



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

**Financial Statements Audit Report**  
**City of Westport**

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

**Published May 13, 2019**

**Report No. 1023762**





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

May 13, 2019

Mayor and City Council  
City of Westport  
Westport, Washington

**Report on Financial Statements**

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

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

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy  
State Auditor  
Olympia, WA

## TABLE OF CONTENTS

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.....	4
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	11
About the State Auditor's Office.....	50

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

Mayor and City Council  
City of Westport  
Westport, 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 Westport, 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 April 30, 2019.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy

State Auditor

Olympia, WA

April 30, 2019

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Mayor and City Council  
City of Westport  
Westport, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Westport, 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 11.

#### 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 Westport 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 Westport, 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 Westport, 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 April 30, 2019 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

April 30, 2019

## **FINANCIAL SECTION**

### **City of Westport 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  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2016  
Fiduciary 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 Westport**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2017**

		<b>Total for All Funds (Memo Only)</b>	<b>010 Current Expense</b>	<b>110 Advertising &amp; Promotion</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	1,016,695	23,782	435,090
30880	Unreserved	2,530,912	863,761	-
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	3,074,706	2,318,970	315,124
320	Licenses and Permits	193,756	137,881	-
330	Intergovernmental Revenues	188,345	81,229	-
340	Charges for Goods and Services	3,086,203	119,562	13
350	Fines and Penalties	61,726	45,856	-
360	Miscellaneous Revenues	172,127	51,528	11,582
Total Revenues:		6,776,863	2,755,025	326,718
<b>Expenditures</b>				
510	General Government	705,430	705,177	-
520	Public Safety	1,698,079	1,698,079	-
530	Utilities	2,374,088	-	-
540	Transportation	383,120	45,115	-
550	Natural and Economic Environment	301,969	30,960	271,009
560	Social Services	418	418	-
570	Culture and Recreation	116,819	116,819	-
Total Expenditures:		5,579,924	2,596,568	271,009
Excess (Deficiency) Revenues over Expenditures:		1,196,940	158,458	55,709
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	177,583	177,583	-
397	Transfers-In	52,658	2,290	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	18,570	18,570	-
381, 395, 398	Other Resources	208,540	2,540	150,000
Total Other Increases in Fund Resources:		457,351	200,983	150,000
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	934,281	238,595	371,809
591-593, 599	Debt Service	550,495	10,159	-
597	Transfers-Out	52,658	49,911	-
585	Special or Extraordinary Items	106,174	106,174	-
586 / 589	Custodial Activities	33,928	33,928	-
581	Other Uses	201,000	-	51,000
Total Other Decreases in Fund Resources:		1,878,535	438,767	422,809
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(224,245)</b>	<b>(79,325)</b>	<b>(217,100)</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	846,780	23,243	217,990
5088000	Unreserved	2,476,582	784,974	-
<b>Total Ending Cash and Investments</b>		<b>3,323,362</b>	<b>808,217</b>	<b>217,990</b>

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

<b>120 Street Fund</b>	<b>230 GO Bond- 2011 Bldg Fund</b>	<b>250 2012 Building Bond</b>	<b>260 G O Bond - 2005 Fire</b>	<b>310 Capital Projects-REET Fund</b>	<b>470 Garbage</b>
-	-	-	3,660	149,287	75,135
91,954	3	1	-	-	-
-	-	-	-	-	-
354,757	-	-	24,350	37,563	23,943
55,875	-	-	-	-	-
67,028	-	-	-	-	-
1,290	-	-	-	-	703,363
-	-	-	-	-	-
1,465	-	-	-	1,558	-
<u>480,416</u>	<u>-</u>	<u>-</u>	<u>24,350</u>	<u>39,121</u>	<u>727,305</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	718,554
338,005	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>338,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,554</u>
<u>142,410</u>	<u>-</u>	<u>-</u>	<u>24,350</u>	<u>39,121</u>	<u>8,752</u>
-	-	-	-	-	-
-	32,058	17,853	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>32,058</u>	<u>17,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
125,681	-	-	-	-	-
-	32,059	17,852	24,702	-	-
2,747	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>128,428</u>	<u>32,059</u>	<u>17,852</u>	<u>24,702</u>	<u>-</u>	<u>-</u>
<b>13,982</b>	<b>(1)</b>	<b>1</b>	<b>(352)</b>	<b>39,121</b>	<b>8,752</b>
-	-	-	3,307	188,408	83,887
105,938	2	2	-	-	-
<b>105,938</b>	<b>2</b>	<b>2</b>	<b>3,307</b>	<b>188,408</b>	<b>83,887</b>

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

<b>480 Water</b>	<b>490 Sewer</b>	<b>500 Unemployment Reserve Fund</b>
-	287,811	41,929
1,150,509	424,684	-
-	-	-
-	-	-
-	-	-
-	40,088	-
1,031,452	1,230,524	-
15,870	-	-
76,670	29,323	-
<u>1,123,992</u>	<u>1,299,934</u>	<u>-</u>
-	-	254
-	-	-
865,477	790,058	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>865,477</u>	<u>790,058</u>	<u>254</u>
<u>258,515</u>	<u>509,877</u>	<u>(254)</u>
-	-	-
-	-	457
-	-	-
-	-	-
5,000	51,000	-
<u>5,000</u>	<u>51,000</u>	<u>457</u>
59,620	138,575	-
101,631	364,092	-
-	-	-
-	-	-
-	-	-
-	150,000	-
<u>161,251</u>	<u>652,667</u>	<u>-</u>
<b><u>102,264</u></b>	<b><u>(91,790)</u></b>	<b><u>203</u></b>
-	287,811	42,133
1,252,773	332,894	-
<b><u>1,252,773</u></b>	<b><u>620,705</u></b>	<b><u>42,133</u></b>

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>010 Current Expense</b>	<b>110 Advertising &amp; Promotion</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	1,007,046	23,622	482,824
30880	Unreserved	2,231,447	820,416	-
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	3,230,199	2,577,017	261,963
320	Licenses and Permits	152,603	104,534	-
330	Intergovernmental Revenues	140,481	92,770	-
340	Charges for Goods and Services	3,245,385	155,318	5
350	Fines and Penalties	61,978	47,309	-
360	Miscellaneous Revenues	139,355	35,225	2,303
Total Revenues:		6,970,000	3,012,173	264,270
<b>Expenditures</b>				
510	General Government	619,436	618,979	-
520	Public Safety	1,991,742	1,991,742	-
530	Utilities	2,537,040	-	-
540	Transportation	402,938	20,206	-
550	Natural and Economic Environment	308,929	42,693	266,236
560	Social Services	562	562	-
570	Culture and Recreation	113,352	113,352	-
Total Expenditures:		5,974,001	2,787,535	266,236
Excess (Deficiency) Revenues over Expenditures:		996,002	224,638	(1,966)
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	100,037	1,887	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	23,032	23,032	-
381, 395, 398	Other Resources	218,862	30,932	-
Total Other Increases in Fund Resources:		341,931	55,851	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	330,261	94,958	45,768
591-593, 599	Debt Service	562,336	8,026	-
597	Transfers-Out	100,037	97,485	-
585	Special or Extraordinary Items	43	-	-
586 / 589	Custodial Activities	37,091	36,516	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		1,029,768	236,984	45,768
<b>Increase (Decrease) in Cash and Investments:</b>		<b>308,165</b>	<b>43,506</b>	<b>(47,734)</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	1,016,695	23,782	435,090
5088000	Unreserved	2,530,912	863,761	-
<b>Total Ending Cash and Investments</b>		<b>3,547,607</b>	<b>887,544</b>	<b>435,090</b>

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

<b>120 Street Fund</b>	<b>230 GO Bond- 2011 Bldg Fund</b>	<b>250 2012 Building Bond</b>	<b>260 G O Bond - 2005 Fire</b>	<b>310 Capital Projects-REET Fund</b>	<b>470 Garbage</b>
-	-	-	3,881	120,555	66,629
65,606	1	28	-	-	-
-	-	-	-	-	-
315,271	-	-	24,481	28,119	23,348
48,069	-	-	-	-	-
47,711	-	-	-	-	-
887	-	-	-	-	684,450
-	-	-	-	-	-
2,124	-	-	-	612	-
<u>414,062</u>	<u>-</u>	<u>-</u>	<u>24,481</u>	<u>28,732</u>	<u>707,798</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	699,292
382,733	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>382,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>699,292</u>
<u>31,330</u>	<u>-</u>	<u>-</u>	<u>24,481</u>	<u>28,731</u>	<u>8,506</u>
-	-	-	-	-	-
47,600	32,060	17,825	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>47,600</u>	<u>32,060</u>	<u>17,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
50,029	-	-	-	-	-
-	32,059	17,852	24,702	-	-
2,552	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>52,581</u>	<u>32,059</u>	<u>17,852</u>	<u>24,702</u>	<u>-</u>	<u>-</u>
<b>26,349</b>	<b>1</b>	<b>(27)</b>	<b>(221)</b>	<b>28,731</b>	<b>8,506</b>
-	-	-	3,660	149,287	75,135
91,954	3	1	-	-	-
<b>91,954</b>	<b>3</b>	<b>1</b>	<b>3,660</b>	<b>149,287</b>	<b>75,135</b>

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



<b>480 Water</b>	<b>490 Sewer</b>	<b>500 Unemployment Reserve Fund</b>
-	267,811	41,722
836,902	508,495	-
-	-	-
-	-	-
-	-	-
-	-	-
1,231,992	1,172,734	-
14,669	-	-
66,599	32,492	-
<u>1,313,260</u>	<u>1,205,225</u>	<u>-</u>
-	-	457
-	-	-
1,044,114	793,633	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>1,044,114</u>	<u>793,633</u>	<u>457</u>
<u>269,146</u>	<u>411,593</u>	<u>(457)</u>
-	-	-
-	-	665
-	-	-
-	-	-
187,930	-	-
<u>187,930</u>	<u>-</u>	<u>665</u>
27,277	112,230	-
115,616	364,080	-
-	-	-
-	43	-
575	-	-
-	-	-
<u>143,468</u>	<u>476,354</u>	<u>-</u>
<b>313,608</b>	<b>(64,761)</b>	<b>208</b>
-	287,811	41,929
1,150,509	424,684	-
<u>1,150,509</u>	<u>712,495</u>	<u>41,929</u>

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>010 Current Expense</b>	<b>110 Advertising &amp; Promotion</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	833,858	42,767	380,808
30880	Unreserved	1,947,757	710,125	-
388 & 588	Prior Period Adjustments, Net	-	-	-
<b>Operating Revenues</b>				
310	Taxes	3,045,537	2,357,170	278,104
320	Licenses and Permits	169,015	119,396	-
330	Intergovernmental Revenues	247,914	203,452	-
340	Charges for Goods and Services	3,365,990	125,440	28
350	Fines and Penalties	65,910	51,657	-
360	Miscellaneous Revenues	179,858	73,750	1,189
Total Operating Revenues:		7,074,223	2,930,866	279,320
<b>Operating Expenditures</b>				
510	General Government	677,060	676,395	-
520	Public Safety	1,751,577	1,751,577	-
530	Utilities	2,425,630	-	-
540	Transportation	407,508	21,327	-
550	Natural and Economic Environment	311,732	134,428	177,303
560	Social Services	486	486	-
570	Culture and Recreation	145,760	145,760	-
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		5,719,753	2,729,973	177,303
Net Operating Increase (Decrease):		1,354,471	200,893	102,017
<b>Nonoperating Revenues</b>				
370-380, 395 & 398	Other Financing Sources	77,878	26,601	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	60,234	9,200	-
Total Nonoperating Revenues:		138,112	35,801	-
<b>Nonoperating Expenditures</b>				
580, 596 & 599	Other Financing Uses	38,134	37,834	-
591-593	Debt Service	565,674	4,013	-
594-595	Capital Expenditures	371,662	52,668	-
597	Transfers-Out	60,234	51,034	-
Total Nonoperating Expenditures:		1,035,703	145,548	-
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>456,880</b>	<b>91,145</b>	<b>102,017</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	1,017,046	23,622	482,824
5088000	Unreserved	2,221,447	820,416	-
<b>Total Ending Cash and Investments</b>		<b>3,238,493</b>	<b>844,038</b>	<b>482,824</b>

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

<b>120 Street Fund</b>	<b>230 GO Bond- 2011 Bldg Fund</b>	<b>250 2012 Building Bond</b>	<b>260 G O Bond - 2005 Fire</b>	<b>310 Capital Projects-REET Fund</b>	<b>470 Garbage</b>
-	-	-	4,039	89,177	59,256
105,989	1	79	-	-	-
-	-	-	-	-	-
324,727	-	-	24,545	35,842	25,149
49,619	-	-	-	-	-
44,462	-	-	-	-	-
1,159	-	-	-	-	724,096
-	-	-	-	-	-
20,901	-	-	-	161	-
<u>440,867</u>	<u>-</u>	<u>-</u>	<u>24,545</u>	<u>36,003</u>	<u>749,245</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	741,872
386,181	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>386,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,872</u>
<u>54,686</u>	<u>-</u>	<u>-</u>	<u>24,545</u>	<u>36,003</u>	<u>7,373</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	32,059	17,802	-	-	-
<u>-</u>	<u>32,059</u>	<u>17,802</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	32,059	17,852	24,702	-	-
85,869	-	-	-	4,625	-
9,200	-	-	-	-	-
<u>95,069</u>	<u>32,059</u>	<u>17,852</u>	<u>24,702</u>	<u>4,625</u>	<u>-</u>
<u>(40,383)</u>	<u>-</u>	<u>(50)</u>	<u>(157)</u>	<u>31,379</u>	<u>7,373</u>
-	-	-	3,881	120,555	66,629
65,606	1	28	-	-	-
<u>65,606</u>	<u>1</u>	<u>28</u>	<u>3,881</u>	<u>120,555</u>	<u>66,629</u>

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

<b>480 Water</b>	<b>490 Sewer</b>	<b>500 Unemployment Reserve Fund</b>
-	257,811	-
627,253	463,096	41,214
-	-	-
-	-	-
-	-	-
1,330,825	1,184,441	-
14,253	-	-
51,765	32,091	-
<u>1,396,844</u>	<u>1,216,533</u>	<u>-</u>
-	-	666
-	-	-
912,209	771,549	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>912,209</u>	<u>771,549</u>	<u>666</u>
<u>484,635</u>	<u>444,984</u>	<u>(666)</u>
21,027	30,250	-
-	-	-
-	-	1,173
<u>21,027</u>	<u>30,250</u>	<u>1,173</u>
300	-	-
116,180	370,867	-
179,533	48,968	-
-	-	-
<u>296,013</u>	<u>419,835</u>	<u>-</u>
<b><u>209,649</u></b>	<b><u>55,399</u></b>	<b><u>507</u></b>
-	277,811	41,722
836,902	498,495	-
<b><u>836,902</u></b>	<b><u>776,306</u></b>	<b><u>41,722</u></b>

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

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

		<b>Agency</b>
308	Beginning Cash and Investments	1,346
388 & 588	Prior Period Adjustment, Net	-
310-390	Additions	74,017
510-590	Deductions	66,846
		<hr/>
	Net Increase (Decrease) in Cash and Investments:	7,171
508	Ending Cash and Investments	8,517

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

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

		<b>Agency</b>
308	Beginning Cash and Investments	6,068
388 & 588	Prior Period Adjustment, Net	-
310-390	Additions	73,505
510-590	Deductions	78,226
		<hr/>
	Net Increase (Decrease) in Cash and Investments:	(4,721)
508	Ending Cash and Investments	1,346

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

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

		<b>Agency</b>
308	Beginning Cash and Investments	6,353
388 & 588	Prior Period Adjustment, Net	-
310-390	Additions	82,162
510-590	Deductions	82,448
		<hr/>
	Net Increase (Decrease) in Cash and Investments:	(286)
508	Ending Cash and Investments	6,068

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

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

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

The City of Westport was incorporated on June 26, 1914 and operates under the laws of the state of Washington applicable to a Code City. The City of Westport is a general purpose local government and provides 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.

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.

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 all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$3,425,805	\$3,105,577	\$320,228
General Reserve Fund	\$528,842	\$125,000	\$402,842
Advertising & Promo	\$851,500	\$693,818	\$157,682
Streets	\$618,915	\$466,433	\$152,482
GO 2011 Building Bond	\$32,059	\$32,059	\$0
GO 2012 Building Bond	\$17,853	\$17,852	\$1
05 GO Bond-Fire	\$27,500	\$24,702	\$2,798
Capital Proj-REET	\$170,725	\$0	\$170,725
Garbage	\$780,245	\$718,554	\$61,691
Water	\$1,453,055	\$1,062,168	\$390,887
Water Reserve	\$562,210	\$0	\$562,210
Consumer Water Deposit	\$675	\$0	\$675
Sewer	\$1,455,950	\$1,296,979	\$158,971
Sewer Reserve	\$647,236	\$183,695	\$463,541
Unemployment Fund	\$42,387	\$254	\$42,133

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

See Note 3, *Deposits and Investments*.

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 320 days of which only 240 hours are payable upon separation or retirement. Sick leave may be accumulated 960 hours. Upon separation of employment, employees with more than 5 years of service, an eligible employee shall receive remuneration at a rate equal to one hour's straight time for each two hours of accrued sick leave. Employees who retire may utilize their accrued sick leave, hour for hour, immediately prior to their official retirement date. 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 Westport City Council. 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:

Fund 010 has an internal restriction of \$10,000 through an agreement between a developer and the City for resolving drainage issues within the Cohasset Beach Development; DARE Proceeds that are stipulated by ordinance, amount is \$4,532; Drug Law Enforcement proceeds that are stipulated by ordinance, \$5,978; Travel petty cash proceeds that are stipulated by ordinance, \$1,500; Current Expense petty cash and till change drawers, \$250; National Night Out Fund stipulated by ordinance, \$342.

Fund 110 has a reserve amount of \$217,990 that its use is stipulated by RCW.

Fund 260 has an internal restriction by ordinance. The reserved amount is \$3,307.

Fund 310 has a reserved amount of \$188,408 that its use is stipulated by RCW.

Fund 490 has an internal and external restriction on the required bond reserve limits of the Revenue Bonds for the Wastewater Treatment Facility upgrade project. There is an ordinance that stipulates the required reserve and what it's to be used for and the USDA Rural Development has their required restrictions on the use of the funds. The reserve amount is \$287,811.

Fund 500 has an internal restriction by ordinance. The reserved amount is \$42,133.

Fund 633 is the Court Trust Fund that has a reserve balance of \$7,967; also there is \$550 that is used for petty cash of \$50 and Court revolving fund of \$500. These are stipulated by ordinance.

## **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 2017 was \$1.9371158 per \$1,000 on an assessed valuation of \$314,330,571 for a total regular levy of \$608,895.

The EMS regular levy for the year 2017 was .50 per \$1,000 on an assessed valuation of \$314,330,571 for a total levy amount of \$157,165 and an EMS excess refund levy for the year 2017 was .0234857 per \$1,000 on an assessed valuation of \$311,880,117 for a total levy amount of \$7,325.

The GO Bond for the Fire Pumper Truck levy for the year 2017 was .0784370 on an assessed valuation of \$311,880,117 for a levy amount of \$24,463.

## **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 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:

<u>Type of Investment</u>	City own investments	Investments held by the City as an agent for other local governments, Individuals or private organizations.	Total
L.G.I.P.	\$ <u>2,794,179</u>	\$ _____	\$ <u>2,794,179</u>
U.S. Government Securities (face value)	<u>606,000</u>	_____	<u>606,000</u>
Total	\$ <u>3,400,179</u>	\$ _____	\$ <u>3,400,179</u>

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

The following table displays interfund loan activity during 2017:

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/2017</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance 12/31/2017</u>
110	492	\$ <u>0</u>	\$ <u>150,000</u>	\$ <u>50,000</u>	\$ <u>100,000</u>
	TOTALS	\$ <u>0</u>	\$ <u>150,000</u>	\$ <u>50,000</u>	\$ <u>100,000</u>

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

##### Debt Service

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$301,872	\$210,335	\$512,207
2019	321,809	200,013	521,822
2020	304,546	189,026	493,572
2021	313,689	178,661	492,350
2022	270,137	169,151	439,288
2023- 2027	1,281,078	720,674	2,001,752
2028-32	1,046,515	536,009	1,582,524
2033-37	1,203,780	339,970	1,543,750
2038-42	610,858	188,502	799,360
2043-47	678,954	120,404	799,358
2048-52	<u>753,876</u>	<u>44,717</u>	<u>798,593</u>
TOTALS	\$ <u>7,087,114</u>	\$ <u>2,897,462</u>	\$ <u>9,984,576</u>

## **Note 6 – Pension Plans**

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

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

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

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

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

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

The City no longer 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 effective 10/1/2017.

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$50, 843	% .008452	\$401,054
PERS 2/3	\$66,404	% .010872	\$377,750
PSERS 2			
LEOFF 1	\$0	% .000958	\$(14,535)
LEOFF 2	\$25,192.73	% .015947	\$(221,293)
VFFRPF	\$1,620		

#### **LEOFF Plan 1**

The City no longer participates in LEOFF Plan 1 effective 2/1/2017. There are no longer any surviving City retirees in this program.

#### **LEOFF Plan 2**

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding

Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

#### **Note 7 – Risk Management**

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

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

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

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

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

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

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

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

OPEB.

The City had a commitment to pay for port-employment benefits for employees that belong to LEOFF 1. These benefits include medical and vision care. One (1) retiree received benefits during the year.

Pollution Remediation. The property at 506 N Montesano St. has ground contamination. There has been no required clean-up from Dept. of Ecology. The groundwater testing results have indicated no increases in contaminants. No amounts have been paid during 2017 for clean-up.

Construction Commitment

The City has an active construction project as of December 31, 2017. The project is the Sewer Pump Station #7 upgrade funded from CDBG grant funds.

At year-end the City's commitment with a contractor (including engineering) are as follows:

<b>Spent to Date</b>	<b>Remaining Commitment</b>
----------------------	---------------------------------

\$ 57,845	\$ 639,755
-----------	------------

Government combinations. The City of Westport Fire Dept. has dissolved effective 10/1/2017. This was due to the voters approving to establish the South Beach Regional Fire Authority (SB RFA), which transferred the Fire Dept. duties to the SB RFA District. The balance of the Fire Dept. budget for the fourth quarter, 2017, was transferred to the SB RFA in incremental payments. As per the SB RFA Plan, all Fire Dept. equipment assets were transferred to the SB RFA. The property located at 121 W Spokane Ave. will remain as the City of Westport's property with a 99 year lease signed with the SB RFA for their use of the property to operate the SB RFA.

**City of Westport**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2016**

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

The City of Westport was incorporated on June 26, 1914 and operates under the laws of the state of Washington applicable to a Code City. The City is a general purpose local government and provides public safety, fire prevention, street improvements, 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 City.

**Debt Service Funds**

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



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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Agency Funds

These funds are used to account assets that the City 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 all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$ 3,411,505	\$ 3,013,514	\$397,991
General Reserve Fund	\$ 438,900	\$ 11,000	\$427,900
Advertising & Promo	\$ 691,500	\$ 312,004	\$379,496
Streets	\$ 518,560	\$ 435,313	\$ 83,247
GO 2011 Building Bond	\$ 32,059	\$ 32,059	\$ 0
GO 2012 Building Bond	\$ 17,928	\$ 17,852	\$ 76
05 GO Bond-Fire	\$ 28,703	\$ 24,702	\$ 4,001
Capital Proj-REET	\$ 141,500	\$ 0	\$141,500
Garbage	\$ 781,740	\$ 699,292	\$ 82,448
Water	\$ 1,642,340	\$ 1,499,748	\$ 142,592
Water Reserve	\$ 480,470	\$ 0	\$ 480,470
Consumer Water Deposit	\$ 675	\$ 575	\$ 100
Sewer	\$ 1,415,350	\$ 1,244,203	\$ 171,147
Sewer Reserve	\$ 609,903	\$ 43,484	\$ 566,419
Unemployment Fund	\$ 42,300	\$ 457	\$ 41,843

Budgeted amounts are authorized to be transferred between departments within any fund; 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

See Note 3, *Deposits and Investments*.

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 small tools and equipment and capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 320 hours of which only 240 hours are payable upon separation, retirement, or death. Sick leave may be accumulated up to 960 hours. Upon separation from employment, employees with more than 5 years of service, an eligible employee, shall receive remuneration at a rate equal to one hour's current straight time for each two hours of accrued sick leave. Employees who retire may utilize their accrued sick leave, hour for hour, immediately prior to their official retirement date. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Risk Management

The city of Westport is a member of Washington Cities Insurance Authority (WCIA)

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

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

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

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

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

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

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

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

#### 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 ordinances and contracts. 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:

Fund 010 has an internal restriction of \$10,000 through an agreement between a developer and the City for resolving drainage issues within the Cohasset Beach Development; DARE Proceeds that are stipulated by ordinance, amount is \$4,525. Drug Law Enforcement proceeds that are stipulated by ordinance, \$7,165. Travel petty cash proceeds that are stipulated by ordinance, \$1,500. Current Expense petty cash and till change drawers, \$250; National Night Out Fund stipulated by ordinance, \$342.

Fund 110 has a reserves amount of \$432,090 that its use is stipulated by RCW.

Fund 260 has an internal restriction by ordinance, \$3,660. The funds are to be used for the Fire Bond

Fund 310 has a reserved amount of \$149,287 that its use is stipulated by RCW.

Fund 490 has an internal and external restriction on the required bond reserve limits of the Revenue Bonds for the Wastewater Treatment Facility upgrade project. There is an ordinance that stipulates the required reserve and that it's to be used for and the USDA Rural Development has their required restrictions on the use of the funds. The 2016 ending amount is \$277,811.

Fund 500 has an internal restriction by ordinance. The reserved amount is \$41,929.

Fund 633 is the Court Trust Fund that has a reserve balance of \$796; also there is \$550 that is used for petty cash of \$50 and Court revolving fund of \$500. These are stipulated by ordinance.

## **Note 2 - Property Tax**

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

Property tax revenues are recognized when cash is received by the City. 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 \$1.8882442 per \$1,000 on an assessed valuation of \$312,640,328 for a total regular levy of \$590,341.

The EMS regular levy for the year 2016 was .50 per \$1,000 on an assessed valuation of \$312,640,328 and an excess levy was 1.6109266 on an assessed valuation of \$310,524,833 for a levy of \$156,320 and \$500,232 respectively.

The GO Bond for the Fire Pumper Truck levy for the year 2016 was .0799195 on an assessed valuation of \$310,524,833 for a levy of \$24,817.

## **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 the Washington Public Deposit Protections Commission. All investments are insured, registered or held by the City or its agent in the City's name.

Investments are reported at original cost. Investments by type at December 31, 2016 are as follows:

<u>Type of Investment</u>	City's own investments	Investments held by the City as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$2,995,732.82	\$ 0	\$ 2,995,732.82
U.S. Government Securities (face value)	606,000.00	0	606,000.00
Total	\$3,601,732.82	\$ 0	\$ 3,601,732.82

#### **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 bond, and other debt are as follows:

	<u>Principal Debt</u>	<u>Interest Debt</u>	<u>Total Debt</u>
2017	\$343,094	\$ 211,056	\$ 554,150
2018	270,799	202,855	473,654
2019	279,280	194,373	473,653
2020	259,891	185,565	445,456
2021	266,801	177,489	444,290
2022-2026	1,318,481	760,785	2,079,266
2027-2031	1,062,066	571,734	1,633,800
2032-2036	1,167,554	382,526	1,550,080
2037-2041	736,877	206,297	943,174
2042-2046	664,753	134,606	799,359
2047-2051	738,857	60,501	799,358
2052	156,610	2,496	159,106
TOTALS	\$ <u>7,265,063</u>	\$ <u>3,090,283</u>	\$ <u>10,355,346</u>

#### **Note 5 – Pension Plans**

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

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

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

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

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

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

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	.008653%	\$ 464,707
PERS 2/3	.011100%	\$ 558,876
SERS 2/3		
PSERS 2		
LEOFF 1	.000934%	\$ (9,626)
LEOFF 2	.017504%	\$ (101,809)
VFFRPF		

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

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

OPEB. The City has a commitment to pay for post-employment benefits for employees that belong to LEOFF 1. These benefits include medical and vision cares. One (1) retiree received benefits during the year. The amount the City paid out for these benefits during 2016 was \$104,989.

The groundwater testing at 506 N Montesano St. is on-going. Dept. of Ecology is continuing to require the City to do annual testing for levels of contaminants until it is satisfactory.

**City of Westport**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2015**

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

The City of Westport was incorporated on June 26, 1914 and operates under the laws of the state of Washington applicable to a Code City. The City is a general purpose local government and provides public safety, fire prevention, street improvements, 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 City.

**Debt Service Funds**

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Agency Funds

These funds are used to account assets that the City 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 all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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



Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$ 3,241,937	\$ 2,885,521	\$ 356,416
General Reserve Fund	\$ 405,090	\$ 0	\$ 405,090
Advertising & Promo	\$ 536,100	\$ 177,303	\$ 358,797
Streets	\$ 503,590	\$ 481,250	\$ 22,340
GO 2011 Building Bond	\$ 32,059	\$ 32,059	\$ 0
GO 2012 Building Bond	\$ 17,928	\$ 17,852	\$ 76
05 GO Bond-Fire	\$ 28,206	\$ 24,702	\$ 3,504
Capital Proj-REET	\$ 100,150	\$ 4,625	\$ 95,525
Garbage	\$ 788,275	\$ 741,872	\$ 46,403
Water	\$ 1,389,440	\$ 1,242,172	\$ 147,268
Water Reserve	\$ 417,910	\$ 10,000	\$ 407,910
Consumer Water Deposit	\$ 975	\$ 300	\$ 675
Sewer	\$ 1,397,550	\$ 1,231,634	\$ 165,916
Sewer Reserve	\$ 539,647	\$ 0	\$ 539,647
Unemployment Fund	\$ 44,204	\$ 666	\$ 43,538

Budgeted amounts are authorized to be transferred between departments within any fund; 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

See Note 3, *Deposits and Investments*.

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 320 hours of which only 240 hours are payable upon separation, retirement, or death. Sick leave may be accumulated up to 960 hours. Upon separation from employment, employees with more than 5 years of service, an eligible employee, shall receive remuneration at a rate equal to one hour's current straight time for each two hours of accrued sick leave. Employees who retire may utilize their accrued sick leave, hour for hour, immediately prior to their official retirement date. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The water and sewer department procured a vactor truck on a lease purchase agreement with US Bank.

A copier was procured on a lease purchase agreement with Aberdeen Office Equipment.

I. Risk Management

The city of Westport is a member of Washington Cities Insurance Authority (WCIA)

Utilizing Chapter 48.62RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 179 Members.

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

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

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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

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

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 ordinances and contracts. 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:

Fund 010 has an internal restriction of \$10,000 through an agreement between a developer and the City for resolving drainage issues within the Cohasset Beach Development; DARE Proceeds that are stipulated by ordinance, amount is \$4,518.81. Drug Law Enforcement proceeds that are stipulated by ordinance, \$7,163.30; Travel petty cash proceeds that are stipulated by ordinance, \$1,500; Current Expense petty cash and till change drawers, \$250; National Night Out Fund stipulated by ordinance, \$190.34.

Fund 110 has a reserves amount of \$482,824.41 that its use is stipulated by RCW.

Fund 260 has an internal restriction by ordinance, \$3,881. The funds are to be used for the Fire Bond

Fund 310 has a reserved amount of \$120,558 that its use is stipulated by RCW.

Fund 490 has an internal and external restriction on the required bond reserve limits of the Revenue Bonds for the Wastewater Treatment Facility upgrade project. There is an ordinance that stipulates the required reserve and that it's to be used for and the USDA Rural Development has their required restrictions on the use of the funds. The 2015 ending amount is \$267,811.

Fund 500 has an internal restriction by ordinance. The reserved amount is \$41,722.

Fund 633 is the Court Trust Fund that has a reserve balance of \$4,417.50; also there is \$550 that its use is for petty cash of \$50 and Court revolving fund of \$500. These are stipulated by ordinance.

## **Note 2 - Property Tax**

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

Property tax revenues are recognized when cash is received by the City. 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 \$1,915,162.50 per \$1,000 on an assessed valuation of \$298,736,000 for a total regular levy of \$572,128.

The EMS regular levy for the year 2015 was .50 per \$1,000 on an assessed valuation of \$298,736,000 and an excess levy was .7950722 on an assessed valuation of \$296,195,727 for a levy of \$ 149,368 and \$235,497 respectively.

The GO Bond for the Fire Pumper Truck levy for the year 2015 was .0830295 on an assessed valuation of \$296,195,727 for a levy of \$24,593.

## **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 the Washington Public Deposit Protections Commission. All investments are insured, registered or held by the City or its agent in the City's name.

Investments are reported at original cost. Investments by type at December 31, 2015 are as follows:

<u>Type of Investment</u>	City's own investments	Investments held by the City as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$2,763,887.25	\$ 0	\$ 2,763,887.25
U.S. Government Securities	500,000.00	0	500,000.00
Total	\$3,263,887.25	\$ 0	\$ 3,263,887.25

#### **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, including both principle and interest, are as follows:

	<u>Principal Debt</u>	<u>Interest Debt</u>	<u>Total Debt</u>
2016	\$348,023	\$ 219,478	\$ 567,501
2017	341,858	211,027	552,885
2018	269,563	202,826	472,389
2019	278,044	194,344	472,389
2020	258,627	185,480	444,107
2021-2025	1,342,981	802,885	2,145,866
2026-2030	1,093,863	606,709	1,700,572
2031-2035	1,126,700	423,382	1,550,082
2036-2040	862,670	230,648	1,093,318
2041-2045	650,849	148,510	799,359
2046-2050	723,402	75,956	799,358
2051-2052	310,694	8,284	318,978
TOTALS	\$ <u>7,607,274</u>	\$ <u>3,309,529</u>	\$ <u>10,916,803</u>

**Note 5 – Pension Plans****A. State Sponsored Pension Plans**

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

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

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

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

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

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 %	Liability (Asset)
PERS 1	.010040%	\$ 525,185
PERS 2/3	.012965%	\$ 463,247
SERS 2/3		
PSERS 2		
LEOFF 1	.000934%	\$ (11,257)
LEOFF 2	.018355%	\$ (188,653)
VFFRPF		

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

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

OPEB. The City has a commitment to pay for post-employment benefits for employees that belong to LEOFF 1. These benefits include medical and vision care. One (1) retiree received benefits during the year. The amount the City paid out for these benefits during 2015 was \$96,125.

The groundwater testing at 506 N Montesano St. is on-going. Dept. of Ecology is continuing to require the City to do annual testing for levels of contaminants until it is satisfactory.

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	Building GO/2011	4/1/2026	240,101	-	20,304	219,797
251.11	City Hall/PD GO-2012	11/1/2017	157,829	-	11,663	146,166
251.12	Fire Truck-GO 2005	12/1/2019	68,684	-	21,712	46,972
263.98	Groundwater Remediation	12/31/2017	5,839	-	3,339	2,500
263.98	GO General Fund Compensated	12/31/2017	75,211	5,091	-	80,302
263.98	GO Street Fund Compensated Absences	12/31/2017	32,826	2,184	-	35,010
263.98	Net Pension Liability	12/31/2017	1,023,583	-	244,779	778,804
263.98	LEOFF 1 OPED	12/31/2017	104,989	-	104,989	-
251.11	USDA/PD & FD 2015	2/19/2022	39,513	-	6,577	32,936
263.51	Copier Lease	3/20/2020	11,954	-	3,950	8,004
263.51	Copier Lease PD	10/1/2021	4,290	-	840	3,450
263.96	LOCAL Loan-PD	6/1/2021	-	165,145	-	165,145
263.98	Compensated Absences-Water	12/31/2017	32,826	5,202	-	38,028
263.98	Compensated Absences-Sewer	12/31/2017	32,439	4,319	-	36,758
263.87	Water Loan	6/30/2017	80,446	-	80,446	-
263.81	USDA Loan	12/18/2037	1,943,887	-	56,305	1,887,582
263.81	USDA Loan 2012	12/1/2052	3,669,004	-	68,922	3,600,082
263.81	USDA Loan 2012	12/1/2052	336,736	-	6,454	330,282
263.83	DOE Loan	7/2/2028	394,703	-	32,892	361,811
263.51	US Bank-Vactor Truck	9/15/2024	299,474	-	33,663	265,811
<b>Total General Obligation Debt/Liabilities:</b>			<b>8,554,334</b>	<b>181,941</b>	<b>696,835</b>	<b>8,039,440</b>
<b>Total Liabilities:</b>			<b>8,554,334</b>	<b>181,941</b>	<b>696,835</b>	<b>8,039,440</b>

**City of Westport**  
**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>						
251.11	Building-GO/2011	4/1/2025	259,427	-	19,326	240,101
251.11	City Hall/PD GO-2011	11/1/2027	169,039	-	11,210	157,829
251.12	Fire Truck-GO-2005	12/1/2019	89,400	-	20,716	68,684
263.98	Groundwater Remediation	12/31/2016	5,944	-	105	5,839
263.98	GO-General Fund Compensated Absences	12/31/2016	57,241	17,970	-	75,211
263.98	GO-Street Fund Compensated Absences	12/31/2016	35,386	-	2,560	32,826
263.98	Net Pension Liability	12/31/2016	988,432	35,151	-	1,023,583
263.98	LEOFF 1 OPEB	12/31/2016	96,125	8,864	-	104,989
251.11	USDA/PD & FD 2015	2/19/2022	46,186	-	6,673	39,513
263.51	Copier Lease	3/20/2020	16,250	-	4,296	11,954
263.98	Compensated Absences-Water	12/31/2016	29,215	3,611	-	32,826
263.98	Compensated Absences-Sewer	12/31/2016	38,329	-	5,890	32,439
263.87	Water Loan	6/30/2016	13,998	-	13,998	-
263.87	Water Loan	6/30/2017	160,893	-	80,447	80,446
263.81	USDA Loan	12/18/2037	1,997,822	-	53,935	1,943,887
263.81	USDA - 2012	12/1/2052	3,736,708	-	67,704	3,669,004
263.81	USDA 2012	12/1/2052	343,075	-	6,339	336,736
263.83	DOE Loan	7/2/2028	427,595	-	32,892	394,703
263.51	US Bank Loan-Vactor Truck	9/15/2024	332,153	-	32,679	299,474
263.51	Copier Lease-PD	10/1/2021	-	4,500	210	4,290
<b>Total General Obligation Debt/Liabilities:</b>			<b>8,843,218</b>	<b>70,096</b>	<b>358,980</b>	<b>8,554,334</b>
<b>Total Liabilities:</b>			<b>8,843,218</b>	<b>70,096</b>	<b>358,980</b>	<b>8,554,334</b>



**City of Westport  
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>						
251.11	Building-2011	4/1/2026	277,822	-	18,395	259,427
251.11	City Hall/PD 2012	11/1/2027	179,603	-	10,564	169,039
251.12	Fire Truck 2005	12/1/2019	109,166	-	19,766	89,400
263.98	Groundwater Remediation		3,279	6,721	4,056	5,944
263.51	Sharp Copier	3/20/2020	-	19,500	3,250	16,250
251.11	USDA PD/Fire Equip Loan	2/19/2022	-	49,000	2,814	46,186
<b>Total General Obligation Debt/Liabilities:</b>			<b>569,870</b>	<b>75,221</b>	<b>58,845</b>	<b>586,246</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Gen Fund Compensated Absences	12/31/2015	69,293	-	12,052	57,241
259.12	Street Fund Compensated Absences	12/31/2015	33,125	2,261	-	35,386
264.30	Net Pension Liability	12/31/2015	-	988,432	-	988,432
264.40	LEOFF 1 OPEB	12/31/2015	87,694	8,431	-	96,125
259.12	Water Fund Compensated Absences	12/31/2015	26,007	3,208	-	29,215
259.12	Sewer Fund Compensated Absence	12/31/2015	47,902	-	9,573	38,329
263.82	PWTF Water Loan	6/30/2016	27,328	-	13,330	13,998
263.82	PWTF Water Loan	6/30/2017	241,340	-	80,447	160,893
252.11	USDA	12/18/2037	2,046,468	-	48,646	1,997,822
252.11	USDA	12/1/2052	3,800,771	-	64,063	3,736,708
252.11	USDA	12/1/2052	354,698	-	11,623	343,075
263.82	DOE	7/2/2028	460,487	-	32,892	427,595
263.52	US Bank Loan-Vactor	9/15/2024	-	363,876	31,723	332,153
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>7,195,113</b>	<b>1,366,208</b>	<b>304,349</b>	<b>8,256,972</b>
<b>Total Liabilities:</b>			<b>7,764,983</b>	<b>1,441,429</b>	<b>363,194</b>	<b>8,843,218</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>