



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

City of East Wenatchee

Douglas County

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

Published September 24, 2015

Report No. 1015222





Washington State Auditor's Office

September 24, 2015

Mayor and City Council
City of East Wenatchee
East Wenatchee, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of East Wenatchee'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,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

**City of East Wenatchee
Douglas County
January 1, 2014 through December 31, 2014**

The results of our audit of the City of East Wenatchee are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements.

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 under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction Cluster - Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City qualified as a low-risk auditee under OMB Circular A-133.

**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 East Wenatchee
Douglas County
January 1, 2014 through December 31, 2014**

Mayor and City Council
City of East Wenatchee
East Wenatchee, 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 East Wenatchee, Douglas County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 18, 2015.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

September 18, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**City of East Wenatchee
Douglas County
January 1, 2014 through December 31, 2014**

Mayor and City Council
City of East Wenatchee
East Wenatchee, Washington

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

We have audited the compliance of the City of East Wenatchee, Douglas County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. 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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

September 18, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of East Wenatchee Douglas County January 1, 2014 through December 31, 2014

Mayor and City Council
City of East Wenatchee
East Wenatchee, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of East Wenatchee, Douglas County, Washington, for the year ended December 31, 2014, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of East Wenatchee 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 East Wenatchee, for the year ended December 31, 2014, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of East Wenatchee, as of December 31, 2014, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2015 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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

September 18, 2015

FINANCIAL SECTION

**City of East Wenatchee
Douglas County
January 1, 2014 through December 31, 2014**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2014
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2014
Notes to the Financial Statements – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2014
Schedule of Expenditures of Federal Awards – 2014
Notes to the Schedule of Expenditures of Federal Awards – 2014

City of East Wenatchee
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Department
Beginning Cash and Investments				
30810	Reserved	383,355	13,355	-
30880	Unreserved	3,351,519	2,269,946	112,090
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	6,592,525	5,385,831	550,000
320	Licenses and Permits	197,804	195,344	2,460
330	Intergovernmental Revenues	1,567,476	199,955	275,377
340	Charges for Goods and Services	1,023,598	971,222	-
350	Fines and Penalties	266,730	266,562	-
360	Miscellaneous Revenues	23,202	6,828	-
Total Operating Revenues:		9,671,335	7,025,743	827,837
Operating Expenditures				
510	General Government	1,520,618	1,520,618	-
520	Public Safety	3,475,052	3,475,052	-
530	Utilities	68,224	68,224	-
540	Transportation	1,073,828	261,600	812,228
550	Natural and Economic Environment	539,868	316,850	-
560	Social Services	2,151	2,151	-
570	Culture and Recreation	3,966	3,966	-
Total Operating Expenditures:		6,683,707	5,648,461	812,228
Net Operating Increase (Decrease):		2,987,628	1,377,282	15,609
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	471,474	441,474	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
Total Nonoperating Revenues:		471,474	441,474	-
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	408,660	408,660	-
591-593	Debt Service	197,882	-	-
594-595	Capital Expenditures	2,440,448	827,886	14,067
597	Transfers-Out	-	-	-
Total Nonoperating Expenditures:		3,046,990	1,236,546	14,067
Net Increase (Decrease) in Cash and Investments:		412,112	582,210	1,542
Ending Cash and Investments				
50810	Reserved	13,742	13,742	-
50880	Unreserved	4,133,244	2,851,770	113,631

The accompanying notes are an integral part of this statement.

102 Community Devel Grants Fund	113 Stadium Fund	114 Drug Fund	116 Criminal Justice Fund	117 East Wenatchee Events Brd Fund	202 ST Imp Bond Redempt Fund #3
-	-	-	-	-	-
38,484	46,453	5,182	25,523	42,493	7,491
-	-	-	-	-	-
-	42,917	-	-	91,199	185,000
-	-	-	-	-	-
85,065	-	-	16,176	-	12,407
-	-	-	-	48,376	-
-	-	167	-	-	-
-	-	519	-	-	-
85,065	42,917	686	16,176	139,575	197,407
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,054	11,500	-	-	146,465	-
-	-	-	-	-	-
-	-	-	-	-	-
65,054	11,500	-	-	146,465	-
20,011	31,417	686	16,176	(6,890)	197,407
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	197,882
-	-	-	-	417	-
-	-	-	-	-	-
-	-	-	-	417	197,882
20,011	31,417	686	16,176	(7,307)	(475)
-	-	-	-	-	-
58,496	77,870	5,868	41,699	35,186	7,015

The accompanying notes are an integral part of this statement.

301 Street Improvement Fund	314 Capital Improvement Fund
-	370,000
662,711	141,146
-	-
15,714	321,864
-	-
949,733	28,763
4,000	-
-	-
-	15,855
969,447	366,482
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
969,447	366,482
-	30,000
-	-
-	-
-	30,000
-	-
-	-
1,264,909	333,169
-	-
1,264,909	333,169
(295,462)	63,313
-	-
367,249	574,460

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	630 EW Transportation Benefit District	633 Travel Revolving Fund	634 Cafeteria Plan
308	Beginning Cash and Investments	62,522	60,647	675	1,200
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	216,749	216,749	-	-
380-390	Other Increases and Financing Sources	16,386	-	3,488	12,898
510-570	Expenditures	117,377	117,377	-	-
580-590	Other Decreases and Financing Uses	14,215	-	3,913	10,302
	Net Increase (Decrease) in Cash and Investments:	101,543	99,372	(425)	2,596
508	Ending Cash and Investments	164,066	160,020	250	3,796

The accompanying notes are an integral part of this statement.

CITY OF EAST WENATCHEE, WASHINGTON

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2014 through December 31, 2014

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The City of East Wenatchee was incorporated in 1935 and operates under the laws of the State of Washington applicable to a non-charter code city with a mayor-council form of government. The City of East Wenatchee is a general-purpose government and provides public safety, street improvements, community development, municipal court, prosecuting attorney, and general administrative services. The City of East Wenatchee uses single entry, cash basis accounting, which is a departure from generally accepted accounting principles (GAAP).

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

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

A. Fund Accounting

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

Government Fund Types:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

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

Proprietary Fund Types:

Internal Service Funds

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

Fiduciary Fund Types:

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

Agency Funds:

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

B. Basis of Accounting and Measurement Focus

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

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

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance	Note Reference
General Fund	\$9,290,919	\$6,881,040	(\$2,409,879)	(1)
Street Fund	926,837	826,295	(100,542)	(2)
Community Development Fund	110,633	65,054	(45,579)	(3)
Library Fund	5,609	3,966	(1,643)	
Hotel/Motel Tax Fund	86,802	11,500	(75,302)	(4)
Drug Fund	5,631	0	(5,631)	
Criminal Justice Fund	39,741		(39,741)	(5)
Events Fund	168,852	146,881	(21,971)	
Bond Redemption Fund	204,898	197,882	(7,016)	
Street Improvements Fund	1,820,671	1,264,909	(555,762)	(6)
Capital Improvements Fund	968,105	333,169	(634,936)	(7)
Equipment P,M&R Fund	7,331	0	(7,331)	
Transportation Benefit District Fund	247,552	117,377	(130,175)	(8)
Total	\$13,883,581	\$9,848,073	(\$4,035,508)	

Comments on Significant Variances:

- (1) This variance results from a higher than expected carry forward balance in the General Fund from 2013 and delayed spending in the storm water maintenance and project construction areas.
- (2) This variance results from lessor amounts of spending in several areas, the largest is the positive variance in snow removal costs because of lack of snow and cold weather in November and December.
- (3) An improvement project has been re-scheduled for 2015 for the north end of the downtown business area.
- (4) State legislation creating additional informational requirements and annual event reporting requirements for spending hotel/motel taxes has limited spending.
- (5) This funding source is generally used to purchase police vehicles. Purchases are scheduled for 2015.
- (6) The French Avenue Street Improvement Project has been re-scheduled to 2015.
- (7) The Gateway Property purchase did not occur as originally planned and is expected to close in 2015.
- (8) As noted previously, the French Avenue Street Improvement Project has been re-scheduled to 2015. A portion of Transportation Benefit District funding is expected to be used in 2015.

Budgeted amounts are authorized to be transferred between departments in a fund or within classifications within departments; however, any revisions that alter the total expenditures of a fund, or that effect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

D. Deposits and Investments

It is the City of East Wenatchee's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds if significant.

All deposits and certificates of deposit are covered by the Federal Depository Insurance Corporation (FDIC) and/or the Washington Public Deposit Protection Commission (PDPC). All investments are insured, registered or held by the City of East Wenatchee or its agent in the government's name.

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

<u>Type of Investment</u>	<u>Amount</u>
Local Government Investment Pool (LGIP)	\$ 3,939,374.74
Banner Bank Savings Account	<u>\$ 250,000.00</u>
Total	<u>\$ 4,189,374.74</u>

E. Capital Assets

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

F. Compensated Absences

The City has four employee groups that accumulate vacation, sick leave and/or personal leave benefits, including eight employees in administration, sixteen employees in the Washington State Council of County & City Employees, AFSCME, AFL-CIO, Local 846-W (“Local 846”), twenty-two employees in two union groups covered by Teamsters Local Union No. 760 (“Teamsters”), and one employee under contract. The City also employs one part-time worker who does not receive benefits beyond earned compensation. Compensated absences in each group are as follows:

Administration employees may accumulate vacation leave up to 240 hours and any accrued but unused vacation is paid at termination. During the calendar year, balances may exceed the 240 hour cap, however only 240 hours may be carried forward to January 1st. Sick leave may accumulate to 960 hours and is only payable at 25% of the accrued but unused balance upon a layoff for financial reasons or retirement. During the calendar year, balances may exceed the 960 hour cap, however only 960 hours may be carried forward to January 1st.

Local 846 employees may accumulate vacation leave up to 240 hours and is payable upon separation or retirement up to the cap. 240 vacation hours may be carried forward to January 1st of each year. Sick leave may accumulate to 960 hours and may be cashed out with the payout deposited into a VEBA account in the name of the employee. Upon completion of five years employment, sick leave is payable upon separation for reasons other than cause in the form of cash or payment of medical premiums at the rate of 25% of the accrued but unused balance up to the 960 hour maximum accrual. If the employee is separated due to death, the City will make the payment to the employee’s estate upon appropriate notice.

Teamsters employees may accumulate vacation leave up to 200 hours and is payable upon termination of employment up to the cap. 200 vacation hours may be carried forward to January 1st of each year. Sick leave may accumulate to exceed the 960 hour cap, but only 960 hours may be carried forward to January 1st of each year, and is only payable at 25% of the accrued but unused balance upon a layoff for financial reasons or retirement. Compensatory hours and holiday compensatory hours may be accrued by these employees in lieu of overtime pay. 90 holiday compensatory leave hours and 120 compensatory leave hours may be carried forward to January 1st of each year.

One employee under contract may accumulate personal leave without a stated maximum and be paid 25% of the accrued but unused leave balance at termination of employment. One employee under contract does not receive vacation or sick leave benefits. Two independent contractors receive no benefits.

Accrual and payment activity for the compensated absences of vacation and sick leave for 2014 were:

	<u>Beginning</u> <u>Balance</u> <u>1/1/2014</u>	<u>2014</u> <u>Accruals</u>	<u>2014</u> <u>Payments &</u> <u>Forfeitures</u>	<u>Ending</u> <u>Balance</u> <u>12/31/2014</u>
Accrued Vacation	<u>\$207,131</u>	<u>\$236,937</u>	<u>(\$192,365)</u>	<u>\$251,703</u>
Accrued Sick Leave	<u>\$473,418</u>	<u>\$152,734</u>	<u>(\$123,586)</u>	<u>\$502,566</u>

These amounts are based upon the 2014 regular employee compensation with an allowance for the City's portion of payroll taxes and pension costs. Forfeitures may occur with sick leave when an employee separates employment for any reason other than retirement or a layoff for financial reasons. If an employee retires or is laid off for financial reasons, the employee receives 25% of the then accrued balance at separation according to the policies described previously.

G. Debt Service Requirements

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of East Wenatchee and summarizes the City's debt service debt transactions for the year ended December 31, 2015.

The debt service requirements general obligation bonds and a public works trust fund loan, including both principle and interest, are as follows:

	<u>General</u> <u>Obligation</u>	<u>Other</u> <u>Debt</u>	<u>Total</u>
2015	213,274	31,495	244,770
2016	49,822	31,198	81,020
2017	49,495	30,901	80,396
2018	50,326	30,604	80,930
2019	49,756	30,307	80,063
2020 thru			
2022	149,676	59,722	209,398
Thereafter	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>562,349</u>	<u>214,227</u>	<u>776,576</u>

H. Other Financing Sources or Uses

The City of East Wenatchee's "Other Financing Sources or Uses" consist of agency collections and disbursements, investment proceeds, miscellaneous insurance recoveries, and prior period corrections.

I. Risk Management

The City of East Wenatchee is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made under Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2014, there are 223 members in the program.

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

The program acquires liability insurance through their Administrator, Canfield, that is subject to a per-occurrence self-insured retention of \$100,000. The standard member deductible is \$1,000 for each claim (deductible may vary per member) while the program is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 of the self-insured retention. The program also purchases a Stop Loss Policy, with an attachment point of \$3,259,396, to cap the total claims paid by the program in any one policy term.

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

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

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

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. On July 21, 2014, the Board passed a resolution changing the CIAW's renewal date from September 1, to December 1st beginning with the 2014-15 policy term. An endorsement was added to the 2013-14 Memorandum of Coverage, extending coverage to December 1, 2014. The next full policy year will begin on December 1, 2014. Premiums were prorated for the extension period. Invoices and certificates were issued.

The program has no employees. Claims are filed by member/brokers with Canfield, which has been contracted to perform program administration, claims adjustment, administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended December 1, 2014 were \$1,817,654.59.

J. Health and Welfare

The City of East Wenatchee is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

J. Reserved Portion of Ending Cash and Investments:

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

The City of East Wenatchee previously reserved \$370,000 of its Capital Improvements Fund balance for the purchase of property to be surplus by the Washington State Department of Transportation (WSDOT). Two parcels were purchased during 2014 for total consideration of \$329,169. The City also reserves the amount of funds held by it Municipal Court for deposits and future distribution. At the end of 2014, \$13,741 was held in reserve.

NOTE 2 – PROPERTY TAXES

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

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

The City of East Wenatchee's regular levy for 2014 was \$1.587671 per \$1,000 on an assessed valuation of \$992,371,761 for a total regular levy of \$1,575,560.

NOTE 3 – PENSION PLANS

Substantially all City of East Wenatchee full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) and the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City of East Wenatchee's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P O Box 48380
Olympia WA 98504-8380

NOTE 4 – DEFERRED COMPENSATION PLAN

The City of East Wenatchee offers its employees a deferred compensation plan created under Internal Revenue Code Section 457. This plan is with the State of Washington Deferred Compensation Plan.

The plan, available to eligible employees, permits employees to defer a portion of their salary for future years. The deferred compensation is not available to employees until their termination, retirement, death, or unforeseeable emergency. Information regarding the State of Washington Deferred Compensation Plan may be obtained at the address below:

State of Washington
Office of Financial Management
300 Insurance Building AQ-44
P O Box 3113
Olympia WA 98504-0201

NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS

The City had previously employed four individuals covered and retired from the City under Plan 1 of the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF1). Under terms of this Plan, the City must pay for medical expenses for the remaining lives of these City retirees. The City provides medical insurance through a plan offered by the Association of Washington Cities and reimburses the retirees for any out-of-pocket expenses determined to be reimbursed to them by the regional LEOFF1 Disabilities Board. Insurance premiums and out of pocket expenses for these LEOFF1 retirees during 2014 totaled \$56,053.54. The potential medical cost that the City is not insured for is the cost of nursing home care, determined to be inaccessible under a group plan because of the medical status of members of the retiree group. Currently none of the LEOFF1 retirees require nursing home care. As with medical premiums and out of pocket reimbursable medical costs, the City expects any costs of nursing home care to be paid from current revenues.

NOTE 6 – OTHER DISCLOSURES

A. Adjustment to the Beginning Balance of the City's General Fund

The City retroactively increased the 2013 restricted beginning balance of its General Fund by \$13,331.54 to reflect the funds held at that time by the City's Municipal Court, based upon instructions from the SAO during the previous year's audit. The City had not previously consolidated these funds in its annual financial report. The 2013 end of year balance was \$13,354.83. The 2014 end of year balance was \$13,741.50. Based upon the Municipal Court Judge's representation that these funds are held in trust awaiting disposition by the Court, the City has reported them as restricted.

B. Compliance and Accountability

There have been no material violations of finance-related or contractual provisions. There have been no expenditures which have exceeded legal appropriations in any of the funds of the City of East Wenatchee.

C. Formation of the City of East Wenatchee Transportation Benefit District

In December of 2012, the City Council passed an Ordinance to create and establish the City of East Wenatchee Transportation Benefit District ("the District"). The purpose of the District was to create a revenue stream to help satisfy the City's increasing demand for repairs and improvements of residential streets. The District would be accounted for as an Agency Fund under Washington State Auditor Guidelines. Those guidelines include consolidating the District's finances within the City's financial reports to the State Auditor, as well as providing a separate financial report on the discreet financial activities of the District. The City has accomplished those reporting requirements for the year 2013. According to State statutes, the District's Board of Director's must be comprised of City Council members, its President and Vice President are selected from the District's Board of Directors, its legal counsel, clerk and treasurer positions are filled by the corresponding positions of City employees.

The District's first order of business established a Transportation Improvement Plan, identifying street improvement projects within the City for each of the following six years. The District's second order of business was to establish and impose a \$20 car tab fee on all vehicles licensed within the District's boundaries. Additionally, the District entered into an interlocal agreement with the Washington State Department of Licensing to collect the fee and remit proceeds to the District, and it entered into an interlocal agreement with the City, which among other terms and conditions, provided for the City to operate the District at no administrative cost to the District. The intention of the District and the City is to mutually carry out the Transportation Improvement Plan whereby the City will plan and complete the street improvement projects of the plan, provide appropriate evidence of incurred costs and be reimbursed by proceeds of the \$20 car tab fee revenue of the District. The City and the District established 2014 budgets including planning, completion and funding for certain street improvement projects included in the Plan. During 2014, the City completed its first residential street improvement project at a cost of \$117,377.07.

D. Significant Interlocal Cooperation Agreements

In 2002, Douglas County, Chelan County, the City of Wenatchee, and the City of East Wenatchee, entered into an Interlocal Cooperative Agreement under the authority of RCW Chapter 39.34 to provide for the joint exercise of their powers, privileges, and authorities to operate a consolidated 911 emergency dispatch facility named Rivercom. Rivercom began operations in July 2004, and serves as the Public Safety Answering Point for all of the law enforcement agencies in Chelan and Douglas Counties, as well as for the vast majority of fire and emergency medical service agencies in the two county region. The City of East Wenatchee will be charged a user fee based on usage of Rivercom services as evidenced by either the number of radio logs and/or dispatched events. In 2007 and thereafter, Douglas County will account for Rivercom as an agency fund and financial reports may be obtained from the:

Douglas County Auditor
P O Box 456
Waterville, WA 98858

In 1998, Douglas County and the City of East Wenatchee entered into an Interlocal Cooperative Agreement for Storm and Surface Water Management. The Agreement was subsequently amended in 1999 and 2002. The Agreement created the Greater East Wenatchee Storm Water Utility (the "Utility") which encompassed both the City limits of East Wenatchee and contiguous parts of Douglas County that represented the consolidated area of the two entities individual storm water entities. Additionally, the parties agreed to jointly manage and operate their respective storm water utilities through creation of a Management Team comprised of three members each from the two entities. In 2002, Douglas County and the City of East Wenatchee entered into an Interlocal Cooperative Agreement for Storm Water Utility Billing and Collection to provide adequate financial resources for operations and management of the Utility. Douglas County further agreed to be the lead partner in applying for loans that were expected to support capital projects of the Utility that could not be immediately funded out of annual storm water utility billings to residents/businesses within the service area of the Utility. The City agreed to be contingently liable for its proportionate share of any resultant debt service that might not be

funded through utility billings. At December 31, 2014, the Utility had three Public Works Trust Fund Loans with a combined outstanding balance of \$949,206, the proceeds of which have been attributed to storm water infrastructure within the City. Cash flow from storm water billings of the Utility have been, and are expected to continue to be sufficient to satisfy the debt service requirements of these loans.

In April of 2014, the City entered into an Interlocal Cooperative Agreement with the Columbia River Drug Task Force (“Drug Task Force”). The Drug Task Force is a multi-jurisdictional narcotics and gang task force consisting of the City of East Wenatchee, Washington State Patrol, County of Chelan and the City of East Wenatchee. The Drug Task Force is a special investigations unit created to operate within Chelan County, City of Wenatchee, City of East Wenatchee and Douglas County. The City’s responsibility is to assign a first class police officer at no cost to the Drug Task Force, which the City has done. The City may share ratably in current and future grant awards to the Drug Task Force to offset the costs of the assigned police officer. The City did not receive funds from the Drug Task Force during 2014.

**City of East Wenatchee
Schedule of Liabilities
For the Year Ended December 31, 2014**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	Limited Tax Obligation Bonds, Issued 12/15/2000 Original Amount \$1,545,000	12/1/2015	305,000	-	150,000	155,000
251.11	Limited Tax Obligation Bonds, Issued 12/1/2002 Chelan County, Washington - City of East Wenatchee Obligation, Original Amount \$640,000 (Note A)	12/1/2022	360,000	-	33,750	326,250
251.11	Washington State Public Works Trust Fund Loan, Issued 7/1/2000 Original Amount \$558,270.51	7/1/2020	237,700	-	29,713	207,987
Total General Obligations:			902,700	-	213,463	689,237
Revenue Obligations						
259.12	Compensated Absences - Vacation and Sick Leave		680,549	389,671	315,951	754,269
Total Revenue Obligations:			680,549	389,671	315,951	754,269
Total Liabilities:			1,583,249	389,671	529,414	1,443,506

City of East Wenatchee
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
CDBG - Entitlement Grants Cluster							
Office Of Community Planning And Development, Department Of Housing And Urban Development	Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-53- 0022	-	99,617	99,617	1,2,3
Total CDBG - Entitlement Grants Cluster:				-	99,617	99,617	
Highway Planning and Construction Cluster							
Federal Highway Administration (fhwa), Department Of Transportation	Highway Planning and Construction	20.205	STPUS- 5901(001)	-	273	273	1,2,3
Federal Highway Administration (fhwa), Department Of Transportation	Highway Planning and Construction	20.205	STPUS5924(00 4)	-	441,961	441,961	1,2,3
Federal Highway Administration (fhwa), Department Of Transportation	Highway Planning and Construction	20.205	STPUS5895(00 1)	-	218,270	218,270	1,2,3
Federal Highway Administration (fhwa), Department Of Transportation	Highway Planning and Construction	20.205	HSIP000S(313)	221,765	-	221,765	1,2,3,4
Total Highway Planning and Construction Cluster:				221,765	660,504	882,269	
Other Programs							
Office Of Juvenile Justice And Delinquency Prevention, Department Of Justice (via US Marshals Service)	Community-Based Violence Prevention Program	16.123	JLEOTFS4	769	-	769	1,2,3,5
Total Federal Awards Expended:				222,534	760,121	982,655	

CITY OF EAST WENATCHEE, WASHINGTON

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS
For the Year Ended December 31, 2014**

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Federal Awards is prepared on the same basis of accounting as the City of East Wenatchee's financial statements. The City of East Wenatchee uses the cash basis of accounting.

NOTE 2 - MAJOR PROGRAMS

The CFDA number identifies the grant as a major federal program as defined by OMB Circular A-128.

NOTE 3 - PROGRAM COSTS

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

NOTE 4 - PASS-THROUGH PROGRAM - CITYWIDE SAFETY IMPROVEMENTS PROGRAM

The Washington State Department of Transportation was the agency providing the opportunity for this grant and the associated grant management and funding. The City managed vendor selection and overview management thru completion.

NOTE 5 - PASS-THROUGH PROGRAM - US MARSHALS SERVICE - DEPARTMENT OF JUSTICE

The US Marshals Service manages this law enforcement program providing participation by local governments. The City provides police availability for participation, and the City is reimbursed for its direct costs.

The Accompanying Notes To The Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov