



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Yelm

Thurston County

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

Published February 16, 2017

Report No. 1018537





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

February 16, 2017

Mayor and City Council
City of Yelm
Yelm, Washington

Report on Financial Statements

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

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 AUDIT FINDINGS AND RESPONSES

City of Yelm Thurston County January 1, 2014 through December 31, 2015

2015-001 The City's internal controls over financial statement preparation are inadequate to ensure accurate and complete reporting.

Background

City Council members, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions. It is the responsibility of the City to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified deficiencies in internal controls that adversely affect the City's ability to produce financial statements.

Description of Condition

During our audit we identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a material weakness:

- The City does not have formal policies in place that establish effective controls over financial statement preparation.
- The City does not have procedures in place, including supervision and oversight, to ensure information entered into the general ledger is accurate.
- The City lacks an effective review process to ensure amounts reported on the financial statements agree to the supporting general ledger.
- The City did not implement an independent review of journal entries to ensure they were allowable, accurate, and supported.
- City staff responsible for reporting amounts in the financial statements and compiling the footnotes did not ensure they were prepared in accordance with the *Budget, Accounting and Reporting Systems (BARS) Manual*.

Cause of Condition

The City has not made it a priority to provide adequate training and oversight or develop the necessary resources or processes, to prepare accurate accounting records and financial statements.

Effect of Condition

During our review of accompanying financial schedules and note disclosures, we identified the following errors that were not detected by the City:

- The City overstated its pension liability for fiscal year 2015 by \$190,258,548. In addition, the City overstated its pension assets for by \$34,452,861.
- The City overstated long-term debt by \$623,943 for 2014 and understated long-term debt by \$2,410,638 for 2015.
- The City did not use the correct BARS Manual templates when it prepared the notes to the financial statements for fiscal years 2014 and 2015. As a result, numerous note disclosures were missing or included outdated language.

Recommendation

We recommend:

- The City create formal written policies that establish effective controls over the preparation of the financial statements.
- The City implement procedures, to ensure information entered into the general ledger is accurate.
- The City implement an effective review process to ensure amounts reported on the financial statements agree to supporting accounting records.
- A secondary independent review of journal entries to ensure they are allowable, accurate, and supported
- Individuals responsible for preparing and reviewing the financial statements, notes, and schedules have sufficient technical training and effectively use the BARS Manual when preparing the City's annual financial report.

City's Response

The City of Yelm has made it a high priority to address the historic issues identified by the State Auditor's Office.

In addition to the actions already taken and outlined for 2017 (specified below), we have created a Finance Committee and will work with the

City Council to establish and implement financial policies and procedures in 2017. We intend to implement and follow industry best practices relying on guidance from Governmental Finance Officers Association (GFOA), Washington Finance Officers Association (WFOA), Municipal Research Services Center (MRSC) and Association of Washington Cities (AWC) in development of these financial policies.

Additionally, we are committed to providing proper training to employees and re-balancing workloads to clarify roles and responsibilities in order ensure compliance and increase transparency.

- In Q3 of 2016, the new Finance Director began instituting changes to establish internal controls. With the current limited staffing levels, not all of the procedural issues could be addressed. However, during 2016 there was an effort to identify areas for the City to address, including: adding an additional cash register for receipting, changing practices of cash receipting, creation of checklist and standard operating procedures (SOP) for cash handling, utility billing, month end closing and annual report filing.*
- In Q4 of 2016, the Finance Director and new Mayor re-organized the finance department. The Finance Department will now be structured with the Finance Director at the top with a Senior Accountant, Accountant II, Utility Clerk and an Accounting Clerk/Office Assist. By adding these key personnel positions and re-organizing, the City of Yelm will be positioned to address the issues identified by the Auditor. The finance department will have individuals trained with technical expertise to use the Budgeting, Accounting and Reporting System (BARS) manual in preparing the financial statements, notes, and schedules.*
- In Q4 of 2016, the new Mayor prioritized the need for additional finance positions and personnel in the Mayor's 2017 proposed budget. The City Council confirmed and fully funded the new positions in the 2017 Budget, which was adopted on November 22, 2016.*
- In Q1 of 2017 the City will hire additional personnel authorized in the budget.*
- In Q1 of 2017 the independent review of journal entries began immediately with the review and sign off of the recently hired City Administrator.*
- Beginning Q2 of 2017, the City will establish procedures and formal policies. These will be vetted, refined, adopted and implemented by staff,*

recently established Finance Committee, the Mayor, and City Council.

- *Beginning Q2 of 2017, the City will create an ongoing training program and implement throughout the year.*

Auditor's Remarks

We appreciate the City's response and wish to thank the City's staff and management for their cooperation and assistance during our audit. We also look forward to working with the new Mayor, City Administrator, and Finance Director to address the issues identified in this audit. We look forward to reviewing the corrective action during the next audit.

Applicable Laws and Regulations

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

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

Budget Accounting and Reporting System (BARS) Manual – Part 3, Accounting, Chapter 1, Accounting Principles and General Procedures, Section B, Internal Control, states:

Internal control is a management process for keeping an entity on course in achieving its business objectives, as adopted by the governing body. This management control system should ensure that resources are guarded against waste, loss and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations and policies.

Each entity is responsible for establishing and maintaining an effective system of internal control throughout their government.

Government Auditing Standards, July 2007 Revision – Section 5.11 provides that auditors should report material weaknesses and significant deficiencies in internal control.

The American Institute of Certified Public Accountants, Statement on Auditing Standards No. 115 defines significant deficiencies and material weaknesses as follows:

a. Significant deficiency: 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.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**City of Yelm
Thurston County
January 1, 2014 through December 31, 2015**

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of the City of Yelm. The State Auditor’s Office has reviewed the status as presented by the City.

Audit Period: January 1, 2012 – December 31, 2013	Report Ref. No: 1012944	Finding Ref. No: 2013-001
Finding Caption: The City’s internal controls over financial statement preparation are inadequate to ensure accurate and complete reporting.		
Background: In the prior audit we have identified deficiencies in internal controls that adversely affect the City’s ability to produce financial statements. We identified the following significant deficiencies: <ul style="list-style-type: none"> • The City does not have procedures in place, including close supervision and oversight, to ensure information entered into the general ledger is accurate. • City staff responsible for compiling the financial statements did not always effectively use the <i>Budget Accounting and Reporting System (BARS) Manual</i> when preparing the financial statements. • The City lacks an effective review process to ensure amounts reported on the financial statements agree to supporting records and are prepared in accordance with the <i>Budgeting, Accounting and Reporting Systems (BARS) Manual</i>. We recommended the following to the City: <ul style="list-style-type: none"> • Procedures are in place, such as close supervision and oversight, to ensure general ledger balances are valid, accurate, complete and adequately supported. • Individuals responsible for preparing the financial statements, notes, and schedules have sufficient technical training and effectively use the BARS Manual when preparing the City’s annual financial report. • The person responsible for reviewing the financial statements has an adequate understanding of reporting requirements and they are given sufficient time and they are given sufficient time and resources to perform this review. The City may wish to consider the use of a checklist or other reviewing tool for this purpose. 		

Status of Corrective Action:

Fully
Corrected

Partially
Corrected

Not Corrected

Finding is considered no
longer valid

Corrective Action Taken:

For the fiscal years of 2014-2015 the prior identified issues were not corrected. However, in September 2015 the City of Yelm took steps to begin addressing the issues.

In September 2015 the City of Yelm hired a finance director with an MBA, municipal governmental accounting and BARS experience. The finance director has begun instituting changes to address operations, including internal controls. With the current limited staffing levels not all of the procedural issues could be addressed. However, during 2016 there was an effort to identify areas for the City to address. This included adding an additional cash register for receipting, changing practices of cash receipting, creation of checklist and standard operating procedures (SOP) for cash handling, utility billing, month end closing and annual report filing.

There were additional changes in management at the City of Yelm in 2016. There were three new council members elected, two new council members appointed and a change at the Mayor's position. The new administration, with the guidance of the finance director, has made it a high priority to address the audit findings identified.

The City has re-organized its finance department and has added necessary accounting positions. The Finance Department will now be structured with the Finance Director at the top with a Senior Accountant, Accountant II, Utility Clerk and an Accounting Clerk/Office Assist. The City has fully funded all these positions in the 2017 Budget adopted on 11-22-2016. The City is currently seeking to fill the Senior Accountant position and the Accountant II position. The Senior Accountant and Accountant II position will have technical training and experience with BARS and financial reporting.

By adding these key personnel positions and re-organizing the City of Yelm will be positioned to address the audit findings. The finance department will have individuals trained with technical expertise to use the BARS manual in preparing the financial statements, notes, and schedules. The City is committed to providing proper training to its employee and re-balancing workloads to clarify of roles and responsibilities.

Furthermore, the City of Yelm will be developing financial policies and procedures in 2017. The City of Yelm intends to follow industry best practices relying on guidance from GFOA, WFOA, MRSC and AWC in development of these financial policies.

**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 Yelm
Thurston County
January 1, 2014 through December 31, 2015**

Mayor and City Council
City of Yelm
Yelm, 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 Yelm, Thurston County, Washington, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 26, 2017.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 2015-001 to be a material weakness.

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*.

CITY'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 style with a large, stylized initial "P".

Pat McCarthy
State Auditor
Olympia, WA

January 26, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Yelm Thurston County January 1, 2014 through December 31, 2015

Mayor and City Council
City of Yelm
Yelm, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Yelm, Thurston County, Washington, for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 18.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Yelm 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 Yelm, for the years ended December 31, 2015 and 2014, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Yelm, as of December 31, 2015 and 2014, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy

State Auditor

Olympia, WA

January 26, 2017

FINANCIAL SECTION

**City of Yelm
Thurston County
January 1, 2014 through December 31, 2015**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2015
Fund Resources and Uses Arising from Cash Transactions – 2014
Notes to Financial Statements – 2015
Notes to Financial Statements – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2015
Schedule of Liabilities – 2014

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

		<u>Total for All Funds (Memo Only)</u>	<u>001 GENERAL FUND</u>	<u>101 CITY STREET</u>
Beginning Cash and Investments				
30810	Reserved	2,104,049	-	-
30880	Unreserved	19,815,675	2,627,670	56,439
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	4,653,874	4,490,195	-
320	Licenses and Permits	346,239	346,239	-
330	Intergovernmental Revenues	1,918,118	133,740	112,539
340	Charges for Goods and Services	7,358,725	175,004	-
350	Fines and Penalties	86,963	86,963	-
360	Miscellaneous Revenues	1,252,372	22,729	132
Total Operating Revenues:		<u>15,616,290</u>	<u>5,254,871</u>	<u>112,671</u>
Operating Expenditures				
510	General Government	1,325,652	1,325,652	-
520	Public Safety	1,785,842	1,714,783	-
530	Utilities	3,114,941	30,796	-
540	Transportation	447,680	-	415,405
550	Natural and Economic Environment	618,997	618,971	-
560	Social Services	15,203	15,203	-
570	Culture and Recreation	394,311	394,311	-
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		<u>7,702,626</u>	<u>4,099,717</u>	<u>415,405</u>
Net Operating Increase (Decrease):		<u>7,913,664</u>	<u>1,155,155</u>	<u>(302,734)</u>
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	321,913	123,562	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	3,770,267	-	340,767
Total Nonoperating Revenues:		<u>4,092,179</u>	<u>123,562</u>	<u>340,767</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	294,572	158,563	-
591-593	Debt Service	2,825,847	37,545	-
594-595	Capital Expenditures	5,576,652	52,211	1,759
597	Transfers-Out	3,770,267	1,336,217	-
Total Nonoperating Expenditures:		<u>12,467,338</u>	<u>1,584,537</u>	<u>1,759</u>
Net Increase (Decrease) in Cash and Investments:		<u>(461,494)</u>	<u>(305,819)</u>	<u>36,274</u>
Ending Cash and Investments				
5081000	Reserved	2,104,769	-	-
5088000	Unreserved	19,353,460	2,321,849	92,714
Total Ending Cash and Investments		<u>21,458,229</u>	<u>2,321,849</u>	<u>92,714</u>

The accompanying notes are an integral part of this statement.

102 ARTERIAL STREETS	107 TOURISM PROMOTION	109 YPD SCHOOL RESOURCE	120 TRANSPORTATIO N FAC CHARGE	197 COMM DEV BLOCK GRANT	200 LTGO BOND REDEMPTION
-	-	-	-	-	-
67,799	166,841	-	272,507	1,444	31,052
-	-	-	-	-	-
-	20,772	-	-	-	-
-	-	-	-	-	-
54,246	-	-	-	-	-
-	-	-	309,944	-	-
-	-	-	-	-	-
63	220	70,010	492	1	7,006
<u>54,308</u>	<u>20,993</u>	<u>70,010</u>	<u>310,436</u>	<u>1</u>	<u>7,006</u>
-	-	-	-	-	-
-	-	71,059	-	-	-
-	-	-	-	-	-
29,496	-	-	-	-	-
-	-	-	-	25	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,496</u>	<u>-</u>	<u>71,059</u>	<u>-</u>	<u>25</u>	<u>-</u>
<u>24,812</u>	<u>20,993</u>	<u>(1,049)</u>	<u>310,436</u>	<u>(24)</u>	<u>7,006</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	40,639	-	-	501,563
-	-	<u>40,639</u>	-	-	<u>501,563</u>
-	-	-	44,680	-	-
-	-	-	-	-	534,350
3,403	-	-	-	-	-
-	-	-	-	-	-
<u>3,403</u>	<u>-</u>	<u>-</u>	<u>44,680</u>	<u>-</u>	<u>534,350</u>
21,409	20,993	39,590	265,756	(24)	(25,781)
-	-	-	-	-	-
89,209	187,834	39,590	538,263	1,420	5,271
89,209	187,834	39,590	538,263	1,420	5,271

The accompanying notes are an integral part of this statement.

202 KILLION RD LID 2 REPAYMENT	302 MUNICIPAL BUILDING FUND	316 ROAD/STREET CONSTRUCTION	400 STORMWATER UTILITY	401 WATER UTILITY	402 UTILITY CONSUMER DEPOSITS
720,313	-	-	-	921,410	-
464,825	1,091,404	354,815	36,101	10,637,490	111,452
-	-	-	-	-	-
-	142,906	-	-	-	-
-	-	-	-	-	-
-	1,294,951	305,574	17,068	-	-
-	-	-	95,334	3,885,184	-
-	-	-	-	-	-
1,129,511	1,088	166	42	11,551	-
<u>1,129,511</u>	<u>1,438,945</u>	<u>305,741</u>	<u>112,443</u>	<u>3,896,734</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	90,481	1,299,697	-
2,779	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,779</u>	<u>-</u>	<u>-</u>	<u>90,481</u>	<u>1,299,697</u>	<u>-</u>
<u>1,126,732</u>	<u>1,438,945</u>	<u>305,741</u>	<u>21,962</u>	<u>2,597,037</u>	<u>-</u>
-	-	67,530	25,000	-	8,495
-	-	-	-	-	-
-	471,406	75,000	-	1,894,477	-
-	<u>471,406</u>	<u>142,530</u>	<u>25,000</u>	<u>1,894,477</u>	<u>8,495</u>
-	-	-	-	25,000	13,683
962,053	-	-	-	928,518	-
-	2,331,309	666,131	55,184	2,239,778	-
-	-	-	-	1,929,335	-
<u>962,053</u>	<u>2,331,309</u>	<u>666,131</u>	<u>55,184</u>	<u>5,122,630</u>	<u>13,683</u>
164,679	(420,958)	(217,860)	(8,222)	(631,117)	(5,188)
721,033	-	-	-	921,410	-
628,783	670,446	136,955	27,880	10,006,375	106,264
<u>1,349,816</u>	<u>670,446</u>	<u>136,955</u>	<u>27,880</u>	<u>10,927,785</u>	<u>106,264</u>

The accompanying notes are an integral part of this statement.

412 SEWER/REUSE UTILITY	430 SHORTLINE RAILROAD
462,326	-
3,889,686	6,149
-	-
-	-
-	-
2,893,259	-
-	-
9,356	5
<u>2,902,615</u>	<u>5</u>
-	-
-	-
1,693,968	-
-	-
-	-
-	-
-	-
<u>1,693,968</u>	<u>-</u>
<u>1,208,647</u>	<u>5</u>
97,326	-
-	-
446,415	-
<u>543,741</u>	<u>-</u>
52,646	-
363,382	-
226,877	-
504,715	-
<u>1,147,619</u>	<u>-</u>
604,768	5
462,326	-
4,494,454	6,154
<u>4,956,780</u>	<u>6,154</u>

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 GENERAL FUND	101 CITY STREET
Beginning Cash and Investments				
30810	Reserved	12,273,008	503,868	-
30880	Unreserved	9,597,581	2,151,386	15,824
388 & 588	Prior Period Adjustments, Net	(2,766)	(2,766)	-
Operating Revenues				
310	Taxes	4,292,151	4,274,927	-
320	Licenses and Permits	242,682	242,682	-
330	Intergovernmental Revenues	1,353,930	122,088	103,233
340	Charges for Goods and Services	5,708,374	100,347	-
350	Fines and Penalties	94,626	94,626	-
360	Miscellaneous Revenues	1,405,521	19,337	15
Total Operating Revenues:		<u>13,097,283</u>	<u>4,854,006</u>	<u>103,248</u>
Operating Expenditures				
510	General Government	1,272,873	1,272,873	-
520	Public Safety	1,671,443	1,596,744	-
530	Utilities	2,919,977	33,275	-
540	Transportation	447,963	-	400,875
550	Natural and Economic Environment	562,841	561,416	-
560	Social Services	13,996	13,996	-
570	Culture and Recreation	358,246	355,072	-
Total Operating Expenditures:		<u>7,247,338</u>	<u>3,833,376</u>	<u>400,875</u>
Net Operating Increase (Decrease):		<u>5,849,944</u>	<u>1,020,630</u>	<u>(297,627)</u>
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	221,100	68,386	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	1,238,288	-	342,704
Total Nonoperating Revenues:		<u>1,459,387</u>	<u>68,386</u>	<u>342,704</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	210,408	76,749	-
591-593	Debt Service	3,288,346	37,545	-
594-595	Capital Expenditures	2,520,393	98,075	4,461
597	Transfers-Out	1,238,288	901,464	-
Total Nonoperating Expenditures:		<u>7,257,434</u>	<u>1,113,834</u>	<u>4,461</u>
Net Increase (Decrease) in Cash and Investments:		<u>51,897</u>	<u>(24,817)</u>	<u>40,616</u>
Ending Cash and Investments				
5081000	Reserved	10,163,669	427,420	-
5088000	Unreserved	11,756,054	2,200,250	56,439
Total Ending Cash and Investments		<u>21,919,723</u>	<u>2,627,670</u>	<u>56,439</u>

The accompanying notes are an integral part of this statement.

102 ARTERIAL STREETS	107 TOURISM PROMOTION	109 YPD SCHOOL RESOURCE	120 TRANSPORTATIO N FAC CHARGE	197 COMM DEV BLOCK GRANT	200 LTGO BOND REDEMPTION
32,644	154,086	-	407,856	1,469	1
-	-	-	-	-	-
-	-	-	-	-	-
-	17,224	-	-	-	-
-	-	-	-	-	-
50,846	-	-	-	-	-
-	-	-	147,610	-	-
-	-	-	-	-	-
9	104	20,000	205	-	1,576
50,855	17,328	20,000	147,815	-	1,576
-	-	-	-	-	-
-	-	74,698	-	-	-
-	-	-	-	-	-
15,700	-	-	-	-	-
-	1,400	-	-	25	-
-	-	-	-	-	-
-	3,174	-	-	-	-
15,700	4,574	74,698	-	25	-
35,155	12,754	(54,698)	147,815	(25)	1,576
-	-	-	-	-	-
-	-	-	-	-	-
-	-	54,698	-	-	557,528
-	-	54,698	-	-	557,528
-	-	-	-	-	-
-	-	-	-	-	528,053
-	-	-	-	-	-
-	-	-	283,164	-	-
-	-	-	283,164	-	528,053
35,155	12,754	-	(135,349)	(25)	31,051
67,799	166,841	-	272,507	1,444	31,052
-	-	-	-	-	-
67,799	166,841	-	272,507	1,444	31,052

The accompanying notes are an integral part of this statement.

202 KILLION RD LID 2 REPMT	302 MUNICIPAL BUILDING FUND	310 KILLION ROAD IMPROVEMENTS	316 ROAD/STREET CONSTRUCTION	400 STORMWATER UTILITY	401 WATER UTILITY
1,291,027	-	-	-	-	8,975,735
-	1,118,105	76,925	545,527	31,565	2,386,339
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	265,975	-	811,789	-	-
-	-	-	-	94,569	3,054,039
-	-	-	-	-	-
1,325,268	4,898	15	255	26	6,970
<u>1,325,268</u>	<u>270,872</u>	<u>15</u>	<u>812,043</u>	<u>94,595</u>	<u>3,061,008</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	79,073	1,281,182
3,592	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,073</u>	<u>1,281,182</u>
<u>1,321,676</u>	<u>270,872</u>	<u>15</u>	<u>812,043</u>	<u>15,522</u>	<u>1,779,826</u>
-	51,038	-	-	-	-
-	-	-	-	-	-
-	-	-	283,164	-	-
-	<u>51,038</u>	<u>-</u>	<u>283,164</u>	<u>-</u>	<u>-</u>
-	-	76,940	-	-	24,959
1,427,566	-	-	-	-	931,800
-	318,231	-	1,285,920	10,986	602,960
-	30,380	-	-	-	23,280
<u>1,427,566</u>	<u>348,611</u>	<u>76,940</u>	<u>1,285,920</u>	<u>10,986</u>	<u>1,582,999</u>
(105,890)	(26,701)	(76,925)	(190,713)	4,536	196,827
1,185,137	-	-	-	-	7,415,554
-	1,091,404	-	354,815	36,101	4,143,347
<u>1,185,137</u>	<u>1,091,404</u>	<u>-</u>	<u>354,815</u>	<u>36,101</u>	<u>11,558,900</u>

The accompanying notes are an integral part of this statement.

402 UTILITY CONSUMER DEPOSITS	403 GARBAGE/RECY CLING	412 SEWER/REUSE UTILITY	430 SHORTLINE RAILROAD
-	-	906,322	-
118,475	1,382	3,118,140	33,913
-	-	-	-
-	-	-	-
-	-	-	-
-	2,000	2,309,809	-
-	-	-	-
-	0	26,812	31
-	2,000	2,336,621	31
-	-	-	-
-	-	-	-
-	3,575	1,522,871	-
-	-	-	27,795
-	-	-	-
-	-	-	-
-	-	-	-
-	3,575	1,522,871	27,795
-	(1,575)	813,750	(27,764)
4,350	-	97,326	-
-	-	-	-
-	194	-	-
4,350	194	97,326	-
11,373	-	20,386	-
-	-	363,382	-
-	-	199,760	-
-	-	-	-
11,373	-	583,528	-
(7,023)	(1,381)	327,548	(27,764)
-	-	595,915	-
111,452	-	3,756,097	6,149
111,452	-	4,352,012	6,149

The accompanying notes are an integral part of this statement.

CITY OF YELM
Notes to the Financial Statements
For the year ended December, 31, 2015

Note 1 - Summary of Significant Accounting Policies

The City of Yelm was incorporated on December 24, 1924. In December of 1989, the Municipality of Yelm became a Non-charter Code City with a mayor-council form of government and operates under the laws of the state of Washington applicable to an optional code city. The City of Yelm is a general purpose local government and provides public safety, street improvements, library services, parks and recreation, social and health services, water services, and general administrative services. In addition, the City of Yelm owns and operates a sewer system.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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.

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.

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 RCW 35A.33.150, the City of Yelm also recognizes expenditures paid during 20 days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City of Yelm adopts annual appropriated budgets for 16 reported funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund: 001	\$5,950,276	\$5,684,254	\$266,022
101	\$501,835	\$417,164	\$84,671
102	\$30,000	\$32,899	\$(2,899)
107	\$4,250	\$0	\$4,250
109	\$74,592	\$71,059	\$3,533
120	\$111,113	\$44,680	\$66,433
197	\$25	\$25	\$0
200	\$535,603	\$534,350	\$1,253
202	\$1,005,412	\$964,832	\$40,580
302	\$2,766,168	\$2,331,309	\$434,859
316	\$817,500	\$666,131	\$151,369
400	\$216,992	\$145,664	\$71,328
401	\$12,788,113	\$6,422,327	\$6,365,786
403	\$4,575	\$0	\$4,575
412	\$4,502,519	\$2,841,587	\$1,660,932
430	\$6,163	\$0	\$6,163
2015 TOTALS	\$29,315,163	\$20,169,964	\$9,158,881

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 Yelm's legislative body.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and are long lived assets. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees do receive payment for 25% of unused sick leave, not to exceed one month's salary. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The City's *Other Financing Sources (370-380,395 &398) or Uses (580,596 &599)* consist of non revenue/expenditure activity the city receives from the State and County for remittance to the State and County, insurance recovery of capital assets, inter fund loans (381/581), utility consumer deposits.

I. Risk Management

See Note 7, *Risk Management*

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 law, ordinance and bond and financing contracts. When expenditures that meet restrictions are incurred, the City of Yelm intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of \$2,104,769.

Requestor / Purpose	Amount Reserve	Fund
Thurston First Bank, Bank Loan Guarantee	\$ 721,033	202*
WAST - DOE - 1998 Wtr Reuse Design	\$ 93,255	412
USDA -1999 Sewer Revenue Bond	\$ 271,970	412
USBANK - 2003 Water Rev Bonds	\$ 192,016	401
USBANK - 2010 Water Rev Bonds	\$ 677,534	401
WAST - DOE - 2005 Reclaimed Water	\$ 51,860	401
WAST - DOE - 2003 Sewer Bond Refi	\$ 97,101	412
TOTAL	\$ 2,104,769	

*Reserve money is held by Thurston First Bank in a guarantee fund, separate from other City funds

Note 2 - Property Tax

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

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

The City of Yelm's regular levy for the year 2015 was \$1.66999 per \$1,000 on an assessed valuation of \$665,903,609 for a total regular levy of \$1,112,055.

Note 3 – Deposits and Investments

It is the City of Yelm's policy to invest all temporary cash surpluses. The interest on these investments is

prorated to the various funds.

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

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

Type of Investment held by City of Yelm	City of Yelm's Total own investments	Investments held by City of Olympia as an agent for other local governments, individual or private organizations	TOTAL
L.G.I.P.	\$19,733,342		\$19,733,342
L.E.R.M.S.		\$3,852	\$3,852
Total	\$19,733,342	\$3,852	\$19,737,194

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 Yelm and summarizes the City of Yelm's debt transactions for year ended December 31, 2015.

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

Fiscal Year(s)	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2015	\$562,098	\$1,290,941	\$970,893	\$2,823,932
2016	\$548,700	\$1,292,812	\$928,840	\$2,770,352
2017	\$483,465	\$1,286,830	\$928,158	\$2,698,453
2018	\$483,260	\$1,200,995	\$919,998	\$2,604,253
2019	\$487,100	\$1,192,815	\$919,998	\$2,599,913
2020-2024	\$2,426,438	\$5,421,824	\$2,689,879	\$10,538,141
2025-2029	\$1,376,287	\$4,360,437	\$0	\$5,736,724
2030-2034	\$267,513	\$4,310,143	\$0	\$4,577,656
2035-2039	\$0	\$4,336,338	\$0	\$4,336,338
2040	\$0	\$695,258	\$0	\$695,258
Totals	\$6,634,861	\$25,388,393	\$7,357,766	\$39,381,020

Included in the Other Debt category is an interest only loan for the Killion Road LID #2. Per contract the City is only required to make interest payments each September until the loan comes due in 2026. The City has been making additional principal payments each year to pay off the loan prior to 2026. The City

estimates how much LID revenue it will receive each year and budgets level payments to have the loan retired prior to 2026.

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2015:

Borrowing Fund	Lending Fund	Balance as of 1/1/2015	New Loans	Debt Service Repayments	Balance as of 12/31/2015
316	001	\$ -	\$ 67,530	\$ -	\$ 67,530
400	401	\$ -	\$ 25,000	\$ -	\$ 25,000
*310	413	\$ 582,034	\$ -	\$ 97,326	\$ 484,808
*202	120	\$ 429,601	\$ -	\$ -	\$ 429,601
*202	302	\$ 85,027	\$ -	\$ -	\$ 85,027

*310- 2015 Beginning balance is being re-stated correctly to factor in principal only payments. 2014 mistakenly reduced principal outstanding balance by including interest. It has now been corrected to match principal balance outstanding.

*202-THURSTON FIRST GUARANTEE FUND

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all City of Yelm’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; PERS1, PERS2, PERS3, LEOFF 1, and LEOFF2.

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.

At June 30, 2015 (the measurement date of the plans), the City of Yelm's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.020455%	\$1,069,987
PERS 2/3	0.02384%	\$851,817
LEOFF 1	0.000768%	\$(9,256)
LEOFF 2	0.032959%	\$(338,753)

LEOFF 1

The City 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 Yelm also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 7 – Risk Management

The City of Yelm is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities 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 31, 2015, 102 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverage's are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, and equipment breakdown insurance coverage.

Equipment breakdown is included with the property insurance carrier and fidelity (crime) coverage is a stand-alone policy which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. For the \$9 million in excess coverage limits, an excess liability policy is purchased from Starr Indemnity & Liability Company. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. In 2015, AWC RMSA carried a retention of \$100,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors which is comprised of elected officials of participating members.

Note 8 – Health & Welfare

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

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

As of December 31, 2015, 261 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 Group Health, 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 two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW.

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

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

Note 9 – Joint Ventures

Law Enforcement Records Management System (LERMS)

The LERMS is a joint venture providing accurate and timely criminal justice data sharing to the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The goal of this joint venture is to share public safety information, increase operational efficiency via a reduction in data entry, and ease the process of accessing information. These goals will improve officer and citizen safety, facilitate coordination and information sharing to both internal and external agencies, and improve data quality and timeliness of data accessibility. It is governed through an interlocal agreement by the LERMS Consortium, which is a five member board composed of each City's Chief of Police (or their designee).

An equity interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. As of December 31, 2015, the City of Yelm has a 5% share of the equity. Net Assets as of December 31, 2015, were \$77,041. The City of Yelm reports its share of equity interest as an investment in joint venture.

An ongoing financial interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The agreement specifies a funding formula that annually assesses member cities based on current year population

as determined by the Thurston Regional Planning Council (unless otherwise adjusted by the Consortium). All property is considered to be jointly owned. Parties will be reimbursed based on their contribution upon sale of property upon the dissolution of LERMS. Any member may withdraw from the agreement at the end of any calendar year, providing a notice to the Consortium no less than six months prior to the date of withdrawal. Withdrawal of a party will not terminate the agreement of the remaining parties.

The City of Olympia accounts for the joint venture in a separate agency fund. Completed Financial Statements can be obtained from the City of Olympia Administrative Services Department, PO Box 1967, Olympia, WA 98507

Note 10 - Other Disclosures

Managerial Funds that are used for City purposes were rolled up to main funds as noted below:

Funds Rolled up to 001

104,105,106, 110,119

Funds Rolled up to 202

External Non-Profit Checking Account at Thurston First Bank (Guarantee Fund)

Funds Rolled up to 401

404,405,406,431

Funds Rolled up to 412

203,204,407,413,415,416

CITY OF YELM
Notes to the Financial Statements
For the year ended December, 31, 2014

Note 1 - Summary of Significant Accounting Policies

The City of Yelm was incorporated on December 24, 1924. In December of 1989, the Municipality of Yelm became a Non-charter Code City with a mayor-council form of government and operates under the laws of the state of Washington applicable to an optional code city. The City of Yelm is a general purpose government and provides public safety, street improvements, library services, parks and recreation, social and health services, water services, and general administrative services. In addition, the City of Yelm owns and operates a sewer system. The City of Yelm uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The City of Yelm reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System (BARS)* manual. This basis of accounting and reporting is an 'other comprehensive basis of accounting' (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the City of Yelm. 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 City of Yelm.

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.

B. Basis of Accounting

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

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

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

C. Budgets

The City of Yelm adopts an annual appropriated budget for 17 funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

When council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund/department/object class, it may do so by ordinance approved by a simple majority.

The 2014 Budget was adopted by Ordinance No. 983. Amendments for the 2014 Budget authorized by action of the legislative body include Ordinance No. 994.

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 Yelm’s legislative body. **These values EXCLUDE estimated ending cash, there are for actual expenditures, capital uses/debt payments and transfers only.**

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

Fund	Final Appropriated Amounts 2014	Actual Expenditures	Variance
001	\$5,195,115	\$4,947,210	\$247,905
101	\$458,537	\$405,337	\$53,200
102	\$35,000	\$15,700	\$19,300
107	\$4,773	\$4,574	\$199
109	\$74,698	\$74,698	\$0
120	\$283,164	\$283,164	\$0
197	\$-	\$25	(\$25)
200	\$527,148	\$528,053	(\$905)
202	\$1,366,624	\$1,431,158	(\$64,534)
302	\$2,566,708	\$348,611	\$2,218,097
310	\$76,942	\$76,940	\$2
316	\$1,908,354	\$1,285,920	\$622,434
400	\$116,603	\$90,059	\$26,544
401	\$4,944,522	\$2,864,181	\$2,080,314
403	\$4,420	\$3,575	\$845
412	\$4,421,976	\$2,106,399	\$2,315,577
430	\$23,960	\$27,795	(\$3,835)

2014 Budgeted Expenditures:

\$22,008,543	\$14,493,398	\$7,515,145
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D. Cash

It is the City of Yelm’s policy to invest all 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. Deposits

The City of Yelm deposits and certificates of deposit are covered by the Federal Deposit

Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments See Note 2

G. Capital Assets

Capital assets with a value of more than \$5,000 are long-lived assets of the City of Yelm and are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement. Compensatory time is also payable upon separation or retirement. Sick leave may be accumulated indefinitely, and upon separation employees receive payment for 25% of unused sick leave, not to exceed one month's salary.

I. Long-Term Debt See Note 5

J. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of Operating Transfers in and out to support the operations of other funds; debt service payments; and capital expenditures to include buildings, land, and equipment.

K. Risk Management See Note 7, which summarizes the City's Risk Management

L. Reserved Fund Balance:

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

The City of Yelm has the following reserves as required by internal and external restrictions:

Requestor / Purpose	Amount Reserve	Fund
Thurston First Bank, Bank Loan Guarantee	\$ 720,313	202*
WAST - DOE - 1998 Wtr Reuse Design	\$ 93,255	412
USDA -1999 Sewer Revenue Bond	\$ 325,709	412
BofNY - 2003 Water Rev Bonds	\$ 192,016	401
BofNY - 2010 Water Rev Bonds	\$ 677,534	401
WAST - DOE - 2005 Reclaimed Water	\$ 51,860	401
WAST - DOE - 2003 Sewer Bond Refi	\$ 97,101	412

* this money is held by Thurston First Bank in a guarantee fund, separate from other City funds

Note 2 - Investments

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

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

Investments are reported at fair value. Investments by type at December 31, 2014 are as follows:

Type of Investment held by City of Yelm	City of Yelm's Total own investments	Investments held by City of Olympia as an agent for other local governments, individual or private organizations	TOTAL
L.G.I.P.	\$5,490,511		\$5,490,511
L.E.R.M.S.		\$4,572	\$4,572
Total	\$5,490,511	\$4,572	\$5,495,083

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 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 tax is levied.

The City’s regular levy for the year 2014 was **\$1.6665241646110** per \$1,000 on an assessed valuation of **\$629,530,100** for a total regular levy of **\$1,048,319.74**

Note 4 – Inter-fund Loans

The following table displays inter-fund loan activity during 2014:

Borrowing Fund	Lending Fund	Balance @ 1/1/2014	New Loans	Repayments	Balance @ 12/31/2014
310	413	\$679,108.81	\$ -	\$97,326.18	\$581,782.63
302	202	\$85,027.41	\$ -	\$0.00	\$85,027.41
120	202	\$429,600.68	\$ -	\$0.00	\$429,600.68
	TOTALS	\$1,193,736.90	\$ -	\$97,326.18	\$1,096,410.72

Note 5 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Yelm and summarizes the City's debt transactions for year ended December 31, 2014. The debt service requirements for general obligation bonds, revenue bonds and other debt, including both principle and interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2014	\$555,853	\$1,293,971	\$1,436,406	\$3,286,230
2015	\$562,098	\$1,290,941	\$970,893	\$2,823,932
2016	\$548,700	\$1,292,812	\$928,840	\$2,770,352
2017	\$483,465	\$1,286,830	\$928,158	\$2,698,453
2018	\$483,260	\$1,200,995	\$919,998	\$2,604,253
2019-2023	\$2,431,413	\$5,702,244	\$3,609,877	\$11,743,534
2024-2028	\$1,721,062	\$4,407,981	\$0	\$6,129,043
2029-2033	\$404,863	\$4,311,843		\$4,716,706
2034-2038	\$0	\$4,327,085		\$4,327,085
2039-2040	\$0	\$1,567,661		\$1,567,661
Totals	7,190,713	\$26,682,363	\$8,794,712	\$42,667,249

Included in the Other Debt category is an interest only loan for the Killion Road LID #2. Per contract the City is only required to make interest payments each September until the loan comes due in 2026. The City has been making additional principal payments each year to pay off the loan prior to 2026. The City estimates how much LID revenue it will receive each year and budgets level payments to have the loan retired prior to 2026.

Note 6 - Pension Plans

Substantially all City of Yelm's full-time and qualifying part-time employees participate in PERS1, PERS2, PERS3, LEOFF 1 or LEOFF 2 plans 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 Yelm's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

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

Department of Retirement Systems

Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Note 7 – Risk Management

The City of Yelm is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities 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 31, 2014, 94 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime) coverage is a stand-alone policy which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. For the \$9 million in excess coverage limits, an excess liability policy is purchased from Starr Indemnity & Liability Company. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. In 2014, AWC RMSA carried a retention of \$50,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors

which is comprised of elected officials of participating members.

Note 8 – Joint Ventures

Law Enforcement Records Management System (LERMS)

The LERMS is a joint venture providing accurate and timely criminal justice data sharing to the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The goal of this joint venture is to share public safety information, increase operational efficiency via a reduction in data entry, and ease the process of accessing information. These goals will improve officer and citizen safety, facilitate coordination and information sharing to both internal and external agencies, and improve data quality and timeliness of data accessibility. It is governed through an interlocal agreement by the LERMS Consortium, which is a five member board composed of each City's Chief of Police (or their designee).

An equity interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. As of December 31, 2014, the City of Yelm has a 5% share of the equity. Net Assets as of December 31, 2014, were \$91,443. The City of Yelm reports its share of equity interest as an investment in joint venture.

An ongoing financial interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The agreement specifies a funding formula that annually assesses member cities based on current year population as determined by the Thurston Regional Planning Council (unless otherwise adjusted by the Consortium). All property is considered to be jointly owned. Parties will be reimbursed based on their contribution upon sale of property upon the dissolution of LERMS. Any member may withdraw from the agreement at the end of any calendar year, providing a notice to the Consortium no less than six months prior to the date of withdrawal. Withdrawal of a party will not terminate the agreement of the remaining parties.

The City of Olympia accounts for the joint venture in a separate agency fund. Completed Financial Statements can be obtained from the City of Olympia Administrative Services Department, PO Box 1967, Olympia, WA 98507

Note 9 – Other

Managerial Funds that are used for City purposes were rolled up to main funds as noted below:

Funds Rolled up to 001

104,105,106, 110,119

Funds Rolled up to 202

External Non-Profit Checking Account at Thurston First Bank (Guarantee Fund)

Funds Rolled up to 401

404,405,406,431

Funds Rolled up to 412

203,204,407,413,415,416

Prior Period Adjustment:

A value was included in last year's cash balance for the General Fund that does not exist. \$2,765.84 that is shown in computerized data listed as a separate investment is an error; we are working to remove the item from the accounting system so the inadvertent inclusion of those funds does not happen in future reports. The funds were rolled into the general fund many years ago and in the conversion to the Incode system in 2009 the value was included as a separate investment line item, when it should not have been converted at all.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2000 PW Bond	12/1/2016	95,000	-	45,000	50,000
251.11	2012 2000 PW Refi/Library	12/1/2031	1,795,000	-	90,000	1,705,000
251.11	2006 Public Safety Bond	12/1/2026	3,225,000	-	215,000	3,010,000
263.96	2012 Patrol Car (2)	6/1/2015	18,931	-	18,931	-
263.96	2013 Patrol Car (1)	6/1/2016	18,607	-	9,164	9,443
263.61	Reichel Loan	11/1/2017	23,614	-	8,041	15,573
Total General Obligation Debt/Liabilities:			5,176,152	-	386,136	4,790,016
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		303,941	-	420	303,521
252.11	1999 Sewer Rev Bonds	12/1/2039	2,938,409	-	73,146	2,865,263
252.11	2010 Water Rev Bonds	12/1/2040	10,710,000	-	260,000	10,450,000
252.11	2013 Water Revenue Refunding Bonds	12/1/2022	1,235,000	-	140,000	1,095,000
263.82	1994 DOE SRL-SWR Bond Refi	10/25/2022	729,293	-	86,451	642,842
263.82	1998 DOE SRL-Water Reuse	10/31/2017	257,691	-	81,857	175,835
263.82	2006 DOE SRL-Reclaimed Water	11/30/2025	523,906	-	44,139	479,767
263.82	2004 DWSRF - PWTF Well #1	10/1/2023	78,127	-	8,681	69,446
264.30	Net Pension Liability		-	1,921,804	-	1,921,804
Total Revenue and Other (non G.O.) Debt/Liabilities:			16,776,367	1,921,804	694,694	18,003,478
Assessment Debt/Liabilities (with commitments)						
253.11	Bank Loan - LID #2 Killion Rd	9/1/2026	5,274,936	-	525,767	4,749,169
Total Assessment Debt/Liabilities (with commitments):			5,274,936	0	525,767	4,749,169
Total Liabilities:			27,227,455	1,921,804	1,606,597	27,542,663

City of Yelm
Schedule of Liabilities
For the Year Ended December 31, 2014

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
251.11	2000 PW Bond	12/1/2016	140,000	-	45,000	95,000
251.11	2012 2000 PW Refi/Library	12/1/2031	1,880,000	-	85,000	1,795,000
251.11	2006 Public Safety Bond	12/1/2026	3,430,000	-	205,000	3,225,000
259.11	Compensated Absences		277,101	26,840	-	303,941
263.51	2012 Patrol Car (2)	6/1/2015	37,488	-	18,556	18,931
263.51	2013 Patrol Car (1)	6/1/2016	27,544	-	8,937	18,607
263.61	Reichel Loan	11/1/2017	31,341	-	7,727	23,614
Total General Obligation Debt/Liabilities:			5,823,474	26,840	370,220	5,480,093
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	1999 Sewer Rev Bonds	12/1/2039	3,017,793	-	79,384	2,938,409
252.11	2010 Water Rev Bonds	12/1/2040	10,965,000	-	255,000	10,710,000
252.11	2013 Water Revenue Refunding Bonds	12/1/2022	1,375,000	-	140,000	1,235,000
263.82	1994 DOE SRL-SWR Bond Refi	10/25/2022	814,457	-	85,165	729,293
263.82	1998 DOE SRL-Water Reuse	10/31/2017	335,756	-	78,064	257,691
263.82	2006 DOE SRL-Reclaimed Water	11/30/2025	567,388	-	43,482	523,906
263.82	2004 DWSRF - PWTF Well #1	10/1/2023	86,807	-	8,681	78,127
263.92	Bank Loan - LID #2 Killion Rd	9/1/2026	6,193,696	-	918,760	5,274,936
Total Revenue and Other (non G.O.) Debt/Liabilities:			23,355,897	0	1,608,536	21,747,362
Total Liabilities:			29,179,371	26,840	1,978,756	27,227,455

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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