

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

City of Pomeroy
Garfield County

Audit Period
January 1, 2004 through December 31, 2005

Report No. 71015

Issue Date
June 30, 2006



Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
Brian Sonntag**

June 30, 2006

Mayor and City Council
City of Pomeroy
Pomeroy, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Pomeroy's financial statements and compliance with federal laws and regulations.

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

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

**City of Pomeroy
Garfield County
January 1, 2004 through December 31, 2005**

Federal Summary.....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i>	2
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	4
Independent Auditor's Report on Financial Statements	6
Financial Section	8

Federal Summary

**City of Pomeroy
Garfield County
January 1, 2005 through December 31, 2005**

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

- An unqualified opinion was issued on the City's financial statements.
- We noted no instances of noncompliance that were material to the financial statements of the City.
- We issued an unqualified opinion on the City's compliance with requirements applicable to its major federal programs.
- We reported no findings which are required to be disclosed under OMB Circular A-133.
- We noted in our Independent Auditor's Report on Financial Statements that the Schedule of Expenditures of Federal Awards was fairly presented.
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.
- The City did not qualify as a low-risk auditee under OMB Circular A-133.
- The following were major programs during the period under audit:

CFDA No. Program Title

14.228	Community Development Block Grants/State's Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

City of Pomeroy
Garfield County
January 1, 2004 through December 31, 2005

Mayor and City Council
City of Pomeroy
Pomeroy, Washington

We have audited the financial statements of the City of Pomeroy, Garfield County, Washington, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 30, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. 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 herein under *Government Auditing Standards*.

This report is intended for the information and use of management, the Mayor and City Council, federal awarding agencies and pass-through entities. 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, appearing to read "Brian Sonntag", with a stylized, cursive script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

May 30, 2006

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**City of Pomeroy
Garfield County
January 1, 2005 through December 31, 2005**

Mayor and City Council
City of Pomeroy
Pomeroy, Washington

COMPLIANCE

We have audited the compliance of the City of Pomeroy, Garfield County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005.

INTERNAL CONTROL OVER COMPLIANCE

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Mayor and City Council, federal awarding agencies and pass-through entities. 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, appearing to read "Brian Sonntag", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

May 30, 2006

Independent Auditor's Report on Financial Statements

City of Pomeroy Garfield County January 1, 2004 through December 31, 2005

Mayor and City Council
City of Pomeroy
Pomeroy, Washington

We have audited the accompanying financial statements of the City of Pomeroy, Garfield County, Washington, for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the City prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Pomeroy, for the years ended December 31, 2005 and 2004, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedules of Long-Term Debt are also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

May 30, 2006

Financial Section

**City of Pomeroy
Garfield County
January 1, 2004 through December 31, 2005**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2005
Fund Resources and Uses Arising from Cash Transactions – 2004
Notes to Financial Statements – 2005 and 2004

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2005
Schedule of Long-Term Debt – 2004
Schedule of Expenditures of Federal Awards – 2005
Notes to the Schedule of Expenditures of Federal Awards – 2005

CITY OF POMEROY
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2005

BARS CODE		Fund Number and Name 001 Current Expense		Fund Number and Name 101 Street Fund	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$106,913	\$106,924	\$15,599	\$15,382
Revenues and Other Sources					
310	Taxes	391,098	405,772		
320	Licenses and Permits	11,925	10,653		
330	Intergovernmental	30,850	56,159	48,665	32,258
340	Charges for Goods and Services	35	16	0	40,665
350	Fines and Forfeits				
360	Miscellaneous	4,140	4,417	380	454
370	Capital Contributions				
390	Other Financing Sources	7,000	6,510	47,154	47,154
Total Revenues and Other Sources		445,048	483,527	96,199	120,531
Total Resources		551,961	590,451	111,798	135,913
Operating Expenditures:					
510	General Government	97,032	83,913		
520	Public Safety	237,234	239,283		
530	Physical Environment				
540	Transportation	10,500	8,555	87,370	81,753
550	Economic Environment	19,261	17,537		
560	Mental and Physical Health	350	346		
570	Culture and Recreation				
Total Operating Expenditures		364,377	349,634	87,370	81,753
591-593	Debt Service			0	
594-595	Capital Outlay				
Total Expenditures		364,377	349,634	87,370	81,753
597-599	Other Financing Uses	120,170	118,437	24,428	44,428
Total Expenditures and Other Uses		484,547	468,071	111,798	126,181
Excess (Deficit) of Resources Over Uses		67,414	122,380	0	9,732
380	Nonrevenues (Except 384 and 388.80)		144		
580	Nonexpenditures (Except 584 and 588.80)		(274)		
Ending Net Cash and Investments		\$67,414	\$122,250	\$0	\$9,732

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF POMEROY
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2005

BARS CODE	Capital Project	Fund Number and Name 350 WATER SYS IMPOV		Fund Number and Name	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$98,101	\$98,106		
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	738,851	641,396		
340	Charges for Goods and Services		328		
350	Fines and Forfeits				
360	Miscellaneous				
370	Capital Contributions				
390	Other Financing Sources	1,702,108	1,456,361		
Total Revenues and Other Sources		2,440,959	2,098,085		
Total Resources		2,539,060	2,196,191		
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	0	800,770		
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	800,770	0	0
591-593	Debt Service		(206)		
594-595	Capital Outlay	2,539,060	1,395,627		
Total Expenditures		2,539,060	2,196,191		
597-599	Other Financing Uses				
Total Expenditures and Other Uses		2,539,060	2,196,191		
Excess (Deficit) of Resources Over Uses		0	0		
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments		\$0	\$0		

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF POMEROY
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2005

BARS CODE	Proprietary Funds	Fund Number and Name 401 Water		Fund Number and Name 402 Sewer	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$22,753	\$25,821	\$10,000	\$8,685
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	282,200	304,061	220,200	237,961
350	Fines and Forfeits				
360	Miscellaneous	700	1,143		
370	Capital Contributions			1,000	604
390	Other Financing Sources			3,592	3,592
Total Revenues and Other Sources		282,900	305,204	224,792	242,157
Total Resources		305,653	331,025	234,792	250,842
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	204,422	210,677	142,155	147,949
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		204,422	210,677	142,155	147,949
591-593	Debt Service				
594-595	Capital Outlay				
Total Expenditures		204,422	210,677	142,155	147,949
597-599	Other Financing Uses	86,231	86,231	92,637	88,440
Total Expenditures and Other Uses		290,653	296,908	234,792	236,389
Excess (Deficit) of Resources Over Uses		15,000	34,117	0	14,453
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments		\$15,000	\$34,117	\$0	\$14,453

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF POMEROY
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2005

	Fund Number and Name 103 PARKS		Fund Number and Name 104 CEMETERY	
	Budget	Actual	Budget	Actual
Fund Type: Special Revenue Funds				
Beginning Net Cash and Investments	\$24,853	\$19,303	\$8,318	\$9,021
Revenue and Other Financing Sources	135,154	80,093	29,545	29,636
Total Resources	160,007	99,396	37,863	38,657
Expenditures And Other Financing Uses	160,007	132,467	37,863	37,436
Excess (Deficit) of Resources Over Uses	0	(33,071)	0	1,221
Nonrevenues (Except 384 and 388.80)	0	52,179		
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$0	\$19,108	\$0	\$1,221

	Fund Number and Name 107 EMERGENCY SVS		Fund Number and Name 108 LIBRARY	
	Budget	Actual	Budget	Actual
Fund Type: Special Revenue				
Beginning Net Cash and Investments	\$0	\$0	\$3,901	\$3,900
Revenue and Other Financing Sources	6,686	3,255	402	166
Total Resources	6,686	3,255	4,303	4,066
Expenditures And Other Financing Uses	6,686	3,255	2,500	2,500
Excess (Deficit) of Resources Over Uses	0	0	1,803	1,566
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$0	\$0	\$1,803	\$1,566

	Fund Number and Name 201 WATER BOND RES.		Fund Number and Name 204 WWTP RESERVE	
	Budget	Actual	Budget	Actual
Fund Type: Debt Service				
Beginning Net Cash and Investments	\$33,562	\$33,654	\$68	\$68
Revenue and Other Financing Sources	590	618		
Total Resources	34,152	34,272	68	68
Expenditures And Other Financing Uses	3,592	3,592		
Excess (Deficit) of Resources Over Uses	30,560	30,680	68	68
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$30,560	\$30,680	\$68	\$68

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF POMEROY
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2005

	Fund Number and Name 205 WATER BOND		Fund Number and Name 207 G.O. BOND	
	Budget	Actual	Budget	Actual
Fund Type: Debt Service				
Beginning Net Cash and Investments	\$0	\$0	\$0	\$0
Revenue and Other Financing Sources	29,100	29,100	5,796	5,796
Total Resources	29,100	29,100	5,796	5,796
Expenditures And Other Financing Uses	29,100	29,100	5,796	5,796
Excess (Deficit) of Resources Over Uses	0	0	0	0
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$0	\$0	\$0	\$0

	Fund Number and Name 334 COLUMBIA ST.		Fund Number and Name 335 CAPITAL IMPROV.	
	Budget	Actual	Budget	Actual
Fund Type: Capital Projects				
Beginning Net Cash and Investments	\$0	\$0	\$68,160	\$68,290
Revenue and Other Financing Sources	547,000	225,445	5,780	6,885
Total Resources	547,000	225,445	73,940	75,175
Expenditures And Other Financing Uses	547,000	220,383	23,500	23,500
Excess (Deficit) of Resources Over Uses	0	5,062	50,440	51,675
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				0
Ending Net Cash and Investments	\$0	\$5,062	\$50,440	\$51,675

	Fund Number and Name 336 STREET RESERVE		Fund Number and Name 352 FIRE TRUCK RES	
	Budget	Actual	Budget	Actual
Fund Type: Capital Projects				
Beginning Net Cash and Investments	\$31,572	\$31,664	\$121,700	\$122,950
Revenue and Other Financing Sources	600	254	4,700	4,600
Total Resources	32,172	31,918	126,400	127,550
Expenditures And Other Financing Uses	23,000	23,000		
Excess (Deficit) of Resources Over Uses	9,172	8,918	126,400	127,550
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$9,172	\$8,918	\$126,400	\$127,550

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF POMEROY
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2005

	Fund Number and Name 360 WATER RESERVE		Fund Number and Name 362 SOLID WASTE RES	
	Budget	Actual	Budget	Actual
Fund Type: Capital Projects				
Beginning Net Cash and Investments	\$106,670	\$106,862	\$116,689	\$116,822
Revenue and Other Financing Sources	94,813	38,158	2,386	2,162
Total Resources	201,483	145,020	119,075	118,984
Expenditures And Other Financing Uses	56,305	68,304		
Excess (Deficit) of Resources Over Uses	145,178	76,716	119,075	118,984
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)			32,579	32,578
Ending Net Cash and Investments	\$145,178	\$76,716	\$86,496	\$86,406

	Fund Number and Name 653 LIBRARY ENDOW		Fund Number and Name 654 CEMETERY END	
	Budget	Actual	Budget	Actual
Fund Type: Permanent Funds				
Beginning Net Cash and Investments	\$12,619	\$12,394	\$128,912	\$128,061
Revenue and Other Financing Sources	222	247	3,700	3,910
Total Resources	12,841	12,641	132,612	131,971
Expenditures And Other Financing Uses	222	0	2,700	2,070
Excess (Deficit) of Resources Over Uses	12,619	12,641	129,912	129,901
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$12,619	\$12,641	\$129,912	\$129,901

	Fund Number and Name 697 CLAIMS CLEARING		Fund Number and Name 698 PAYROLL	
	Budget	Actual	Budget	Actual
Fund Type: Agency Funds				
Beginning Net Cash and Investments		\$165		\$34,645
Revenue and Other Financing Sources				
Total Resources	0	165	0	34,645
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses	0	165	0	34,645
Nonrevenues (Except 384 and 388.80)		3,088,470		443,338
Nonexpenditures (Except 584 and 588.80)		3,012,665		441,835
Ending Net Cash and Investments	\$0	\$75,970	\$0	\$36,148

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF POMEROY
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2004

BARS CODE		Fund Number and Name 001 Current Expense		Fund Number and Name 101 Street	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$108,992	\$120,216	\$19,670	\$20,324
Revenues and Other Sources					
310	Taxes	371,860	400,239		
320	Licenses and Permits	11,700	13,262		
330	Intergovernmental	49,651	39,757	28,000	31,199
340	Charges for Goods and Services	15	36		
350	Fines and Forfeits				
360	Miscellaneous	6,700	6,502	450	1,506
370	Capital Contributions			0	0
390	Other Financing Sources	7,000	7,000	41,938	41,938
Total Revenues and Other Sources		446,926	466,796	70,388	74,643
Total Resources		555,918	587,012	90,058	94,967
Operating Expenditures:					
510	General Government	93,765	95,445	0	0
520	Public Safety	232,355	229,441	0	0
530	Physical Environment	0	0	0	0
540	Transportation	10,481	9,900	86,185	75,713
550	Economic Environment	35,798	24,589		
560	Mental and Physical Health	350	324		
570	Culture and Recreation				
Total Operating Expenditures		372,749	359,699	86,185	75,713
591-593	Debt Service				
594-595	Capital Outlay				
Total Expenditures		372,749	359,699	86,185	75,713
597-599	Other Financing Uses	120,303	120,303	3,873	3,872
Total Expenditures and Other Uses		493,052	480,002	90,058	79,585
Excess (Deficit) of Resources Over Uses		62,866	107,010	0	15,382
380	Nonrevenues (Except 384 and 388.80)	0	274		
580	Nonexpenditures (Except 584 and 588.80)	0	(360)		
Ending Net Cash and Investments		\$62,866	\$106,924	\$0	\$15,382

The Accompanying Notes Are An Integral Part Of This Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2004

BARS CODE	Proprietary Funds	Fund Number and Name 401 Water		Fund Number and Name 402 Sewer	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$38,984	\$37,997	\$30,000	\$31,417
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	240,200	240,758	221,200	216,657
350	Fines and Forfeits				
360	Miscellaneous	625	728	1,000	647
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		240,825	241,486	222,200	217,304
Total Resources		279,809	279,483	252,200	248,721
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	200,382	205,528	163,615	151,456
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		200,382	205,528	163,615	151,456
591-593	Debt Service				
594-595	Capital Outlay				
Total Expenditures		200,382	205,528	163,615	151,456
597-599	Other Financing Uses	64,427	48,134	88,585	88,580
Total Expenditures and Other Uses		264,809	253,662	252,200	240,036
Excess (Deficit) of Resources Over Uses		15,000	25,821	0	8,685
380	Nonrevenues (Except 384 and 388.80)				
580	Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments		\$15,000	\$25,821	\$0	\$8,685

The Accompanying Notes Are An Integral Part Of This Statement.

City of Pomeroy

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2004

	Fund Number and Name 103 PARK		Fund Number and Name 104 CEMETERY	
	Budget	Actual	Budget	Actual
Fund Type: Special Revenue Funds				
Beginning Net Cash and Investments	\$1,000	\$914	\$23,525	\$23,712
Revenue and Other Financing Sources	124,689	143,290	21,832	26,646
Total Resources	125,689	144,204	45,357	50,358
Expenditures And Other Financing Uses	125,629	124,901	38,357	41,337
Excess (Deficit) of Resources Over Uses	60	19,303	7,000	9,021
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$60	\$19,303	\$7,000	\$9,021

	Fund Number and Name 108 Library		Fund Number and Name 107 Emergency Services	
	Budget	Actual	Budget	Actual
Fund Type: Special Revenue				
Beginning Net Cash and Investments	\$11,668	\$11,684	\$3,153	\$320
Revenue and Other Financing Sources	500	2,505	6,476	4,590
Total Resources	12,168	14,189	9,629	4,910
Expenditures And Other Financing Uses	10,400	10,289	8,819	4,910
Excess (Deficit) of Resources Over Uses	1,768	3,900	810	0
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$1,768	\$3,900	\$810	\$0

	Fund Number and Name 201 Water Bond Reserve		Fund Number and Name 204 WWTP Reserve	
	Budget	Actual	Budget	Actual
Fund Type: Debt Service				
Beginning Net Cash and Investments	\$32,949	\$29,467	\$211,781	\$211,856
Revenue and Other Financing Sources	750	4,187	4,000	833
Total Resources	33,699	33,654	215,781	212,689
Expenditures And Other Financing Uses	0	0	17,837	212,621
Excess (Deficit) of Resources Over Uses	33,699	33,654	197,944	68
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$33,699	\$33,654	\$197,944	\$68

The Accompanying Notes Are An Integral Part Of This Statement.

City of Pomeroy

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2004

Fund Type: Debt Service	Fund Number and Name 205 Water Bond Redemp		Fund Number and Name 207 Shop GO Bond	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$0	\$0	\$0	\$0
Revenue and Other Financing Sources	29,700	29,700	6,092	6,092
Total Resources	29,700	29,700	6,092	6,092
Expenditures And Other Financing Uses	29,700	29,700	6,092	6,092
Excess (Deficit) of Resources Over Uses	0	0	0	0
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$0	\$0	\$0	\$0

Fund Type: Capital Projects	Fund Number and Name 335 Capital Improvement		Fund Number and Name 336 Street Reserve	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$66,640	\$66,828	\$30,934	\$30,962
Revenue and Other Financing Sources	6,200	6,462	0	702
Total Resources	72,840	73,290	30,934	31,664
Expenditures And Other Financing Uses	0	5,000	0	0
Excess (Deficit) of Resources Over Uses	72,840	68,290	30,934	31,664
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$72,840	\$68,290	\$30,934	\$31,664

Fund Type: Capital Projects	Fund Number and Name 345 Pool Upgrade		Fund Number and Name 348 Pavement Preserv	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$4,338	\$2,169	\$0	\$0
Revenue and Other Financing Sources	0	0	75,000	0
Total Resources	4,338	2,169	75,000	0
Expenditures And Other Financing Uses	2,169	2,169	75,000	0
Excess (Deficit) of Resources Over Uses	2,169	0	0	0
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$2,169	\$0	\$0	\$0

The Accompanying Notes Are An Integral Part Of This Statement.

City of Pomeroy

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2004

Fund Type: Capital Projects	Fund Number and Name 350 Water System Improv		Fund Number and Name 352 Fire Truck Reserve	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$0	\$0	\$118,926	\$118,969
Revenue and Other Financing Sources	222,500	180,232	4,700	3,982
Total Resources	222,500	180,232	123,626	122,951
Expenditures And Other Financing Uses	222,500	82,126	0	0
Excess (Deficit) of Resources Over Uses	0	98,106	123,626	122,951
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$0	\$98,106	\$123,626	\$122,951

Fund Type: Capital Projects	Fund Number and Name 360 Water Reserve		Fund Number and Name 362 Solid Waste Reserve	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$104,214	\$104,432	\$114,829	\$114,909
Revenue and Other Financing Sources	18,793	2,431	2,500	1,914
Total Resources	123,007	106,863	117,329	116,823
Expenditures And Other Financing Uses	0	0	0	
Excess (Deficit) of Resources Over Uses	123,007	106,863	117,329	116,823
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$123,007	\$106,863	\$117,329	\$116,823

Fund Type: Permanent Funds	Fund Number and Name 653 Library Endowment		Fund Number and Name 654 Cemetery Endowment	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments	\$12,404	\$12,397	\$130,000	\$130,054
Revenue and Other Financing Sources	300	298	3,000	2,853
Total Resources	12,704	12,695	133,000	132,907
Expenditures And Other Financing Uses	0	300	3,000	4,846
Excess (Deficit) of Resources Over Uses	12,704	12,395	130,000	128,061
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$12,704	\$12,395	\$130,000	\$128,061

The Accompanying Notes Are An Integral Part Of This Statement.

City of Pomeroy

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2004

Fund Type: Agency Funds	Fund Number and Name 697 CLAIMS CLEARING		Fund Number and Name 698 PAYROLL	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$25		\$33,563
Revenue and Other Financing Sources		0		0
Total Resources	0	25	0	33,563
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses	0	25	0	33,563
Nonrevenues (Except 384 and 388.80)		929,212		421,301
Nonexpenditures (Except 584 and 588.80)		929,072		420,218
Ending Net Cash and Investments	\$0	\$165		\$34,646

Fund Type:	Fund Number and Name		Fund Number and Name	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments				
Revenue and Other Financing Sources				
Total Resources	0	0	0	0
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses	0	0	0	0
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$0	\$0	\$0	\$0

Fund Type:	Fund Number and Name		Fund Number and Name	
	Budget	Actual	Budget	Actual
Beginning Net Cash and Investments				
Revenue and Other Financing Sources				
Total Resources	0	0	0	0
Expenditures And Other Financing Uses				
Excess (Deficit) of Resources Over Uses	0	0	0	0
Nonrevenues (Except 384 and 388.80)				
Nonexpenditures (Except 584 and 588.80)				
Ending Net Cash and Investments	\$0	\$0	\$0	\$0

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF POMEROY
NOTES TO FINANCIAL STATEMENTS – 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pomeroy uses the revenue and expenditure classifications contained in the *Budgeting, Accounting and Reporting System* (BARS) manual. The manual is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Pomeroy was incorporated in 1899 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 government and provides public safety, fire prevention, street improvements, parks, and general administration. In addition, the city owns and operates a water and sewer system. The City of Pomeroy uses single-entry, cash basis of accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

Current Expense Fund

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

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the city.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for the financial resources which are designated for the acquisition and construction of general government capital projects.

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.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the city on behalf of others.

Agency Funds

These funds are used to account for cash and other assets received and held by the city acting in the capacity of custodian.

b. Basis of Accounting

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

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

c. Budgets

Annual appropriated budgets are adopted for all funds. The financial statements include budgetary comparisons for those funds.

Annual appropriated budgets are adopted at the fund level, except the current expense fund where the budget is appropriated at the department level. Budgets, as appropriated, constitute the legal authority for expenditures at that level. Annual appropriations for general and special revenue funds lapse at the fiscal period end.

The clerk is authorized to transfer budget amounts within the appropriated level of the department or fund. However, any revisions that would alter the total expenditures of the department or fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city council.

d. Cash

It is the city's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is credited to the Current Expense Fund.

e. Deposits

The city's deposits and certificates of deposit are covered by federal depository insurance and the State Public Deposit Protection Commission.

f. Investments See Note No. 3

g. Capital Assets

Capital assets are long-lived assets of the City and are recorded as expenditures when purchased.

h. Compensated Absences

Vacation pay, which may be accumulated up to approximately 45 days, is payable upon resignation, retirement, or death.

Sick leave may accumulate up to approximately 90 days, but is not payable upon resignation or death. One-half of the employee's sick leave is payable upon retirement if a person has reached the age of 60 or has been employed by the City of Pomeroy for 20 years.

i. Long-term debt See Note No. 6

k. Other financing sources or uses

The city's "Other Financing Sources or Uses" consists of operating transfers in and out, proceeds of long-term debt and proceeds from the sale of capital assets.

I. Risk Management

The City of Pomeroy is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, the CIAW has 115 member cities and 176 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis". All other coverage is on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: Property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a stop loss policy in the amount of \$3,508,000 to eliminate any risk to members and funds the stop loss in the budget.

Property insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$9,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Each new member now pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31, before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. 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 a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, Inc., which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the Third party administrator under this arrangement for the year ended August 31, 2004 and 2005 were \$951,388 and \$1,057,063 respectively.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates, Inc. to perform day-to-day administration of the pool. This pool has no employees. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance related legal or contractual provisions. In fiscal year 2005, expenditures for the Fund (101) exceeded the appropriated amount by \$14,383.32 due to an error made by the Clerk. These funds were approved to be spent by Mayor and Council; however, the Ordinance reflecting these expenditures was not written and budget amendments were not completed. There were no expenditures exceeding legal appropriations in any of the funds of the city for fiscal year 2004.

NOTE 3 – INVESTMENTS

The City of Pomeroy's investments are insured, registered or held by the City of Pomeroy or its agent in the City's name.

Investments by type at December 31, 2005 and 2004 are as follows:

Type of Investment	2005 Balance	2004 Balance
Certificate of Deposit	\$106,129	\$106,129
Total Investments	\$106,129	\$106,129

NOTE 4 - PROPERTY TAXES

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

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

The city's regular levy for 2005 was 3.33635 per \$1,000 on an assessed valuation of \$41,055,980 for a total levy of \$136,977.12.

The city's regular levy for 2004 was 3.32046 per \$1,000 on an assessed valuation of \$41,915,235 for a total levy of \$139,177.86.

NOTE 5 – INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2005 and 2004, respectively:

Borrowing Fund	Lending Fund	Balance 1/1/2005	New Loans	Repayments	Balance 12/31/2005
Water System Improvement	Solid Waste	0	32,579	0	32,579

Borrowing Fund	Lending Fund	Balance 1/1/2004	New Loans	Repayments	Balance 12/31/2004
Park/Golf	Water Bond Reserv. 201	0	3,500	3,500	0

NOTE 6- LONG-TERM DEBT AND CAPITAL LEASES

The accompanying Schedules of Long-Term Debt provides a listing of the outstanding debt of the city and summarizes the city's debt transactions for 2005 and 2004, respectively. The annual requirements to amortize outstanding debt, including interest, are as follows:

	General Obligation Bonded Debt	Obligation Other Debt	General Revenue Debt Other Debt	TOTAL
2005	5,796.00	1,947.76	115,471.75	123,215.51
2006	5,498.00	1,929.90		
2007	6,200.00	1,912.03	113,986.47	122,098.50
2008	5,825.00	1,894.16	113,229.67	120,948.83
2009	6,637.50	1,876.29	112,472.87	120,986.66
2010-2014		7,326.46	565,637.32	572,963.78
2015-2019			564,117.27	564,117.27
2020-2024			351,915.84	351,915.84
Total	29,956.50	16,886.60	2,049,496.34	2,096,339.44

NOTE 7 - PENSION PLANS

All eligible city employees, excluding police, are covered by a private retirement plan administered by Waddell-Reed and Wachovia Securities.

The plan administered by the investment firm of Waddell-Reed and Wachovia are very simple investment accounts set-up in the name of the employee with contributions to the plan originating solely from the city. The city contributes an amount equal to 8 percent of the employees' monthly salary to the employees' investment account. The city's contribution to the employee benefit plan for 2005 and 2004 was \$21,775.95 and \$20,871.22, respectively.

NOTE 8- CONTINGENCIES:

There are no known claims against the city as of the date of issuance of this report.

NOTE 9- SUBSEQUENT EVENTS

No events occurred after December 31, 2005 which would have a material impact on the next or future years.

CITY OF POMEROY
SCHEDULE OF LONG TERM DEBT
For the Year Ended December 31, 2005

G.O. Debt
 X Revenue Debt
 Assessment Debt

ID No.	Date of Original Issuance	Date of Maturity	Beginning Outstanding Debt 01/01/04 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/05
FmHA Water	Jul-82	Jul-22	345,000	-	12,000	591.34.70	205	333,000
WW Const	Oct-02	2022	1,128,715	-	55,061	597.45.80	402	1,073,654
PWTF Pre-Loan	7/1/2005	2023	166,875	48,734	11,125	592.34.00	360	204,484
DWSRF Ln	7/1/2005	2024	-	1,141,164	-	591.80.34	350	1,141,164
New Source	12/5/2005	2024	-	174,862	-	592.34.01	360	174,862
Total			1,640,590	1,364,760	78,186			2,927,164

The Accompanying Notes Are An Integral Part Of This Schedule.

CITY OF POMEROY
SCHEDULE OF LONG TERM DEBT
For the Year Ended December 31, 2005

X G.O. Debt
 _____ Revenue Debt
 _____ Assessment Debt

ID No.	Date of Original Issuance	Date of Maturity	Beginning Outstanding Debt 01/01/04 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/05
Shop GO	May-89	Jul-09	24,000	0	4,000	591.18.70	207	20,000
PWTF Wall	Jul-93	2013	16,082	0	1,787	597.45.80	101	14,295
Total			40,082	0	5,787			34,295

The Accompanying Notes Are An Integral Part Of This Schedule.

CITY OF POMEROY
SCHEDULE OF LONG TERM DEBT
For the Year Ended December 31, 2004

G.O. Debt
 X Revenue Debt
 Assessment Debt

ID No.	Date of Original Issuance	Date of Maturity	Beginning Outstanding Debt 01/01/04 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/04
FmHA Water	Jul-82	Jul-22	357,000	-	12,000	591.34.70	205	345,000
DOE WW Im	Oct-98	2020	212,349	-	212,349	591.35.00	204	-
WW Const Loan	2002	2022	1,182,959	-	54,244	597.45.80	402	1,128,715
PWTF Pre Constr	2003	2023	-	166,875	-	592.34.00	360	166,875
Totals			1,752,308	166,875	278,593			1,640,590

The accompanying Notes Are An Integral Part of This Schedule.

CITY OF POMEROY
SCHEDULE OF LONG TERM DEBT
For the Year Ended December 31, 2004

 X G.O. Debt
 Revenue Debt
 Assessment Debt

ID No.	Date of Original Issuance	Date of Maturity	Beginning Outstanding Debt 01/01/04 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/04
Shop GO Bond	May-89	Jul-05	28,000	0	4,000	591.18.70	207	24,000
PWTF Wall	Jul-93	2013	17,869	0	1,787	597.45.80	101	16,082
Totals			45,869		5,787			40,082

The accompanying Notes Are An Integral Part of This Schedule.

For the Year Ended December 31, 2005

The Accompanying Notes To The Schedule Of Expenditures of Federal Awards Are An Integral Part Of This Schedule.

CITY OF POMEROY, WASHINGTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005
MCAG NO. 0295

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the City's financial statements. The City uses single-entry, cash basis of accounting which is a departure from generally accepted accounting principles (GAAP).

NOTE 2 – PROGRAM COSTS

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