.

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

		<b>108 Tourism Promotion Area Fund</b>	<b>123 Criminal Justice Fund</b>	<b>126 Crime Prevention Assessment</b>	<b>128 Transit System Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	69,294	351,388	30,294	2,718,524
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	249,486	-	1,114,662
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	8,896	-	5,523
340	Charges for Goods and Services	115,692	-	-	-
350	Fines and Penalties	-	-	4,221	-
360	Miscellaneous Revenues	418	1,783	113	13,405
Total Revenues:		116,110	260,165	4,334	1,133,590
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	27,815	10,030	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	816,052
550	Natural and Economic Environment	76,985	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		76,985	27,815	10,030	816,052
Excess (Deficiency) Revenues over Expenditures:		39,125	232,350	(5,696)	317,538
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	56,841
Total Other Increases in Fund Resources:		-	-	-	56,841
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	67,101	-	-
591-593, 599	Debt Service	-	64	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	31,545	-	126,477
Total Other Decreases in Fund Resources:		-	98,710	-	126,477
<b>Increase (Decrease) in Cash and Investments:</b>		<b>39,125</b>	<b>133,640</b>	<b>(5,696)</b>	<b>247,902</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	108,419	485,029	24,598	2,966,427
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>108,419</b>	<b>485,029</b>	<b>24,598</b>	<b>2,966,427</b>



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

		<b>130 Community Policing Fund</b>	<b>131 Drug Seizure Forfeiture Fund</b>	<b>133 Marijuana Excise Tax Fund</b>	<b>170 Housing Rehabilitation Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	9,075	2,839	-	128,370
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	89,377	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	30	903	294	14,139
Total Revenues:		30	903	89,671	14,139
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	5,812	2,648	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	2,061
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		5,812	2,648	-	2,061
Excess (Deficiency) Revenues over Expenditures:		(5,782)	(1,745)	89,671	12,078
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	46,861	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	46,861	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
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:		-	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(5,782)</b>	<b>(1,745)</b>	<b>136,532</b>	<b>12,078</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	3,293	1,094	136,532	140,448
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>3,293</b>	<b>1,094</b>	<b>136,532</b>	<b>140,448</b>

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

		<b>213 1993 G.O. Bond Redemption</b>	<b>304 VMB Phase IV Fund</b>	<b>306 Parks &amp; Recreation Fund</b>	<b>312 Public Works Equipment</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	374	561,532	137,323	526,307
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	2,407	1,188	1,992
Total Revenues:		-	2,407	1,188	1,992
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	2,407	1,188	1,992
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	85,708	75,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	126,477	-
Total Other Increases in Fund Resources:		-	-	212,185	75,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	209,741	317,532
591-593, 599	Debt Service	-	-	218	-
597	Transfers-Out	-	-	46,861	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	25,296	-
Total Other Decreases in Fund Resources:		-	-	282,115	317,532
<b>Increase (Decrease) in Cash and Investments:</b>		-	<b>2,407</b>	<b>(68,742)</b>	<b>(240,540)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	374	563,939	68,581	285,767
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>374</b>	<b>563,939</b>	<b>68,581</b>	<b>285,767</b>

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

		<b>313 Fire Truck Reserve Fund</b>	<b>315 Police Vehicle Reserve Fund</b>	<b>316 City Hall Building Reserve Fund</b>	<b>318 Municipal Capital Improvement</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	156,491	11,981	262,970	180,080
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	118,913
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,039	68	1,369	1,057
Total Revenues:		1,039	68	1,369	119,970
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	65
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	65
Excess (Deficiency) Revenues over Expenditures:		1,039	68	1,369	119,905
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	180,371	100,000	320,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	155	-	-
Total Other Increases in Fund Resources:		180,371	100,155	320,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	104,685	97,450	206,947	-
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:		104,685	97,450	206,947	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>76,725</b>	<b>2,773</b>	<b>114,422</b>	<b>119,905</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	233,215	14,754	377,392	299,985
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>233,215</b>	<b>14,754</b>	<b>377,392</b>	<b>299,985</b>

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

		<b>320 City Hall Equipment Reserve Fund</b>	<b>321 Street Development Reserve Fund</b>	<b>324 Infrastructure Reserve Fund</b>	<b>325 Development Mitigation</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	70,098	1,257,342	184,181	57,816
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	473,733	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	507,556	4,917	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	315	13,762	71,608	248
Total Revenues:		315	521,317	550,258	248
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		315	521,318	550,258	248
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	50,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		50,000	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	10,532	1,764,792	246,419	-
591-593, 599	Debt Service	-	-	249,933	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		10,532	1,764,792	496,352	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>39,783</b>	<b>(1,243,474)</b>	<b>53,906</b>	<b>248</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	109,881	13,868	238,088	58,063
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>109,881</b>	<b>13,868</b>	<b>238,088</b>	<b>58,063</b>

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

		<b>401 Water Fund</b>	<b>402 Garbage Fund</b>	<b>403 Sewer Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	1,092,729	-	1,693,306
30880	Unreserved	833,250	185,885	619,026
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	20
330	Intergovernmental Revenues	905,626	-	315,000
340	Charges for Goods and Services	1,150,521	1,161,070	1,628,397
350	Fines and Penalties	4,852	-	2,186
360	Miscellaneous Revenues	64,526	951	55,925
Total Revenues:		2,125,525	1,162,021	2,001,527
<b>Expenditures</b>				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	878,092	1,110,116	1,380,505
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		878,092	1,110,116	1,380,505
Excess (Deficiency) Revenues over Expenditures:		1,247,433	51,905	621,023
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	61,420	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		61,420	-	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	608,951	-	530,799
591-593, 599	Debt Service	215,748	-	117,683
597	Transfers-Out	47,500	37,500	47,500
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	556	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		872,755	37,500	695,981
<b>Increase (Decrease) in Cash and Investments:</b>		<b>436,098</b>	<b>14,405</b>	<b>(74,958)</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	1,590,891	-	1,632,678
5088000	Unreserved	771,185	200,290	604,695
<b>Total Ending Cash and Investments</b>		<b>2,362,076</b>	<b>200,290</b>	<b>2,237,373</b>

**City of Union Gap**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

	<b>Agency</b>
308 Beginning Cash and Investments	68,880
388 & 588 Prior Period Adjustment, Net	-
310-390 Additions	34,439
510-590 Deductions	46,751
Net Increase (Decrease) in Cash and Investments:	(12,312)
508 Ending Cash and Investments	56,568

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

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

		<b>634 Water Deposits</b>
308	Beginning Cash and Investments	67,830
388 & 588	Prior Period Adjustments, Net	-
310-360	Revenues	-
380-390	Other Increases and Financing Sources	32,744
510-570	Expenditures	-
580-590	Other Decreases and Financing Uses	31,694
	Net Increase (Decrease) in Cash and Investments:	1,050
508	Ending Cash and Investments	68,880

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**City of Union Gap, Yakima County, Washington**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2017**

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

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The City of Union Gap 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:

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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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Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned



to expenditures for principal, interest and related costs on general long-term debt.

#### Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

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

##### Internal Service Funds

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

#### FIDUCIARY FUND TYPES:

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

##### Private-Purpose Trust Funds

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

##### Agency Funds

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

#### B. Basis of Accounting and Measurement Focus

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

In accordance with state law the (city) 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 Union Gap adopts annual appropriated budgets for all funds except for Utility Local Improvement District (U.L.I.D. and L.I.D.). 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
Current Expense	\$8,030,550	\$8,030,369	\$181
General Fund Reserve	\$0	\$0	\$0
Street	\$884,932	\$884,868	\$64
Park Development Reserve	\$360,372	\$180,304	\$180,068
Convention Ctr. Reserve	\$170,200	\$158,222	\$11,978
Tourism Promotion	\$104,457	\$92,543	\$11,914
Contingency Fund	\$0	\$0	\$0
PW Equip Reserve	\$57,500	\$53,173	\$4,327
Fire Truck Reserve	\$180,721	\$104,564	\$76,157
Senior Activity	\$1,200	\$0	\$1,200
Police Vehicle Reserve	\$100,000	\$99,919	\$81
City Hall Bld. Reserve	\$2,688,201	\$1,769,087	\$919,114
Municipal Capital Improvement	\$50,000	\$1,323	\$48,677
City Hall Equip. Reserve	\$50,000	\$38,046	\$11,954
Street Development Reserve	\$675,526	\$322,636	\$352,890
Criminal Justice	\$250,000	\$249,989	\$11
Infrastructure. Reserve	\$3,014,429	\$2,143,039	\$871,390
Development Mitigation Reserve	\$273,532	\$174,074	\$99,458
Crime Prevention Assessment	\$13,700	\$48	\$13,652
Commute Trip Reduction	\$100	\$0	\$100
Transit System	\$1,121,554	\$982,493	\$139,061
Community Policing	\$33,000	\$27,622	\$5,378
Drug Seizure	\$1,500	\$1,331	\$169
Comm. Events	\$19,984	\$19,205	\$779
Marijuana Excise Tax	\$42,000	\$31,868	\$10,132
Housing Rehabilitation	\$8,400	\$2,109	\$6,291
Water	\$1,271,917	\$1,243,428	\$28,489
Garbage	\$1,129,925	\$1,129,863	\$62
Sewer	\$1,699,455	\$1,686,449	\$13,006
Water Improvement Reserve	\$1,376,250	\$361,199	\$1,015,051
Sewer Improvement Reserve	\$666,750	\$320,072	\$346,678

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

D. Cash and Investments

It is the City's policy to invest a portion of temporary cash surpluses. The amount is included in the 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. Capital Assets

The capital assets of the City are recorded as expenditures when purchased.

F. Compensated Absences

Normally vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Normally Sick leave may be accumulated up to 960 hours or 1440 hours. Upon separation employees do not receive payment for unused sick leave. Upon retirement employees receive up to 45 days of payment for sick leave.

G. Long-Term Debt

See Note 5, *Debt Service Requirements*.

H. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments are as follows:

<b>Fund</b>	<b>Title</b>	<b>Reserved Fund Balance</b>	<b>Reason For Reserve</b>
002	General Fund Reserve*	392,779	Ord. by Council – Must be approved expenditure by Council
101	Street	448,328	Ord. by Council – For street expenses only.
107	Convention Center Reserve	253,650	Hotel/Motel Dollars-Restricted to tourism only
108	Tourism Promotion Assess	133,144	Tourism Promotion Assessment-Restricted to tourism only
109	Contingency Fund*	157,825	Ord. by Council – Must be approved expenditure by Council
110	Craft Night Reserve*	1,193	Ord. by Council - Donations for Library Craft Night Activities
114	Senior Center Activity*	5,014	Ord. by Council – For Senior Center activities only
123	Criminal Justice	499,589	Ord. by Council - State Criminal Justice Revenues, Criminal Justice Tax – Restricted to Criminal Justice Uses Only
126	Crime Prevention Assess	30,551	Ord. by Council –Criminal Assessment - for crime investigation.
127	Commute Trip Reduction*	2,963	Ord. by Council – For Commute Trip Reduction.
128	Transit System	3,233,601	Transit Tax - Restricted use

130	Community Policing	129	Ord. by Council - Police Donations for specific expenditures
131	Drug Seizure Forfeiture	958	Ord. by Council - Drug Seizure Revenue - for drug related items.
132	Community Events*	6,949	Ord. by Council - Contains Lodging Tax dollars from past years.
133	Marijuana Excise Tax	159,649	Marijuana Excise Tax - Restricted use
170	Housing Rehabilitation	148,662	CDBG Housing Rehab. Funding - for Housing Rehab. Projects.
213	1993 G.O. Bond Redempt	374	For G.O. Bond Redemption Only
304	Valley Mall Blvd. Phase IV	568,242	Funding for Valley Mall Blvd. Phase IV Project
306	Parks and Recreation	10,791	Ord. by Council – For Park and Recreational costs only
312	Public Works Equip Reserve	300,780	Ord. by Council –For Public Works Equipment.
313	Fire Truck Reserve	311,384	Ord. by Council – For Fire Vehicle and Equipment.
315	Police Vehicle Reserve	17,222	Ord. by Council – For Police vehicle purchases only.
316	City Hall Building Reserve	628,010	Ord. by Council – For Construction of City Hall
318	Real Estate Excise Tax	497,655	REET revenues – restricted expenditures relating to the City's Comprehensive Plan.
320	City Hall Equipment Reserve	122,590	Ord. by Council – For City Hall Equipment Purchases only.
321	Street Development Reserve	3,730	Ord. by Council – For Street projects only
324	Infrastructure Reserve Fund	136	Ord. by Council - for City Infrastructure Projects
325	Development Mitigation Reserve	19,977	Ord. by Council – Includes Revenues for Development Mitigation - Used for Agreed Upon Mitigated Projects.
404	Water Infr Reserve**	1,420,040	Ord. by Council – for Water Infrastructure Projects.
405	Sewer Infr Reserve***	1,388,686	Ord. by Council – for Sewer Infrastructure Projects.
431	Bond Redemption Fund***	21,597	Ord. by Council – for Water/Sewer Bond Redemption
432	Assessment Reserve***	230,502	Assessment Reserve.
634	Water Deposits	56,568	Agency Fund - Water Deposits cannot be used.
637	Petty Cash*	5,000	Agency Fund - For Petty Cash Use.
638	Advance Travel*	7,000	Agency Fund-For Advance Travel Use.
<b>Total</b>		<b>11,085,268</b>	

\* Rolled up to Current Expense

\*\* Rolled up to Water Fund

\*\*\* Rolled up to Sewer Fund

## **Note 2 – Deposits and Investments**

It is the City of Union Gap, Yakima County, Washington'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 Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City of Union Gap, Yakima County, Washington or its agent in the government's name.

Investments are reported at fair market value. Investments by type at December 31, 2017 are as follows:

<u>Type of Investment</u>	City of Union Gap's own investments	Investments held by City of Union as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$ <u>11,647,137.44</u>	\$ <u>0.00</u>	\$ <u>11,647,137.44</u>
U.S. Government Bonds	<u>999,615.40</u>	<u>0.00</u>	<u>999,615.40</u>
Total	\$ <u>13,646,368.24</u>	\$ <u>0.00</u>	\$ <u>13,646,368.24</u>

### **Note 3 - Property Tax**

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

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

The City of Union Gap's regular levy for the year 2017 was \$2.53543236 per \$1,000 on an assessed valuation of \$674,909,857 for a total regular levy of \$1,711,188.29.

### **Note 4 - Interfund Loans**

The following table displays interfund loan activity during 2017:

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/2017</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance 12/31/2017</u>
123	128	\$ 31,586.50	\$ 0.00	\$31,586.50	\$ 0.00
106	128	\$101,182.09	\$ 0.00	\$25,295.52	\$76,147.95
	TOTALS	<u>\$132,768.59</u>	<u>\$ 0.00</u>	<u>\$56,882.02</u>	<u>76,147.95</u>

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

#### **Debt Service**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Union Gap and summarizes the City of Union Gap's debt transactions for year ended December 31, 2017.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	624,799	146,721	771,520
2018	583,475	96,770	680,245
2019	590,101	87,309	677,410
2020	596,946	77,631	674,577
2021	509,963	67,726	577,689
2022-26	1,944,888	225,146	2,170,034

2027-31	1,043,653	89,435	1,133,088
2032-36	<u>366,218</u>	<u>14,655</u>	<u>380,873</u>
	\$6,260,043	\$805,392	\$7,065,435

## **Note 6 – Pension Plans**

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

Substantially all City of Union Gap's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 2 & 3, and LEOFF 1 & 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 December 31, 2017, the City of Union Gap's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	0.011381%	\$540,037
PERS 2/3	0.014640%	\$508,670
LEOFF 1	0.006491%	(\$98,483)
LEOFF 2	0.041990%	(\$582,685)

### **LEOFF Plan 1**

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

### **LEOFF Plan 2**

The City of Union Gap 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.

## Deferred Compensation Plan

The City of Union Gap participates in an ICMA-RC 457 Plan for the City Manager. The City contributes 16.18% of base salary to the City Manager's account, which is the normal PERS contribution of 0.11180 plus an additional 5% per the City Manager's employment contract.

### B. Defined Contribution Pension Plans

In addition to PERS, the Teamsters Clerical union members are enrolled in the Western Conference of Teamsters Pension Trust Fund – Defined benefit.

Active Teamster union participants, after working 750 covered hours over two consecutive calendar years, are eligible. They remain active as long as 250 covered hours are worked each calendar year. Members become vested after 5 years. If vested, regular retirement age is 65 or early retirement is available at age 55. The plan also includes death and survivor benefits.

The contribution rate, which is paid through payroll diversion, is \$1.00 per hour, maximum 184 hours per month and 2080 hours per year. The total contribution for 2017 was \$15,591.54.

### **Note 7 – Risk Management**

The City of Union Gap is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 161 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, with a \$1,000 deductible for automobile coverage and \$5,000 for property coverage. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and

litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

**Note 8 - Other Disclosures**

- a. As of December 31, 2017 there are 3 open lawsuits against the City of Union Gap as follows:

Plaintiff	Type of Lawsuit	Status
Timothy Hall	Public Records Act	Pending
PPI Investments	Land Use	Ongoing
Kolob Trust	Claim for Damages	Ongoing

- b. HLA invoice number 15152C-005, dated 10/31/2017 in the amount of \$2,474.06 was used as part of Progress Billing reimbursement request no. 10, for the Valley Mall Blvd./Goodman Rd. Traffic Signal project (CM-1224(005)) and was reimbursed to the City on 11/30/2017. However The invoice billing was not paid to HLA until June 11, 2018 in error.



**City of Union Gap/Yakima County, Washington**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2016**

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These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

**Capital Projects Funds**

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

#### Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

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

##### Internal Service Funds

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

#### FIDUCIARY FUND TYPES:

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

##### Private-Purpose Trust Funds

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

##### Agency Funds

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

#### B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City of Union Gap also recognizes expenditures paid during twenty (20) days after the close of the fiscal year for claims incurred during the previous period.

#### C. Budgets

The City of Union Gap adopts annual appropriated budgets for all funds except for Utility Local Improvement District (U.L.I.D. and L.I.D). 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
Current Expense	\$7,525,383	\$7,312,699	\$212,684
General Fund Reserve	\$0	\$0	\$0
Street	\$875,003	\$833,705	\$41,298
Park Development Reserve	\$357,329	\$282,115	\$75,214
Convention Ctr. Reserve	\$181,750	\$153,849	\$27,901
Tourism Promotion	\$93,820	\$76,985	\$16,835
Contingency Fund	\$79,054	\$79,054	\$0
PW Equip Reserve	\$350,000	\$317,532	\$32,468
Fire Truck Reserve	\$180,371	\$104,685	\$75,686
Senior Activity	\$1,300	\$1,299	\$1
Police Vehicle Reserve	\$100,000	\$97,450	\$2,550
City Hall Bld. Reserve	\$320,248	\$206,947	\$113,301
Municipal Capital Improvement	\$25,000	\$65	\$24,935
City Hall Equip. Reserve	\$50,000	\$10,532	\$39,468
Street Development Reserve	\$2,102,568	\$1,764,792	\$337,776
Criminal Justice	\$256,504	\$126,525	\$129,979
Infrastructure. Reserve	\$3,517,650	\$496,352	\$3,021,298
Development Mitigation Reserve	\$69,000	\$0	\$69,000
Crime Prevention Assessment	\$16,200	\$10,030	\$6,170
Commute Trip Reduction	\$100	\$0	\$100
Transit System	\$945,992	\$942,529	\$3,462
Community Policing	\$12,000	\$5,812	\$6,188
Drug Seizure	\$3,500	\$2,648	\$852
Comm. Events	\$12,987	\$5,871	\$7,116
Marijuana Excise Tax			\$0
Housing Rehabilitation	\$8,400	\$2,061	\$6,339
Water	\$1,282,406	\$1,281,977	\$429
Garbage	\$1,167,266	\$1,147,616	\$19,650
Sewer	\$1,663,832	\$1,653,814	\$10,018
Water Improvement Reserve	\$1,595,320	\$698,871	\$896,449
Sewer Improvement Reserve	\$1,247,655	\$522,672	\$724,983

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Union Gap, Yakima County, Washington's legislative body.

#### D. Cash and Investments

It is the City's policy to invest a portion of temporary cash surpluses. The amount is included in the 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. Capital Assets

The capital assets of the City are recorded as expenditures when purchased.

#### F. Compensated Absences

Normally vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Normally Sick leave may be accumulated up to 960 hours or 1440 hours. Upon separation employees do not receive payment for unused sick leave. Upon retirement employees receive up to 45 days of payment for sick leave.

#### G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

#### H. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of operating transfers-in, operating transfers-out, proceeds from sales of capital assets, special assessments, intergovernmental loan proceeds, Public Works Trust Fund Loans, and Capital leases.

#### I. Risk Management

The City of Union Gap is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 168 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregate sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, claims and claims and litigation administration. WCIA contracts for certain claims investigation, consultants for personnel issues and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Washington Cities Insurance Authority's address is P.O. Box 88030 Tukwila, WA 98138; Phone (206) 575-6046; Fax (206) 515-7426; [www.wciapool.org](http://www.wciapool.org).

#### 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 by external parties or due to internal commitments established by the City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

<b>Fund</b>	<b>Title</b>	<b>Reserved Fund Balance</b>	<b>Reason For Reserve</b>
002	General Fund Reserve*	\$354,199	Ord. by Council – Must be approved expenditure by Council
101	Street	\$435,366	Ord. by Council – For street expenses only.
107	Convention Center Reserve	\$222,862	Hotel/Motel Dollars-Restricted to tourism only
108	Tourism Promotion Assess	\$108,419	Tourism Promotion Assessment-Restricted to tourism only
109	Contingency Fund*	\$67,484	Ord. by Council – Must be approved expenditure by Council
110	Craft Night Reserve*	\$1,185	Ord. by Council - Donations for Library Craft Night Activities
114	Senior Center Activity*	\$2,716	Ord. by Council – For Senior Center activities only
123	Criminal Justice	\$485,029	Ord. by Council - State Criminal Justice Revenues, Criminal Justice Tax – Restricted to Criminal Justice Uses Only
126	Crime Prevention Assess	\$24,598	Ord. by Council –Criminal Assessment - for crime investigation.
127	Commute Trip Reduction*	\$2,940	Ord. by Council – For Commute Trip Reduction.
128	Transit System	\$2,966,427	Transit Tax - Restricted use
130	Community Policing	\$3,293	Ord. by Council - Police Donations for specific expenditures
131	Drug Seizure Forfeiture	\$1,094	Ord. by Council - Drug Seizure Revenue - for drug related items.
132	Community Events*	\$15,924	Ord. by Council - Contains Lodging Tax dollars from past years.
133	Marijuana Excise Tax	\$136,532	Marijuana Excise Tax - Restricted use
170	Housing Rehabilitation	\$140,448	CDBG Housing Rehab. Funding - for Housing Rehab. Projects.
213	1993 G.O. Bond Redempt	\$374	For G.O. Bond Redemption Only
304	Valley Mall Blvd. Phase IV	\$563,939	Funding for Valley Mall Blvd. Phase IV Project
306	Parks and Recreation	\$68,581	Ord. by Council – For Park and Recreational costs only
312	Public Works Equip Reserve	\$285,767	Ord. by Council –For Public Works Equipment.

313	Fire Truck Reserve	\$233,215	Ord. by Council – For Fire Vehicle and Equipment.
315	Police Vehicle Reserve	\$14,754	Ord. by Council – For Police vehicle purchases only.
316	City Hall Building Reserve	\$377,392	Ord. by Council – For Construction of City Hall
318	Real Estate Excise Tax	\$299,985	REET revenues – restricted expenditures relating to the City's Comprehensive Plan.
320	City Hall Equipment Reserve	\$109,881	Ord. by Council – For City Hall Equipment Purchases only.
321	Street Development Reserve	\$13,868	Ord. by Council – For Street projects only
324	Infrastructure Reserve Fund	\$238,088	Ord. by Council - for City Infrastructure Projects
325	Development Mitigation Reserve	\$58,063	Ord. by Council – Includes Revenues for Development Mitigation - Used for Agreed Upon Mitigated Projects.
404	Water Infr Reserve**	\$1,590,891	Ord. by Council – for Water Infrastructure Projects.
405	Sewer Infr Reserve***	\$1,402,176	Ord. by Council – for Sewer Infrastructure Projects.
432	Assessment Reserve***	\$230,502	Assessment Reserve.
634	Water Deposits	\$68,880	Agency Fund - Water Deposits cannot be used.
637	Petty Cash*	\$4,421	Agency Fund - For Petty Cash Use.
638	Advance Travel*	\$7,000	Agency Fund-For Advance Travel Use.
<b>Total</b>		<b>\$10,536,291</b>	

Rolled up to Current

\* Expense

\*\* Rolled up to Water Fund

\*\*\* Rolled up to Sewer Fund

Reservations of Ending Cash and Investments consist of the following:

## **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 (at/after) the end of each month.

Property tax revenues are recognized when cash is received by City of Union Gap, Yakima County, Washington. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Union Gap, Yakima County, Washington regular levy for the year 2016 was \$2.60436108 per \$1,000 on an assessed valuation of \$630,767,028 for a total regular levy of \$1,642,745.10.

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

It is the City of Union Gap, Yakima County, Washington'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 Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City of Union Gap, Yakima County, Washington or its agent in the government's name.

Investments are reported at fair market value. Investments by type at December 31, 2016 are as follows:

<u>Type of Investment</u>	City of Union Gap's own investments	Investments held by City of Union Gap as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$ <u>12,789,535.91</u>	\$ <u>0.00</u>	\$ <u>12,789,535.91</u>
Total	\$ <u>12, 789, 535, .91</u>	\$ <u>0.00</u>	\$ <u>12,789,535.91</u>

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

##### **Debt Service**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Union Gap and summarizes the City of Union Gap debt transactions for year ended December 31, 2016.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	563,721	108,583	672,304
2017	583,475	135,823	719,298
2018	590,103	88,226	678,329
2019	596,949	78,546	675,493
2020	509,963	68,642	578,604
2021-2025	1,993,671	229,725	2,223,396
2026-2030	1,043,652	94,018	1,137,671
2031-2035	366,217	19,236	385,454
2036-2040	61,077	916	61,993
Totals	6,308,827	823,716	7,132,542

#### **Note 5 - Interfund Loans**

The following table displays interfund loan activity during 2015:

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/2016</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance 12/31/2016</u>
123	128	\$63,131.50	\$0.00	\$31,545.00	\$31,586.50
106	128	\$0.00	\$126,477.61	\$25,295.52	\$101,182.09
	TOTALS	<u>\$63,131.50</u>	<u>\$126,477.61</u>	<u>\$56,840.52</u>	<u>\$132,768.59</u>

#### **Note 6 – Pension Plans**

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

Substantially all City of Union Gap full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 2 & 3, and LEOFF 1 & 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 December 31, 2016, the City of Union Gap's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	0.00011144	\$598,485
PERS 2/3	0.00014298	\$719,893
LEOFF 1	0.049210%	(\$507,004)
LEOFF 2	0.035887%	(\$208,730)

#### LEOFF Plan 1

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

#### LEOFF Plan 2

The City of Union Gap 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.

#### Deferred Compensation Plan

The City of Union Gap participates in an ICMA-RC 457 Plan for the City Manager. The City contributes 16.18% of base salary to the City Manager's account, which is the normal PERS contribution of 0.11180 plus an additional 5% per the City Manager's employment contract.

### **Note 7 - Other Disclosures**

#### **Schedule 09**

#### **Prior Year Ending/Current**

Year Beginning Balance Comparison –

- After reading the BARS Manual for reporting on the Schedule 09 I realized that the date of original



issuance should be included in the description of all loans. By doing this it shows last year's loans and this year loans as different loans, however, the dollar amounts are correct.

- 2015 Ending Balances for 3 loans did not tie to the Actual Amortization Schedules so the 2016 beginning balances were changed to correct this error (Changes were Yakima County SIED Loan 7/31/07 from \$57,801 to \$60,093; Yakima County SIED Loan 3/26/02 from \$71,310 to 69017; and PWTF Loan 06/01/2013 from \$1,099,390 to \$1,221,544).

**City of Union Gap  
Schedule of Liabilities  
For the Year Ended December 31, 2017**

<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>General Obligation Debt/Liabilities</b>						
251.11	Fire Truck Lease	3/15/2022	147,710	-	21,941	125,769
251.11	Yakima County SIED Loan 7/31/2007	6/1/2017	30,322	-	30,322	-
251.11	Yakima County SIED Loan 10/05/04	6/1/2020	206,791	-	49,429	157,362
251.11	Yakima County SIED Loan 03/26/02	6/1/2017	35,544	-	35,544	-
251.11	Yakima County SIED Loan 06/03/08	6/1/2024	311,406	-	34,099	277,307
251.11	Yakima County SIED Loan 05/26/15	6/1/2030	904,910	-	53,828	851,082
251.11	Yakima County SIED Loan 07/07/2015	6/1/2031	750,000	-	23,902	726,098
263.81	Rural Housing Service, Dept of Agriculture-USDA Loan	1/1/2049	-	1,698,729	-	1,698,729
<b>Total General Obligation Debt/Liabilities:</b>			<b>2,386,683</b>	<b>1,698,729</b>	<b>249,065</b>	<b>3,836,347</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences	12/31/2017	196,646	40,633	16,128	221,151
264.30	Net Pension Liability 01/01/2017	12/31/2017	1,318,378	-	269,671	1,048,707
263.82	Public Works Trust Fund Loan 06/05/2000	7/1/2020	153,689	-	38,422	115,267
263.82	Public Works Trust Fund Loan 05/04/2001	7/1/2021	122,252	-	24,450	97,802
263.82	Public Works Trust Fund Loan 05/05/2004	7/1/2024	1,068,049	-	133,506	934,543
263.82	Public Works Trust Fund Loan 05/13/2005	7/1/2025	351,688	-	39,077	312,611
263.82	Public Works Trust Fund Loan 05/30/2006	7/1/2026	487,853	-	48,785	439,068
263.82	Public Works Trust Fund Loan 06/30/2011	10/1/2033	517,069	-	30,416	486,653
252.11	Public Works Trust Fund Loan 06/01/2013	10/1/2037	1,221,544	-	61,077	1,160,467
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>5,437,168</b>	<b>40,633</b>	<b>661,532</b>	<b>4,816,269</b>
<b>Total Liabilities:</b>			<b>7,823,851</b>	<b>1,739,362</b>	<b>910,597</b>	<b>8,652,616</b>

**City of Union Gap  
Schedule of Liabilities  
For the Year Ended December 31, 2016**

<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>General Obligation Debt/Liabilities</b>						
263.51	Local Lease Purchase 9/15/11	3/15/2022	168,688	-	20,978	147,710
263.81	Yakima County SIED Loan 7/31/07	6/1/2017	60,093	-	29,771	30,322
263.81	Yakima County SIED Loan 10/5/04	6/1/2020	254,780	-	47,989	206,791
263.81	Yakima County SIED Loan 3/26/02	6/1/2017	69,017	-	33,473	35,544
263.81	Yakima County SIED Loan 06/03/08	6/1/2024	344,272	-	32,866	311,406
263.81	Yakima County SIED Loan 05/26/15	6/1/2030	958,000	-	53,090	904,910
263.81	Yakima County SIED Loan 7/7/15	6/1/2031	750,000	-	-	750,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>2,604,850</b>	<b>-</b>	<b>218,167</b>	<b>2,386,683</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences 01/01/2016	12/31/2016	170,041	37,421	10,816	196,646
263.82	Public Works Trust Fund Loan 6/05/2000	7/1/2020	192,111	-	38,422	153,689
263.82	Public Works Trust Fund Loan 05/04/2001	7/1/2021	146,702	-	24,450	122,252
263.82	Public Works Trust Fund Loan 05/05/2004	7/1/2024	1,201,555	-	133,506	1,068,049
263.82	Public Works Trust Fund Loan 05/13/2005	7/1/2025	390,765	-	39,077	351,688
263.82	Public Works Trust Fund Loan 05/30/2006	7/1/2026	536,638	-	48,785	487,853
263.82	Public Works Trust Fund Loan 06/30/2011	10/1/2033	547,485	-	30,416	517,069
252.11	Public Works Trust Fund Loan 06/01/2013	10/1/2037	1,221,544	-	-	1,221,544
264.30	Net Pension Liability 01/01/2016		1,245,104	73,274	-	1,318,378
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>5,651,945</b>	<b>110,695</b>	<b>325,472</b>	<b>5,437,168</b>
<b>Total Liabilities:</b>			<b>8,256,795</b>	<b>110,695</b>	<b>543,639</b>	<b>7,823,851</b>

**City of Union Gap**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

	Expenditures					Passed through to Subrecipients	Note		
	Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards			From Direct Awards	Total
Community Facilities Loans and Grants Cluster									
	RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Community Facilities Loans and Grants	10.766	City of UG City Center Complex	-	1,458,774	1,458,774	-	1
	Total Community Facilities Loans and Grants Cluster:				-	1,458,774	1,458,774	-	
	Office Of Community Planning And Development, Department Of Housing And Urban Development	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	CDBG Planning Only Grant	-	18,830	18,830	-	
Highway Planning and Construction Cluster									
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	CM-4554(005)	306,362	-	306,362	-	12	
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	STPUS 4550 (005)	2,177	-	2,177	-	12	
Federal Highway Administration (fhwa), Department Of Transportation (via WA DOT)	Highway Planning and Construction	20.205	STPUS-4579 (012)	13,374	-	13,374	-	12	
Total Highway Planning and Construction Cluster:					321,912	-	321,912	-	
Highway Safety Cluster									
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation	National Priority Safety Programs	20.616	TZT PATROL	-	1,411	1,411	-		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	National Priority Safety Programs	20.616	TZT Patrol	-	1,490	1,490	-		
Total Highway Safety Cluster:					-	2,901	2,901	-	

**City of Union Gap**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures				Passed through to Subrecipients	Note
		CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	
		Total Federal Awards Expended:				1,802,417	-
				321,913	1,480,505		

City of Union Gap, Yakima County

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2017**

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the Union Gap, Yakima County, WA financial statements. The Union Gap, Yakima County, WA uses the cash basis of accounting.

Note 2 – Program Costs

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

Note 3 – Indirect Cost Rate

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

Note 4 – Federal Loans

The City of Union Gap, Yakima, WA was approved by the USDA Rural Housing Service to receive a loan totaling \$9,461,500 to build a Civic Campus. The amount listed for this loan includes the proceeds used 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 Union Gap, Yakima, WA Schedule of Liabilities.

## 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.

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