



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

**Financial Statements Audit Report**  
**City of Roslyn**

**For the period January 1, 2015 through December 31, 2017**

**Published November 5, 2018**

**Report No. 1022542**





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

November 5, 2018

Mayor and City Council  
City of Roslyn  
Roslyn, Washington

**Report on Financial Statements**

Please find attached our report on the City of Roslyn'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

### **2017-001    The City's internal controls over accounting and financial statement preparation were inadequate to ensure accurate reporting.**

#### ***Background***

The City's elected officials, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions. City management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the financial reporting reliability. Our audit identified deficiencies in internal controls that hindered the City ability to produce reliable financial statements.

#### ***Description of Condition***

The City did not have adequate controls and processes in place to ensure financial statement accuracy for 2015, 2016 and 2017. Our audit identified the following control deficiencies that, when taken together, represent a significant deficiency:

- The City did not have an effective review process to detect and correct errors before submitting the annual financial report for audit.
- City staff responsible for financial statement preparation lacked technical knowledge and experience necessary to prepare the financial statements, supplementary schedules and notes accurately and in accordance with the *Budgeting, Accounting and Reporting System (BARS) Manual*.
- The City did not perform an adequate reconciliation between the bank statements and the general ledger at year-end or follow up on differences.

#### ***Cause of Condition***

The City has a small number of staff and limited resources to dedicate to the financial reporting function.

#### ***Effect of Condition***

During our audit of the financial statements, accompanying financial schedules and note disclosures, we identified the following errors. The City:

- Misclassified beginning fund balance as unreserved instead of reserved by \$241,895 in 2015. The City misclassified beginning fund balance for 2016 and 2017 as reserved instead of unreserved by \$13,940 and \$2,363, respectively.

- Misclassified ending fund balance as unreserved instead of reserved by \$166,364 in 2015, \$234,057 in 2016 and \$150,166 in 2017
- Incorrectly reported liabilities on the Schedules of Long Term Debt. Liabilities were understated by \$138,646 in 2015, overstated by \$33,591 in 2016 and understated by \$252,755 in 2017.
- Over-reported transfers in and transfers out for 2015 by \$178,908
- Did not detect or follow up on differences between the bank reconciliation and the financial statements for the following:
  - Expenditures through the bank in 2016 were \$129,852 more than the City reported on the financial statements.
  - Ending cash and investments on the bank reconciliation were \$122,618 less for 2016 than the City reported on the financial statements.
  - Expenditures through the bank for 2017 were \$86,528 less than the City reported on the financial statements.

In addition, our audit identified a number of less-significant errors related to the financial statements and the notes to the financial statements.

The City corrected a majority of these items in the final financial statements.

### ***Recommendations***

We recommend the City establish and follow effective internal controls to ensure accurate and complete financial statements. This should include an independent review of the financial statements, notes and schedules by a person who understands the BARS Manual reporting requirements. We also recommend the City establish controls over the bank reconciliation process to verify bank activity agrees to the general ledger.

### ***City's Response***

*First, I want to thank you and your team for the diligent work and professionalism shown during the audit of Roslyn's financial statements for the fiscal years 2015, 2016, and 2017.*

*The City of Roslyn went through a change in personnel in the treasurer's position in 2013. The new employee that filled the treasurer's position starting in October 2013 was inexperienced in municipal finance. However, it was our hope that the employee would learn and be a valuable member of our team. As of June 2018, that employee is no longer employed by the City of Roslyn. Based on the information that came to light during the audit I feel that this was ultimately a good move for*

*the City and will help us to make the changes necessary to ensure better record keeping and reporting in the future.*

*In July 2018 the City hired a new Treasurer, Amber Shallow, who has 11 years of experience in municipal government, specifically finance related work. Ms. Shallow has taken steps to correct many of the errors that were brought to light during the audit. Some of the issues took more time to figure out, such as the financial statements not balancing to the bank statements. In the time since the audit has been finished she has now balanced the books to the bank statements.*

*In the future it is our intentions to have the finance committee review a monthly reconciliation packet to ensure the books stay in balance. We will also have the finance committee review the annual financial statements for accuracy. We understand that not everyone who is on the finance committee will have the knowledge or experience to fully understand the financial statements. However, we feel that with some training, and a review checklist to follow, the committee will be able to watch for and pick out many of the types of errors that became apparent during the most recent audit.*

*If, in the future, the City is once again faced with an inexperienced treasurer we will also reach out to other municipal treasurers to review the financial statements to help close the loop on possible errors.*

*Thank you for allowing us to submit this response to the audit.*

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

We appreciate the steps the City is taking to resolve this issue and we thank the City for its cooperation during the audit. We will review the condition during our next audit.

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

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

The *Budgeting, Accounting, and Reporting System (BARS) Manual*, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

*Government Auditing Standards*, December 2011 Revision, paragraph 4.23 establishes reporting requirements related to significant deficiencies or material

weaknesses in internal control, instances of fraud or abuse, and noncompliance with provisions of law, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Controls Related Matter Identified in an Audit, paragraph 7.

**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 Roslyn  
January 1, 2015 through December 31, 2017**

Mayor and City Council  
City of Roslyn  
Roslyn, 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 Roslyn, as of and for the years ended December 31, 2017, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated October 29, 2018.

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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



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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2017-001, that we consider to be a significant deficiency.

## 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, flowing style.

Pat McCarthy  
State Auditor  
Olympia, WA

October 29, 2018

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## City of Roslyn January 1, 2015 through December 31, 2017

Mayor and City Council  
City of Roslyn  
Roslyn, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Roslyn, for the years ended December 31, 2017, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 15.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

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

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

As described in Note 1, the City of Roslyn 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 Roslyn, for the years ended December 31, 2017, 2016 and 2015, 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 Roslyn, as of December 31, 2017, 2016 and 2015, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## **Other Matters**

### ***Supplementary and Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The 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 October 29, 2018 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

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

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

Pat McCarthy

State Auditor

Olympia, WA

October 29, 2018

## **FINANCIAL SECTION**

### **City of Roslyn January 1, 2015 through December 31, 2017**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2017  
Fund Resources and Uses Arising from Cash Transactions – 2016  
Fund Resources and Uses Arising from Cash Transactions – 2015  
Notes to Financial Statements – 2017  
Notes to Financial Statements – 2016  
Notes to Financial Statements – 2015

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

Schedule of Liabilities – 2017  
Schedule of Liabilities – 2016  
Schedule of Liabilities – 2015

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	234,057	-	-
30880	Unreserved	2,135,876	385,542	9,537
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	633,826	601,996	-
320	Licenses and Permits	18,863	18,863	-
330	Intergovernmental Revenues	1,013,807	48,020	203,565
340	Charges for Goods and Services	1,151,413	73,986	-
350	Fines and Penalties	19,385	6,690	-
360	Miscellaneous Revenues	480,390	49,331	2,683
Total Revenues:		3,317,687	798,886	206,249
<b>Expenditures</b>				
510	General Government	206,921	206,921	-
520	Public Safety	245,648	245,648	-
530	Utilities	1,128,545	25,290	-
540	Transportation	514,359	259,293	252,713
550	Natural and Economic Environment	106,832	105,745	-
560	Social Services	0	-	-
570	Culture and Recreation	174,635	174,316	319
Total Expenditures:		2,376,939	1,017,212	253,032
Excess (Deficiency) Revenues over Expenditures:		940,746	-218,327	-46,784
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	4,054	-	-
397	Transfers-In	395,018	-	138,348
385	Special or Extraordinary Items	0	-	-
386 / 389	Custodial Activities	25,538	7,913	-
381, 395, 398	Other Resources	360,314	300,314	-
Total Other Increases in Fund Resources:		784,924	308,227	138,348
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	822,628	-	-
591-593, 599	Debt Service	247,057	-	-
597	Transfers-Out	395,019	306,357	6,509
585	Special or Extraordinary Items	0	-	-
586 / 589	Custodial Activities	7,827	7,827	-
581	Other Uses	360,000	-	-
Total Other Decreases in Fund Resources:		1,832,530	314,184	6,509
<b>Increase (Decrease) in Cash and Investments:</b>		<b>-106,862</b>	<b>-224,284</b>	<b>85,055</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	269,320	12,105	0
5088000	Unreserved	1,993,751	149,153	94,592
<b>Total Ending Cash and Investments</b>		<b>2,263,139</b>	<b>161,258</b>	<b>94,592</b>

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



<b>102 Tourism Support Fund</b>	<b>103 Reet Fund</b>	<b>200 Debt Service Fund</b>	<b>300 Capital Improvement</b>	<b>401 Sewer Fund</b>
10,749	29,688	-	-	76,028
0	0	8,406	95,300	830,807
-	-	-	-	-
5,039	26,791	-	-	-
-	-	-	-	-
-	-	-	440,309	-
-	-	-	-	455,060
-	-	-	-	-
13	36	-	349,119	4,642
<u>5,052</u>	<u>26,827</u>	<u>-</u>	<u>789,428</u>	<u>459,703</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	249,476
-	-	-	-	-
1,087	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,476</u>
<u>3,965</u>	<u>26,827</u>	<u>-</u>	<u>789,428</u>	<u>210,226</u>
-	-	-	-	4,054
-	-	26,036	170,634	-
-	-	-	-	-
-	-	-	-	17,625
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>26,036</u>	<u>170,634</u>	<u>21,679</u>
-	-	-	613,462	69,241
-	-	26,155	-	76,028
-	7,634	-	-	33,354
-	-	-	-	-
-	-	-	-	-
-	-	-	60,000	-
<u>-</u>	<u>7,634</u>	<u>26,155</u>	<u>673,462</u>	<u>178,623</u>
<b>3,965</b>	<b>19,193</b>	<b>-119</b>	<b>286,600</b>	<b>53,282</b>
14,714	48,881	0	0	76,028
0	0	8,287	381,900	884,089
<u>14,714</u>	<u>48,881</u>	<u>8,287</u>	<u>381,900</u>	<u>960,117</u>

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

<b>402 Water Fund</b>	<b>403 Storm O &amp; M Fund</b>	<b>500 Equipment Rental And Reserve</b>
117,592	-	-
723,362	50,583	32,339
-	-	-
-	-	-
-	-	-
-	321,913	-
589,668	32,699	-
12,695	-	-
31,931	41,970	665
<u>634,294</u>	<u>396,583</u>	<u>665</u>
-	-	-
-	-	-
301,653	552,126	-
-	-	2,353
-	-	-
-	-	-
-	-	-
<u>301,653</u>	<u>552,126</u>	<u>2,353</u>
<u>332,641</u>	<u>-155,544</u>	<u>-1,688</u>
-	-	-
-	-	60,000
-	-	-
-	-	-
-	60,000	-
<u>-</u>	<u>60,000</u>	<u>60,000</u>
119,678	-	20,247
144,874	-	-
33,354	-	7,811
-	-	-
-	-	-
300,000	-	-
<u>597,905</u>	<u>-</u>	<u>28,058</u>
<b>-265,264</b>	<b>-95,544</b>	<b>30,254</b>
117,592	0	0
458,098	-44,961	62,593
<u><b>575,690</b></u>	<u><b>-44,961</b></u>	<u><b>62,593</b></u>

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	222,571	0	0
30880	Unreserved	1,793,831	328,538	45,805
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	587,692	558,616	-
320	Licenses and Permits	29,918	29,918	-
330	Intergovernmental Revenues	288,014	43,330	91,976
340	Charges for Goods and Services	1,113,128	37,130	-
350	Fines and Penalties	19,285	13,769	-
360	Miscellaneous Revenues	99,181	27,164	11
Total Revenues:		2,137,218	709,927	91,987
<b>Expenditures</b>				
510	General Government	187,101	187,101	-
520	Public Safety	237,709	237,709	-
530	Utilities	726,784	25,896	-
540	Transportation	165,570	-	165,570
550	Natural and Economic Environment	57,410	57,410	-
560	Social Services	0	-	-
570	Culture and Recreation	105,347	105,214	133
Total Expenditures:		1,479,920	613,330	165,702
Excess (Deficiency) Revenues over Expenditures:		657,296	96,597	-73,716
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	0	-	-
397	Transfers-In	77,755	-	43,957
385	Special or Extraordinary Items	0	-	-
386 / 389	Custodial Activities	28,628	6,949	-
381, 395, 398	Other Resources	0	-	-
Total Other Increases in Fund Resources:		106,383	6,949	43,957
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	78,147	-	-
591-593, 599	Debt Service	247,378	-	-
597	Transfers-Out	77,628	38,966	6,509
585	Special or Extraordinary Items	0	-	-
586 / 589	Custodial Activities	7,576	7,576	-
581	Other Uses	0	-	-
Total Other Decreases in Fund Resources:		410,728	46,542	6,509
<b>Increase (Decrease) in Cash and Investments:</b>		<b>352,951</b>	<b>57,004</b>	<b>-36,268</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	234,057	0	0
5088000	Unreserved	2,135,296	385,542	9,537
<b>Total Ending Cash and Investments</b>		<b>2,369,353</b>	<b>385,542</b>	<b>9,537</b>

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

<b>102 Tourism Support Fund</b>	<b>103 Reet Fund</b>	<b>200 Debt Service Fund</b>	<b>300 Capital Improvement</b>	<b>401 Sewer Fund</b>
5,885	23,066	0	0	76,028
0	0	8,406	107,960	671,872
-	-	-	-	-
4,855	24,221	-	-	-
-	-	-	-	-
-	-	-	48,725	-
-	-	-	-	463,432
-	-	-	-	-
9	35	-	127	23,629
<u>4,865</u>	<u>24,256</u>	<u>-</u>	<u>48,852</u>	<u>487,061</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	270,291
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,291</u>
<u>4,864</u>	<u>24,256</u>	<u>-</u>	<u>48,851</u>	<u>216,770</u>
-	-	-	-	-
-	-	26,037	7,634	-
-	-	-	-	-
-	-	-	-	21,679
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>26,037</u>	<u>7,634</u>	<u>21,679</u>
-	-	-	69,146	852
-	-	26,037	-	76,028
-	17,634	-	-	3,354
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>17,634</u>	<u>26,037</u>	<u>69,146</u>	<u>80,234</u>
<u>4,864</u>	<u>6,622</u>	<u>0</u>	<u>-12,661</u>	<u>158,215</u>
10,749	29,688	0	0	76,028
0	0	8,406	95,300	830,087
<u>10,749</u>	<u>29,688</u>	<u>8,406</u>	<u>95,299</u>	<u>906,115</u>

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

<b>402 Water Fund</b>	<b>403 Storm O &amp; M Fund</b>	<b>500 Equipment Rental And Reserve</b>
117,592	0	0
509,055	82,072	40,123
-	-	-
-	-	-
-	-	-
36,646	67,337	-
612,566	-	-
5,516	-	-
39,987	8,192	27
<u>694,715</u>	<u>75,528</u>	<u>27</u>
-	-	-
-	-	-
323,580	107,017	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>323,580</u>	<u>107,017</u>	<u>-</u>
<u>371,135</u>	<u>-31,488</u>	<u>27</u>
-	-	-
127	-	-
-	-	-
-	-	-
-	-	-
<u>127</u>	<u>-</u>	<u>-</u>
8,149	-	-
145,313	-	-
3,354	-	7,811
-	-	-
-	-	-
-	-	-
<u>156,815</u>	<u>-</u>	<u>7,811</u>
<u>214,447</u>	<u>-31,488</u>	<u>-7,784</u>
117,592	0	0
723,502	50,583	32,339
<u>841,094</u>	<u>50,584</u>	<u>32,339</u>

The accompanying notes are an integral part of this statement.

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>
<b>Beginning Cash and Investments</b>			
30810	Reserved	241,895	-
30880	Unreserved	1,822,396	279,000
388 & 588	Prior Period Adjustments, Net	-	-
<b>Operating Revenues</b>			
310	Taxes	519,615	501,678
320	Licenses and Permits	16,752	16,752
330	Intergovernmental Revenues	463,174	41,055
340	Charges for Goods and Services	1,259,496	237,982
350	Fines and Penalties	14,612	8,426
360	Miscellaneous Revenues	74,852	30,937
Total Operating Revenues:		<u>2,348,502</u>	<u>836,830</u>
<b>Operating Expenditures</b>			
510	General Government	151,319	151,319
520	Public Safety	243,589	243,589
530	Utilities	523,629	20,030
540	Transportation	74,234	-
550	Natural and Economic Environment	51,937	47,752
560	Social Services	0	-
570	Culture and Recreation	251,393	251,393
598	Miscellaneous Expenses	0	-
Total Operating Expenditures:		<u>1,296,101</u>	<u>714,083</u>
Net Operating Increase (Decrease):		<u>1,052,401</u>	<u>122,747</u>
<b>Nonoperating Revenues</b>			
370-380, 395 & 398	Other Financing Sources	40,928	8,768
391-393	Debt Proceeds	0	-
397	Transfers-In	127,906	-
Total Nonoperating Revenues:		<u>168,834</u>	<u>8,768</u>
<b>Nonoperating Expenditures</b>			
580, 596 & 599	Other Financing Uses	8,232	8,232
591-593	Debt Service	374,088	-
594-595	Capital Expenditures	758,900	-
597	Transfers-Out	127,906	73,744
Total Nonoperating Expenditures:		<u>1,269,127</u>	<u>81,977</u>
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b><u>-47,892</u></b>	<b><u>49,539</u></b>
<b>Ending Cash and Investments</b>			
5081000	Reserved	222,571	0
5088000	Unreserved	1,793,831	328,538
<b>Total Ending Cash and Investments</b>		<b><u>2,016,402</u></b>	<b><u>328,538</u></b>

<b>101 Street Fund</b>	<b>102 Tourism Support Fund</b>	<b>103 Reet Fund</b>	<b>200 Debt Service Fund</b>	<b>300 Capital Improvement</b>
-	7,394	40,881	-	-
13,336	-	-	8,404	113,633
-	-	-	-	-
-	2,669	15,268	-	-
-	-	-	-	-
29,138	-	-	-	15,173
-	-	-	-	-
-	-	-	-	-
339	7	50	-	2,091
<u>29,478</u>	<u>2,676</u>	<u>15,318</u>	<u>-</u>	<u>17,264</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
74,234	-	-	-	-
-	4,185	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>74,234</u>	<u>4,185</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-44,756</u>	<u>-1,509</u>	<u>15,318</u>	<u>-</u>	<u>17,264</u>
-	-	-	-	-
-	-	-	-	-
83,735	-	-	26,038	18,133
<u>83,735</u>	<u>-</u>	<u>-</u>	<u>26,038</u>	<u>18,133</u>
-	-	-	-	-
-	-	-	26,037	-
-	-	-	-	41,069
6,510	-	33,133	-	-
<u>6,510</u>	<u>-</u>	<u>33,133</u>	<u>26,037</u>	<u>41,069</u>
<b><u>32,469</u></b>	<b><u>-1,509</u></b>	<b><u>-17,815</u></b>	<b><u>1</u></b>	<b><u>-5,672</u></b>
-	5885	23,066	-	-
45,805	-	-	8,406	107,960
<b><u>45,805</u></b>	<b><u>5,885</u></b>	<b><u>23,066</u></b>	<b><u>8,406</u></b>	<b><u>107,960</u></b>

<b>401 Sewer Fund</b>	<b>402 Water Fund</b>	<b>403 Storm O &amp; M Fund</b>	<b>500 Equipment Rental And Reserve</b>
76,028	117,592	-	-
757,482	521,585	81,059	47,897
-	-	-	-
-	-	-	-
-	-	-	-
-	377,808	-	-
426,727	594,776	11	-
-	6,186	-	-
10,395	22,768	8,228	37
<u>437,122</u>	<u>1,001,538</u>	<u>8,239</u>	<u>37</u>
-	-	-	-
-	-	-	-
261,763	234,606	7,230	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>261,763</u>	<u>234,606</u>	<u>7,230</u>	<u>-</u>
<u>175,359</u>	<u>766,932</u>	<u>1,009</u>	<u>37</u>
32,160	0	-	-
-	-	-	-
0	0	-	-
<u>32,160</u>	<u>0</u>	<u>-</u>	<u>-</u>
-	-	-	-
230,459	117,592	-	-
59,316	658,515	-	-
3,354	3,354	-	7,811
<u>293,129</u>	<u>779,461</u>	<u>-</u>	<u>7,811</u>
<b>-85,610</b>	<b>-12,530</b>	<b>1,009</b>	<b>-7,774</b>
76,028	117,592	-	-
671,872	509,055	82,072	40,123
<u>747,900</u>	<u>626,647</u>	<u>82,072</u>	<u>40,123</u>



**City of Roslyn**  
**Notes to the Financial Statements**  
**For the year ended 12/31/2017**

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

The City of Roslyn was incorporated in 1891 and operates under the laws of the state of Washington applicable to a Mayor-Council form of government. The City is a general purpose local government and provides water, sewer, storm, library, public safety, fire prevention, street improvement, parks and recreation, and general administrative services.

The City 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 the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

#### C. Budgets

The City adopts annual appropriated budgets for the general, special revenue, debt service, capital projects, and proprietary 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:

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001 General Fund Total:	1,403,244.62	1,331,395.47	71,849.15
101 Street Fund	658,477.96	259,541.50	398,936.46
102 Tourism Support Fund	4,000.00	1,087.28	2,912.72
103 REET Fund	7,634.20	7,634.20	-
200 Debt Service Fund	26,155.20	26,155.20	-
300 Capital Improvement Fund	690,425.95	673,462.14	16,963.81
401 Sewer O & M Fund	509,538.98	526,827.30	(17,288.32)

402 Water O & M Fund	971,308.53	962,090.93	9,217.60
403 Storm O & M Fund	53,701.48	56,601.68	(2,900.20)
407 Sewer Bond Reserve Fund	42,566.75	42,566.75	-
408 Water Bond Reserve Fund	-	-	-
411 Sewer Debt Service Fund	76,028.00	76,028.00	-
412 Water Debt Service Fund	147,507.54	144,873.60	2,633.94
431 Sewer Capital Fund	-	-	-
432 Water Capital Fund	221,527.63	94,679.60	126,848.03
433 Storm Capital Fund	459,458.73	537,720.23	(78,261.50)
500 ER&R Fund	67,810.99	30,410.90	37,400.09
631 Claims Clearing Fund	-	\$20,068.94	(20,068.94)
632 Payroll Clearing Fund	1,092.54	1,092.54	-
<b>Total</b>	<b>5,340,479.10</b>	<b>4,792,236.26</b>	<b>548,242.84</b>

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's legislative body.

#### D. Cash and Investments

It is the City'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. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

#### F. Compensated Absences

Vacation leave may be accumulated up to 240 days and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment for unused vacation and sick leave. Payments are recognized as expenditures when paid.

#### G. Long-Term Debt

See Note 5, *Debt Service Requirements*.

#### H. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments consist of the following:

Description		Reserved Funds	Description
001	Cemetery Improvement Fund	\$ 12,104.49	10% of all cemetery sales are placed in a CD, and the interest earned is used for cemetery maintenance
102	Tourism Support Fund	\$ 14,714.00	All hotel/motel tax funds are reserved for tourism support
103	REET Fund	\$ 48,880.89	All REET funds are reserved for capital improvement projects
407	Sewer Bond Reserve Fund	\$ 76,028.00	one year's debt payments
408	Water Bond Reserve Fund	\$ 117,592.00	one year's debt payments
<b>TOTAL</b>		<b>\$ 269,319.38</b>	

## **Note 2 – Deposits and 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 original cost. Investments by type at December 31, 2017 are as follows:

		Investments held by City as an agent for other local governments, individuals, or private organizations.			TOTAL
City's own investments					
Certificate of Deposits:					
8894837296	\$	238,500.96	\$	-	\$ 238,500.96
8958482153	\$	236,340.77	\$	-	\$ 236,340.77
8914464899	\$	237,660.95	\$	-	\$ 237,660.95
8884435846	\$	4,928.16	\$	-	\$ 4,928.16
8972853637	\$	4,928.16	\$	-	\$ 4,928.16
8940184768	\$	5,377.85	\$	-	\$ 5,377.85
8886359184	\$	5,183.31	\$	-	\$ 5,183.31

\$	732,920.16	\$	-	\$	732,920.16
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### **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 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 2017 was \$2.248069 per \$1,000 on an assessed valuation of \$90,870,462.00 for a total regular levy of \$204,283.07.

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

The following table displays interfund loan activity during 2017:

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance 1/1/2017</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance 12/31/2017</b>
001 General Fund	402 Water O&M Fund	\$ -	\$ 300,000.00	\$ -	\$ 300,000.00
433 Storm Cap. Fac. Fund	300 Cap. Fac. Fund	\$ -	\$ 60,000.00	\$ -	\$ 60,000.00
<b>TOTAL</b>		<b>\$ -</b>	<b>\$ 360,000.00</b>	<b>\$ -</b>	<b>\$ 360,000.00</b>

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

#### **Debt Service**

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

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

	<b>Bond Principal</b>	<b>Bond Interest</b>	<b>Total</b>
<b>2018</b>	\$ 111,410.45	\$ 109,261.86	\$ 220,672.31
<b>2019</b>	\$ 115,231.83	\$ 105,211.25	\$ 220,443.08
<b>2020</b>	\$ 119,033.06	\$ 101,180.76	\$ 220,213.82
<b>2021</b>	\$ 123,315.22	\$ 96,669.36	\$ 219,984.58
<b>2022</b>	\$ 127,753.56	\$ 92,001.75	\$ 219,755.31
<b>2023-2027</b>	\$ 711,257.48	\$ 384,080.14	\$ 1,095,337.62
<b>2028-2032</b>	\$ 813,470.49	\$ 235,731.72	\$ 1,049,202.21
<b>2033-2037</b>	\$ 447,830.71	\$ 119,251.94	\$ 567,082.65

<b>2038-2042</b>	\$	189,403.26	\$	59,695.74	\$	249,099.00
<b>2043-2047</b>	\$	188,277.37	\$	24,037.63	\$	212,315.00
<b>Total</b>	\$	<b>2,946,983.44</b>	\$	<b>1,327,122.14</b>	\$	<b>4,274,105.58</b>

## **Note 6 – Pension Plans**

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

Substantially all City's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS Plan 2 and PERS Plan 3.

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

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

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

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

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

At June 30, 2017, the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.0027530%	\$ 130,632.00
PERS 2/3	0.0035410%	\$ 123,033.00
<b>TOTAL</b>		<b>\$ 253,665.00</b>

## **Note 7 – Risk Management**

The City of Roslyn 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, 2017, 258 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

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

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

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

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

State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

#### **Note 8 - Other Disclosures**

The City of Roslyn's City Council consists of 7 Councilmembers, each of whom are involved in the community. Some of these Councilmembers are related to members of the various Committees and Commissions. Other Councilmembers may own businesses or belong to organizations that may be affected by the City's decisions. Please see below for more information.

Council Position #1: Derek Gruber and his wife Anne Dukelow own two businesses, *Marko's Place* and *Green Acre Web Design*, within the City limits.

Council Position #2: Edmund Januszkiewicz served on the Roslyn Planning and Historic Preservation Commission and RIDGE (a former local activist group) prior to joining the City Council

Council Position #3: Scott Gray's wife, Jamie Gray, serves on the Roslyn Planning and Historic Preservation Commission, and he served on the Roslyn Urban Forest Citizen Advisory Committee prior to joining the City Council.

Council Position #4: Cordy Cook's wife, Peg Bryant, serves as the Chair of the Roslyn Urban Forest Citizen Advisory Committee, and he served on RIDGE prior to joining the City Council.

Council Position #5: Doug Kilgore's wife, Ellie Belew, serves on the Roslyn Urban Forest Citizen Advisory Committee, and he served on RIDGE prior to joining the City Council.

Council Position #6: Mitchell Long works for the *Kittitas County Conservation Trust*, and is a former employee of the City.

Council Position #7: Nolan Weis works for *Inland Networks*, which is a local company owned by his relatives.

Mayor: Geoff Scherer works for *Kittitas Valley Health* and *Kittitas Fire District #2*, and his wife, Tuesday Bosch serves on the Roslyn Public Library Board  
Brent Hals works for *Comtronics*, and his wife owns *From Roslyn with Love*, a retail establishment.



**City of Roslyn**  
**Notes to the Financial Statements**  
**For the year ended 12/31/2016**

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- 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, the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

#### C. Budgets

The City adopts annual appropriated budgets for the general, special revenue, debt service, capital projects, and proprietary funds.. These budgets are appropriated at the fund level except the general (current expense) fund, where budget is adopted at the department 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:

	Final Appropriated Amounts	Actual Expenditures	Variance
Fund/Department			
001 General Fund Total:	742,840.23	659,872.00	83,117.93
514 Fund	57,331.87	59,627.63	(2,295.76)
518 Fund	77,556.78	88,800.02	(11,243.24)
522 Fund	68,100.00	51,888.71	16,211.29
536 Fund	26,625.00	24,852.68	1,772.32
558 Fund	49,280.00	53,991.61	(4,711.61)
572 Fund	75,188.35	67,035.23	8,153.12
576 Fund	78,270.00	32,625.08	45,644.92
All Other General Funds	310,488.23	255,440.35	55,047.88

101 Street Fund	237,609.18	172,211.57	65,397.61
102 Tourism Support Fund	2,000.00	-	2,000.00
103 REET Fund	17,634.20	17,634.20	-
200 Debt Service Fund	26,036.72	26,036.73	-
300 Capital Improvement Fund	43,140.35	69,145.91	(26,005.56)
401 Sewer O & M Fund	283,780.26	316,107.29	(32,327.03)
402 Water O & M Fund	510,373.13	540,923.01	(30,549.88)
403 Storm O & M Fund	16,450.00	19,599.60	(3,149.60)
407 Sewer Bond Reserve Fund	-	-	-
408 Water Bond Reserve Fund	-	-	-
411 Sewer Debt Service Fund	76,028.00	76,028.00	-
412 Water Debt Service Fund	117,592.00	145,312.66	(27,720.66)
431 Sewer Capital Fund	231.00	852.06	(621.06)
432 Water Capital Fund	7,431.00	9,773.58	(2,342.58)
433 Storm Capital Fund	75,035.00	87,417.74	(12,382.74)
500 ER&R Fund	7,811.02	7,811.02	-
Total	2,163,992.09	2,148,575.67	15,416.42

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's legislative body.

#### D. Cash and Investments

It is the City'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. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

#### F. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment for unused sick and vacation leave. Payments are recognized as expenditures when paid.

#### G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

#### H. Risk Management

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

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

As of December 31, 2016, 258 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2016, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions

regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW.

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

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

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

Reservations of Ending Cash and Investments consist of the following:

	Description	Reserved Funds	Description
<b>102</b>	Tourism Support Fund	\$ 10,749.00	All Hotel/Motel Tax funds are reserved for tourism support
<b>103</b>	REET Fund	\$ 29,688.00	All REET funds are reserved for Capital Improvement Expenses
<b>407</b>	Sewer Bond Reserve Fund	\$ 76,028.00	One Year's Debt Payments
<b>408</b>	Water Bond Reserve Fund	\$ 117,592.00	One Year's Debt Payments
	<b>Total</b>	<b>\$ 234,057.00</b>	

#### Note 2 – Deposits and 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 original cost. Investments by type at December 31, 2016 are as follows:

	City's own investments	Investments held by City as an agent for other local governments, individuals, or private organizations.	Total
<b>Certificate of Deposits:</b>			
<b>8894837296</b>	\$ 236,835.26	\$ -	\$ 236,835.26
<b>8958482153</b>	\$ 237,488.37	\$ -	\$ 237,488.37
<b>8914464899</b>	\$ 236,764.57	\$ -	\$ 236,764.57
<b>8884435846</b>	\$ 4,944.55	\$ -	\$ 4,944.55
<b>8972853637</b>	\$ 4,942.50	\$ -	\$ 4,942.50
<b>8940184768</b>	\$ 4,940.45	\$ -	\$ 4,940.45
<b>8886359184</b>	\$ 5,184.64	\$ -	\$ 5,184.64
	<b>\$ 731,100.34</b>	<b>\$ -</b>	<b>\$ 731,100.34</b>

### **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 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 2016 was \$2.214534 per \$1,000 on an assessed valuation of \$89,246,764 for a total regular levy of \$197,639.99.

### **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 and summarizes the City's debt transactions for year ended December 31, 2016.

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

	Principal	Interest	Total
<b>2017</b>	\$ 132,890.54	\$ 114,047.77	\$ 246,938.31
<b>2018</b>	\$ 111,410.45	\$ 109,261.86	\$ 220,672.31
<b>2019</b>	\$ 115,231.83	\$ 105,211.25	\$ 220,443.08
<b>2020</b>	\$ 119,033.06	\$ 101,180.76	\$ 220,213.82
<b>2021</b>	\$ 123,315.22	\$ 96,669.36	\$ 219,984.58
<b>2022-2026</b>	\$ 686,280.03	\$ 410,203.88	\$ 1,096,483.91
<b>2027-2031</b>	\$ 823,171.67	\$ 267,580.84	\$ 1,090,752.51
<b>2032-2036</b>	\$ 529,647.66	\$ 135,246.71	\$ 664,894.37
<b>2037-2041</b>	\$ 217,312.86	\$ 68,570.14	\$ 285,883.00
<b>2042-2046</b>	\$ 180,818.60	\$ 31,496.40	\$ 212,315.00

<b>2047-2051</b>	\$ 40,762.05	\$ 1,700.95	\$ 42,463
<b>Totals</b>	\$ 3,079,873.98	\$ 1,441,169.91	\$ 4,521,043.89

## **Note 5 – Pension Plans**

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

Substantially all City’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS Plan 2 and PERS Plan 3.

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

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

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

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

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

At June 30, 2016, the City’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	.002261%	\$ 121,426
PERS 2/3	.002892%	\$ 145,610
		\$ 267,036

## **Note 6 - Other Disclosures**

The City of Roslyn’s City Council consists of 7 Councilmembers, each of whom are involved in the community. Some of these Councilmembers are related to members of the various Committees and Commissions. Other Councilmembers may own businesses or belong to organizations that may be affected by the City’s decisions. Please see below for more information.

Council Position #1: Derek Gruber and his wife Anne Dukelow own two businesses, *Marko’s Place* and *Green Acre Web Design*, within the City limits.

- Council Position #2: Edmund Januzkiewicz served on the Roslyn Planning and Historic Preservation Commission and RIDGE (a former local activist group) prior to joining the City Council
- Council Position #3: Scott Gray's wife, Jamie Gray, serves on the Roslyn Planning and Historic Preservation Commission, and he served on the Roslyn Urban Forest Citizen Advisory Committee prior to joining the City Council.
- Council Position #4: Cordy Cook's wife, Peg Bryant, serves as the Chair of the Roslyn Urban Forest Citizen Advisory Committee, and he served on RIDGE prior to joining the City Council.
- Council Position #5: Doug Kilgore's wife, Ellie Belew, serves on the Roslyn Urban Forest Citizen Advisory Committee, and he served on RIDGE prior to joining the City Council.
- Council Position #6: Mitchell Long works for the *Kittitas County Conservation Trust*, and is a former employee of the City.
- Council Position #7: Nolan Weis works for *Inland Networks*, which is a local company owned by his relatives.



**City of Roslyn**  
**Notes to the Financial Statements**  
**For the year ended 12/31/2015**

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

The City of Roslyn was incorporated on 1891 and operates under the laws of the state of Washington applicable to a code city with a Mayor-Council form of government. The City is a general purpose local government and provides water, sewer, storm, library, public safety, fire prevention, street improvement, parks and recreation, and general administrative services.

The City 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.

#### Permanent Funds

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

#### PROPRIETARY FUND TYPES:

##### Enterprise Funds

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

##### Internal Service Funds

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

#### FIDUCIARY FUND TYPES:

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

##### Private-Purpose Trust Funds

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

##### Agency Funds

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

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

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

In accordance with state law, the City 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 adopts annual appropriated budgets for the general, special revenue, debt service, capital projects, and proprietary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 General Fund Total:	820,494.21	796,059.87	24,434.34
514 Fund	46,300.00	21,210.32	25,089.68
518 Fund	65,937.60	91,590.87	(25,653.27)
522 Fund	35,550.00	41,729.90	(6,179.90)
536 Fund	16,850.00	20,029.95	(3,179.95)
558 Fund	50,433.29	47,752.11	2,681.18
572 Fund	68,649.05	64,778.38	3,870.67
576 Fund	195,650.00	186,615.04	9,034.96
597 Fund	73,743.69	73,744.38	(0.69)
All Other General Funds	267,380.58	248,608.92	18,771.66
101 Street Fund	108,117.72	80,743.86	27,373.86
102 Tourism Support Fund	3,100.00	4,185.00	(1,084.85)
103 REET Fund	33,133.02	33,133.02	-
200 Debt Service Fund	26,036.72	26,036.72	-
300 Capital Improvement Fund	61,633.02	41,069.47	20,563.55
401 Sewer O & M Fund	499,328.29	550,104.81	(50,776.52)
402 Water O & M Fund	510,045.67	466,466.88	43,578.79
403 Storm O & M Fund	10,520.00	7,229.84	3,290.16
407 Sewer Bond Reserve Fund	1,064.89	10,064.89	(9,000.00)
408 Water Bond Reserve Fund	-	-	-
411 Sewer Debt Service Fund	230,026.89	230,458.77	(431.88)
412 Water Debt Service Fund	117,597.00	117,592.00	5.00
431 Sewer Capital Fund	113,295.24	112,293.41	1,001.83
432 Water Capital Fund	595,841.84	644,193.87	(48,352.03)
433 Storm Capital Fund	-	-	-
500 ER&R Fund	7,811.02	7,811.02	-
Total	3,138,945.53	3,130,443.28	8,502.25

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's legislative body.

D. Cash and Investments

It is the City'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. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment for unused sick leave. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of transfers in and out between funds, and non-revenues and non-expenditures which are agency collections and disbursements for park cleaning deposits, grave restoration fees, and investment proceeds and purchases.

I. Risk Management

The City of Roslyn 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 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 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.

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

Reservations of Ending Cash and Investments consist of the following:

	Description	Reserved Funds	Description
102	Tourism Support Fund	\$ 5,885.00	All Hotel/Motel Tax funds are reserved for tourism support
103	REET Fund	\$ 23,066.44	All REET funds are reserved for Capital Improvement Expenses
407	Sewer O&M Fund	\$ 76,028.00	One Year's Debt Payments
408	Water Bond Reserve Fund	\$ 117,592.00	One Year's Debt Payments

	<b>Total</b>	<b>\$ 222,571.44</b>	
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### **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. 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 2015 was \$2.205728 per \$1,000 on an assessed valuation of \$87,715,860 for a total regular levy of \$193,477.33.

### **Note 3 – Deposits and 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 original cost. Investments by type at December 31, 2015 are as follows:

	Investments held by City as an agent for other local governments, individuals, or private organizations.		
	City's own investments		Total
<b>CD:</b>			
<b>8894837296</b>	\$ 236,340.77		<b>\$ 236,340.77</b>
<b>8958482153</b>	\$ 236,340.77		<b>\$ 236,340.77</b>
<b>8914464899</b>	\$ 236,340.77		<b>\$ 236,340.77</b>
<b>8884435846</b>	\$ 4,928.16		<b>\$ 4,928.16</b>
<b>8972853637</b>	\$ 4,928.16		<b>\$ 4,928.16</b>
<b>8940184768</b>	\$ 4,928.16		<b>\$ 4,928.16</b>
<b>8886359184</b>	\$ 4,928.16		<b>\$ 4,928.16</b>
	<b>\$ 728,734.95</b>	<b>\$ -</b>	<b>\$ 728,734.95</b>

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

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

	Bond Principal	Bond Interest	Total
<b>2016</b>	\$ 128,237.61	\$ 119,139.77	\$ 247,377.38
<b>2017</b>	\$ 132,890.54	\$ 114,047.77	\$ 246,938.31
<b>2018</b>	\$ 111,410.45	\$ 109,261.86	\$ 220,672.31
<b>2019</b>	\$ 115,231.83	\$ 105,211.25	\$ 220,443.08
<b>2020</b>	\$ 119,033.06	\$ 101,180.76	\$ 220,213.82
<b>2021-2025</b>	\$ 662,316.97	\$ 435,313.24	\$ 1,097,630.21
<b>2026-2030</b>	\$ 793,300.46	\$ 298,598.35	\$ 1,091,898.81
<b>2031-2035</b>	\$ 648,112.34	\$ 155,227.01	\$ 803,339.35
<b>2036-2040</b>	\$ 244,041.29	\$ 78,625.71	\$ 322,667.00
<b>2041-2045</b>	\$ 173,627.75	\$ 38,687.25	\$ 212,315.00
<b>2046-2050</b>	\$ 79,909.28	\$ 5,016.72	\$ 84,926.00
<b>2051-2055</b>			
<b>Total</b>	\$ 3,208,111.58	\$ 1,560,309.69	\$ 4,768,421.27

## **Note 5 – Pension Plans**

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

Substantially all City's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS Plan 2 and PERS Plan 3.

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

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

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

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

The City also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed

information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

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

	Allocation Percentage	
PERS 1 UAAL	0.000225%	\$ 117,696
PERS 2 and 3	0.000290%	\$ 103,762
		\$ 221,458

#### **Note 6 - Other Disclosures**

In 2004 the courts took away Roslyn's water right for personal use of water in drought years. Roslyn was forced to hire a water rights broker, WestWater Research to locate and purchase pre-1908 water rights. Grant funds were obtained from the Washington State Department of Ecology to purchase water rights, and a water Attorney, Adam Gravley of Gordon Derr (formerly WestWater Research), was hired to facilitate the process of water adjudication for the City, which is ongoing. In 2005 a small water right was found and purchased, but a group of irrigation companies objected to the transfer of this right to Roslyn's source. The water rights were officially turned over to the City in January 2010 and the City is currently working with the Department of Ecology and the Bureau of Reclamation to finalize agreements for mitigation water leasing.

Construction for Phase 1b of the Old City Hall renovation project began in 2011 and finished in the late 2012. Phase 1b was established with the intent to use the remaining grant funds and to provide an accessible, safe environment for the library and Council Chambers to return too. Fundraising efforts continue and the ultimate plan is the complete renovation of this historic landmark building. The Capital Projects Fund (300 fund) ended 2012 with a negative balance due to an outstanding grant reimbursement request.

The City of Roslyn was a party to the AT&T (now New Cingular Wireless) tax refund claims lawsuit. In 2013 the City settled with New Cingular Wireless for an amount less than the original claim.



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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.96	Grader Loan	12/1/2017	25,136	-	25,136	0
<b>Total General Obligation Debt/Liabilities:</b>			<b>25,136</b>	<b>-</b>	<b>25,136</b>	<b>0</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Water Accrual Liability		30,931	-	16,510	14,421
252.11	Water Loan - USDA - 1992	11/19/2032	868,821	-	38,238	830,583
252.11	Water Loan - USDA - 1998	7/28/2038	510,025	-	13,985	496,040
252.11	Water Loan - DWSRF - 2013	10/1/2036	435,588	-	22,926	412,663
252.11	Sewer Loan - USDA - 2005	1/12/2047	735,310	-	12,131	723,179
252.11	Sewer Loan - USDA - 2012	7/16/2054	476,025	-	20,474	455,551
	Pension Liability		267,036		13,371	253,665
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,323,736</b>	<b>-</b>	<b>137,635</b>	<b>3,186,102</b>
<b>Total Liabilities:</b>			<b>3,348,872</b>	<b>-</b>	<b>162,771</b>	<b>3,186,102</b>

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.96	LOCAL - Grader Loan	12/1/2017	49,118	-	23,982	25,136
<b>Total General Obligation Debt/Liabilities:</b>			<b>49,118</b>	<b>0</b>	<b>23,982</b>	<b>25,136</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Accrual Liability	1/1/2017	32,010	-	1,079	30,931
252.11	Water Loan - USDA - 1992	11/19/2032	905,197	-	36,377	868,821
252.11	Water Loan - USDA - 1998	7/28/2038	523,402	-	13,376	510,025
252.11	Water Loan - DWSRF - 2013	10/1/2036	421,868	36,646	22,926	435,588
252.11	Sewer Loan - USDA - 2005	1/12/2047	746,961	-	11,651	735,310
252.11	Sewer Loan - USDA - 2012	7/16/2054	495,952	-	19,926	476,025
264.3	Pension Liability	12/31/2017	221,458	45,578	-	267,036
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,346,848</b>	<b>82,224</b>	<b>105,335</b>	<b>3,323,737</b>
<b>Total Liabilities:</b>			<b>3,395,966</b>	<b>82,224</b>	<b>129,317</b>	<b>3,348,873</b>

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.96	LOCAL - Grader Loan	12/1/2017	71,998	-	22,880	49,118
<b>Total General Obligation Debt/Liabilities:</b>			<b>71,998</b>	<b>-</b>	<b>22,880</b>	<b>49,118</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	General Accrual Liability		55,468	-	23,458	32,010
252.11	Sewer Bond - BONY	10/1/2015	40,000	-	40,000	-
252.11	Sewer Loan - DOE	8/9/2029	17,702	-	17,702	-
252.11	Water Loan - USDA - 1992	11/19/2032	939,804	-	34,606	905,198
252.11	Water Loan - USDA - 1998	7/28/2038	536,196	-	12,794	523,402
252.11	Sewer Loan - USDA - 2007	1/12/2047	758,150	-	11,189	746,961
252.11	Sewer Loan - USDA - 2012	7/16/2054	515,345	-	19,393	495,952
263.82	Sewer Loan - PWTF - 2004	7/1/2023	93,891	-	93,891	-
263.82	Water Loan - DWSRF - 2015	10/1/2035	44,060	377,808	-	421,868
264.30	Pensions Liability		-	221,458	-	221,458
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,000,616</b>	<b>599,266</b>	<b>253,033</b>	<b>3,346,849</b>
<b>Total Liabilities:</b>			<b>3,072,614</b>	<b>599,266</b>	<b>275,913</b>	<b>3,395,967</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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