



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

City of Toppenish

For the period January 1, 2016 through December 31, 2017

Published January 22, 2019

Report No. 1023112





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

January 22, 2019

Board of Commissioners
City of Toppenish
Toppenish, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our independent audit report on the City's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the City.....	6
About the State Auditor's Office.....	7

AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, City operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we noted certain matters that we communicated to City management and Board of Commissioners in a letter dated January 14, 2019, related to procurement requirements for cooperative purchases and engineering contracts. We appreciate the City's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the City of Toppenish from January 1, 2016 through December 31, 2017.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the City's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the years ended December 31, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- General indirect cost allocation plans
- Self-insurance over unemployment compensation
- Procurement – purchases and professional services
- Utility billings and adjustments
- Cash receipting at City Hall

RELATED REPORTS

Financial

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE CITY

The City of Toppenish serves approximately 9,000 citizens in central Yakima County. The City provides Municipal Court, police, fire, library facility, parks and recreation, planning and zoning, street maintenance and improvements, cemetery, and community development, water supply/treatment/distribution, sanitation services and sewage collection/treatment.

An elected, seven-member Council governs the City. Council Members elect one of the members to serve as Mayor and all serve staggered, four-year terms. The Council appoints a Manager to oversee the City's daily operations as well as its approximately 55 full-time employees. For the years under audit, the City operated on an annual budget of approximately \$20 million.

Contact information related to this report	
Address:	City of Toppenish 21 W. 1st Avenue Toppenish, WA 98948-1595
Contact:	Jamison Horner, Accounting Manager
Telephone:	509-865-1639
Website:	www.cityoftoppenish.us

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Toppenish at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
City of Toppenish

For the period January 1, 2016 through December 31, 2017

Published January 22, 2019

Report No. 1023114





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

January 22, 2019

Board of Commissioners
City of Toppenish
Toppenish, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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.....	10
About the State Auditor's Office.....	51

**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 Toppenish
January 1, 2016 through December 31, 2017**

Board of Commissioners
City of Toppenish
Toppenish, 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 Toppenish, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 14, 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 that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy
State Auditor
Olympia, WA

January 14, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Toppenish January 1, 2016 through December 31, 2017

Board of Commissioners
City of Toppenish
Toppenish, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Toppenish, for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

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 Toppenish 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 Toppenish, for the years ended December 31, 2017 and 2016, 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 Toppenish, as of December 31, 2017 and 2016, 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 opinions, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 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.



Pat McCarthy

State Auditor

Olympia, WA

January 14, 2019

FINANCIAL SECTION

City of Toppenish January 1, 2016 through December 31, 2017

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017
Schedule of Liabilities – 2016

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

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund
Beginning Cash and Investments				
30810	Reserved	1,833,233	-	105,491
30880	Unreserved	8,723,801	1,887,054	38,778
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	4,612,644	4,319,397	-
320	Licenses and Permits	97,455	70,353	546
330	Intergovernmental Revenues	1,867,366	398,791	205,512
340	Charges for Goods and Services	7,203,535	758,115	28,453
350	Fines and Penalties	105,970	103,052	-
360	Miscellaneous Revenues	454,133	84,966	4,898
Total Revenues:		<u>14,341,103</u>	<u>5,734,673</u>	<u>239,408</u>
Expenditures				
510	General Government	1,446,181	1,446,181	-
520	Public Safety	3,032,483	3,027,850	-
530	Utilities	4,344,713	-	-
540	Transportation	512,844	4,041	308,402
550	Natural and Economic Environment	312,960	98,752	-
560	Social Services	1,787	1,787	-
570	Culture and Recreation	501,045	501,045	-
Total Expenditures:		<u>10,152,014</u>	<u>5,079,656</u>	<u>308,402</u>
Excess (Deficiency) Revenues over Expenditures:		<u>4,189,090</u>	<u>655,017</u>	<u>(68,993)</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	419,420	-	-
397	Transfers-In	195,000	-	15,000
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	413,642	201,221	-
381, 395, 398	Other Resources	146,848	11,964	23,082
Total Other Increases in Fund Resources:		<u>1,174,910</u>	<u>213,185</u>	<u>38,082</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	3,395,721	257,469	-
591-593, 599	Debt Service	1,445,200	39,892	-
597	Transfers-Out	222,334	52,334	5,000
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	180,880	180,880	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>5,244,134</u>	<u>530,575</u>	<u>5,000</u>
Increase (Decrease) in Cash and Investments:		<u>119,866</u>	<u>337,627</u>	<u>(35,911)</u>
Ending Cash and Investments				
5081000	Reserved	1,936,403	-	78,895
5088000	Unreserved	8,740,496	2,224,683	29,462
Total Ending Cash and Investments		<u>10,676,898</u>	<u>2,224,683</u>	<u>108,357</u>

The accompanying notes are an integral part of this statement.

103 Vehicle License Fee Fund	106 Tourism Development Fund	108 Cemetery Fund	119 Public Safety Grants Fund	129 Special Investigative Drug Account (SIDA)	170 Housing Rehabilitation Fund
229,339	23,816	-	34,165	50,942	290,548
87	14,716	145,934	9	8,335	17,382
-	-	-	-	-	-
147,728	36,767	-	-	-	-
-	26,556	-	-	-	-
-	-	-	-	-	-
-	-	61,452	-	-	-
-	-	-	-	2,918	-
98	274	6,308	185,051	10,254	5,367
147,826	63,598	67,760	185,051	13,171	5,367
-	-	-	-	-	-
-	-	-	-	4,634	-
-	-	77,002	-	-	-
200,402	-	-	-	-	-
-	76,352	-	-	-	20,492
-	-	-	-	-	-
-	-	-	-	-	-
200,402	76,352	77,002	-	4,634	20,492
(52,576)	(12,755)	(9,242)	185,051	8,538	(15,125)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	201	204,280
-	-	1,530	-	-	-
-	-	1,530	-	201	204,280
-	-	-	-	-	-
-	-	1,319	180,836	-	53,631
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,319	180,836	-	53,631
(52,576)	(12,755)	(9,031)	4,216	8,739	135,524
176,734	14,903	-	38,379	14,840	432,101
117	10,875	136,903	11	53,175	11,353
176,851	25,778	136,903	38,389	68,015	443,454

225 Community Economic Development Loan (CER)	301 Municipal Capital Improvement Fund	302 Street Capital Fund	401 Water Fund	403 Wastewater Fund	405 Solid Waste Fund
22,053	507,666	112,885	-	192,483	-
39	116,873	172	2,302,036	2,576,538	369,907
-	-	-	-	-	-
-	32,340	-	-	-	-
-	-	-	-	-	-
-	-	1,059,225	832	202,174	832
-	-	175,000	2,112,153	2,904,337	1,072,216
-	-	-	-	-	-
52	5,724	1,844	107,465	25,147	3,461
52	38,064	1,236,069	2,220,450	3,131,658	1,076,509
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,536,419	1,787,035	944,257
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,536,419	1,787,035	944,257
52	38,064	1,236,069	684,031	1,344,623	132,252
-	-	-	-	419,420	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	48,942	7,494	9,833
-	-	-	48,942	426,914	9,833
-	-	1,194,785	252,591	1,031,854	52,061
16,667	-	-	543,771	844,870	-
-	-	-	40,000	50,000	70,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,667	-	1,194,785	836,362	1,926,724	122,061
(16,615)	38,064	41,284	(103,389)	(155,187)	20,024
-	562,960	153,324	-	192,483	-
5,477	99,644	1,016	2,198,646	2,421,351	389,931
5,477	662,603	154,340	2,198,646	2,613,834	389,931

457 Cable TV Fund	510 Vehicle Replacement Fund	701 Perpetual Care Fund
-	-	263,845
256,628	987,620	1,694
-	-	-
76,412	-	-
-	-	-
-	-	-
91,809	-	-
-	-	-
2,219	8,063	2,942
<u>170,440</u>	<u>8,063</u>	<u>2,942</u>
-	-	-
-	-	-
-	-	-
-	-	-
117,363	-	-
-	-	-
-	-	-
<u>117,363</u>	<u>-</u>	<u>-</u>
<u>53,077</u>	<u>8,063</u>	<u>2,942</u>
-	-	-
-	180,000	-
-	-	-
-	-	7,940
-	44,004	-
<u>-</u>	<u>224,004</u>	<u>7,940</u>
1,843	369,332	-
-	-	-
5,000	-	-
-	-	-
-	-	-
-	-	-
<u>6,843</u>	<u>369,332</u>	<u>-</u>
46,234	(137,265)	10,882
-	-	271,785
302,862	850,354	4,637
<u>302,862</u>	<u>850,354</u>	<u>276,421</u>

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

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund
Beginning Cash and Investments				
30810	Reserved	1,503,334	-	104,135
30880	Unreserved	8,056,892	1,812,434	38,279
388 / 588	Prior Period Adjustments, Net	-3,987	-	-
Revenues				
310	Taxes	4,398,143	4,141,688	28,199
320	Licenses and Permits	85,730	59,790	137
330	Intergovernmental Revenues	816,924	303,644	202,713
340	Charges for Goods and Services	7,067,427	939,853	28,108
350	Fines and Penalties	105,331	103,474	-
360	Miscellaneous Revenues	329,155	73,792	5,526
Total Revenues:		<u>12,802,711</u>	<u>5,622,242</u>	<u>264,683</u>
Expenditures				
510	General Government	1,507,648	1,507,648	-
520	Public Safety	3,214,384	3,196,661	-
530	Utilities	4,025,632	-	-
540	Transportation	310,895	20,280	262,828
550	Natural and Economic Environment	351,293	96,882	-
560	Social Services	2,388	2,388	-
570	Culture and Recreation	445,317	445,317	-
Total Expenditures:		<u>9,857,558</u>	<u>5,269,176</u>	<u>262,828</u>
Excess (Deficiency) Revenues over Expenditures:		<u>2,945,153</u>	<u>353,065</u>	<u>1,855</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	439,097	-	-
397	Transfers-In	165,000	-	-
385	Special or Extraordinary Items	176,000	-	-
386 / 389	Custodial Activities	400,458	208,588	-
381, 395, 398	Other Resources	31,014	22,388	-
Total Other Increases in Fund Resources:		<u>1,211,570</u>	<u>230,976</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	1,404,765	274,827	-
591-593, 599	Debt Service	1,389,616	38,423	-
597	Transfers-Out	189,953	24,953	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	171,595	171,220	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>3,155,928</u>	<u>509,423</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>1,000,794</u>	<u>74,618</u>	<u>1,855</u>
Ending Cash and Investments				
5081000	Reserved	1,833,233	-	105,491
5088000	Unreserved	8,723,801	1,887,054	38,778
Total Ending Cash and Investments		<u>10,557,034</u>	<u>1,887,054</u>	<u>144,269</u>

The accompanying notes are an integral part of this statement.

103 Vehicle License Fee Fund	106 Tourism Development Fund	108 Cemetery Fund	119 Public Safety Grants Fund	129 Special Investigative Drug Account (SIDA)	170 Housing Rehabilitation Fund
-	27,361	-	5,259	56,948	174,377
-	16,906	142,716	1	9,318	10,432
-	-	-	-	-	-
79,913	42,114	-	-	-	-
-	25,803	-	-	-	-
-	-	-	-	-	-
-	-	51,290	-	-	-
-	-	-	-	1,857	-
29	219	6,108	96,212	303	11,155
<u>79,942</u>	<u>68,136</u>	<u>57,398</u>	<u>96,212</u>	<u>2,160</u>	<u>11,155</u>
-	-	-	-	-	-
-	-	-	8,948	8,775	-
-	-	52,984	-	-	-
26,515	-	-	-	-	-
-	73,871	-	-	-	30,018
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,515</u>	<u>73,871</u>	<u>52,984</u>	<u>8,948</u>	<u>8,775</u>	<u>30,018</u>
<u>53,427</u>	<u>(5,736)</u>	<u>4,414</u>	<u>87,264</u>	<u>(6,615)</u>	<u>(18,863)</u>
-	-	-	-	-	-
-	-	-	-	-	-
176,000	-	-	-	-	-
-	-	-	-	1	186,464
-	-	5,790	-	-	-
<u>176,000</u>	<u>-</u>	<u>5,790</u>	<u>-</u>	<u>1</u>	<u>186,464</u>
-	-	6,986	58,350	-	44,480
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	375	-
-	-	-	-	-	-
-	-	6,986	58,350	375	44,480
<u>229,427</u>	<u>(5,736)</u>	<u>3,218</u>	<u>28,914</u>	<u>(6,989)</u>	<u>123,121</u>
229,339	23,816	-	34,165	50,942	290,548
87	14,716	145,934	9	8,335	17,382
<u>229,427</u>	<u>38,532</u>	<u>145,934</u>	<u>34,174</u>	<u>59,277</u>	<u>307,930</u>

225 Community Economic Development Loan (CER)	301 Municipal Capital Improvement Fund	302 Street Capital Fund	401 Water Fund	403 Wastewater Fund	405 Solid Waste Fund
22,576	488,806	172,950	-	192,483	-
40	112,531	263	2,415,109	2,138,400	305,938
-	-	(3,987)	-	-	-
16,114	18,860	-	-	-	-
-	-	-	-	-	-
-	-	284,917	-	25,651	-
-	-	-	2,040,623	2,855,371	1,044,866
-	-	-	-	-	-
28	4,342	433	64,408	53,891	1,849
<u>16,142</u>	<u>23,202</u>	<u>285,350</u>	<u>2,105,031</u>	<u>2,934,913</u>	<u>1,046,715</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,559,304	1,527,061	886,283
-	-	1,272	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,272	1,559,304	1,527,061	886,283
<u>16,142</u>	<u>23,202</u>	<u>284,078</u>	<u>545,727</u>	<u>1,407,852</u>	<u>160,432</u>
-	-	-	-	-	-
-	-	-	413,446	25,651	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,049	1,049	737
-	-	-	414,495	26,701	737
-	-	-	-	-	-
-	-	340,247	544,518	100,666	27,200
16,667	-	-	488,777	845,749	-
-	-	-	40,000	50,000	70,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,667</u>	<u>-</u>	<u>340,247</u>	<u>1,073,295</u>	<u>996,415</u>	<u>97,200</u>
(525)	23,202	(56,169)	(113,073)	438,138	63,969
22,053	507,666	112,885	-	192,483	-
39	116,873	172	2,302,036	2,576,538	369,907
<u>22,092</u>	<u>624,539</u>	<u>113,056</u>	<u>2,302,036</u>	<u>2,769,021</u>	<u>369,907</u>

457 Cable TV Fund	510 Vehicle Replacement Fund	701 Perpetual Care Fund
-	-	258,440
232,531	821,188	804
-	-	-
71,255	-	-
-	-	-
-	-	-
107,316	-	-
-	-	-
1,048	8,922	890
<u>179,619</u>	<u>8,922</u>	<u>890</u>
-	-	-
-	-	-
-	-	-
-	-	-
150,522	-	-
-	-	-
-	-	-
<u>150,522</u>	<u>-</u>	<u>-</u>
<u>29,097</u>	<u>8,922</u>	<u>890</u>
-	-	-
-	165,000	-
-	-	-
-	-	5,405
-	-	-
<u>-</u>	<u>165,000</u>	<u>5,405</u>
-	7,491	-
-	-	-
5,000	-	-
-	-	-
-	-	-
-	-	-
<u>5,000</u>	<u>7,491</u>	<u>-</u>
24,097	166,431	6,295
-	-	263,845
256,628	987,620	1,694
<u>256,628</u>	<u>987,620</u>	<u>265,539</u>

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

		Total for All Funds (Memo Only)	Pension Trust	Agency
308	Beginning Cash and Investments	10,362	-	10,362
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	257,732	33,580	224,152
510-590	Deductions	267,188	33,580	233,609
Net Increase (Decrease) in Cash and Investments:		(9,457)	0	(9,458)
508	Ending Cash and Investments	905	-	905

The accompanying notes are an integral part of this statement.

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

	Total for All Funds (Memo Only)	611 Pension Trust Fund	640 Municipal Court	645 Inmate Trust	
308	Beginning Cash and Investments	130,821	-	9,390	2,295
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	6,126	6,126	-	-
380-390	Other Increases and Financing Sources	170,855	24,953	244,012	21,026
510-570	Expenditures	31,078	31,078	-	-
580-590	Other Decreases and Financing Uses	266,362	-	245,844	20,517
Net Increase (Decrease) in Cash and Investments:		(120,459)	1	(1,832)	509
508	Ending Cash and Investments	10,362	-	7,558	2,804

	650 Toppenish TBD Fund	
308	Beginning Cash and Investments	119,137
388 & 588	Prior Period Adjustments, Net	-
310-360	Revenues	-
380-390	Other Increases and Financing Sources	(119,137)
510-570	Expenditures	-
580-590	Other Decreases and Financing Uses	-
Net Increase (Decrease) in Cash and Investments:		(119,137)
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

CITY OF TOPPENISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Toppenish, Yakima County, Washington, was incorporated on April 29, 1907, and operates under the laws of the State of Washington applicable to a non-charter code city with a Council-Manager form of government. The City of Toppenish is a general-purpose government and provides police, fire, parks and recreation, planning and zoning, street maintenance and improvements, cemetery, housing rehabilitation and community development (including code enforcement and building inspections), community policing, water supply/treatment/distribution, sanitation services and sewage collection/treatment.

The City of Toppenish 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 City 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 City'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 City. 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.

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 City or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Agency Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level, except the general fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Department	Final Appropriated	Actual Expenditures	Variance
001	General Fund	\$5,674,698.00	\$4,762,458.73	\$912,239.27
002	Capital Reserve Fund	\$502,272.00	\$83,586.22	\$418,685.78
003	Welcome Center Fund	\$20,642.00	\$597.17	\$20,044.83
004	Railroad Depot Facility Fund	\$11,086.00	\$483.23	\$10,602.77
021	Urban Dev Action Grant Fund	\$31,845.00	\$0.00	\$31,845.00
023	Municipal Corrections Fund	\$576,810.00	\$414,072.63	\$162,737.37
030	Criminal Justice Fund	\$572,091.00	\$340,617.91	\$231,473.09
050	Special Projects Fund	\$170,381.00	\$34,967.65	\$135,413.35
071	Recreation Fund	\$117,155.00	\$110,240.05	\$6,914.95
101	Street Fund	\$402,747.00	\$313,401.93	\$89,345.07
103	Vehicle License Fee Fund	\$443,719.00	\$200,401.64	\$243,317.36
106	Tourism Development Fund	\$88,205.00	\$76,352.07	\$11,852.93
108	New BARS Number	\$203,167.00	\$78,320.96	\$124,846.04
119	Public Safety Grants Fund	\$190,245.00	\$180,835.50	\$9,409.50
129	Special Inv. Drug Acct Fund	\$61,582.00	\$4,633.85	\$56,948.15
170	Housing Rehabilitation Fund	\$344,159.00	\$74,122.91	\$270,036.09
225	Com Economic Dev Loan Fund	\$22,659.00	\$16,666.62	\$5,992.38
301	Municipal Capital Improve Fund	\$651,587.00	\$0.00	\$651,587.00
302	Street Capital Fund	\$1,862,495.00	\$1,194,785.18	\$667,709.82
401	Water Fund	\$3,859,111.00	\$2,244,711.83	\$1,614,399.17
403	Wastewater Fund	\$4,535,313.00	\$2,821,930.95	\$1,713,382.05
405	Solid Waste Fund	\$1,471,136.00	\$1,066,318.20	\$404,817.80
410	Water Capital Fund	\$948,186.00	\$240,439.31	\$707,746.69
413	Wastewater Capital Fund	\$2,140,798.00	\$996,495.20	\$1,144,302.80
421	PW Trust/DWSRF Loans Fund	\$277,091.00	\$277,082.55	\$8.45
427	DOE Cent Sewer Loan Res Fund	\$192,483.00	\$0.00	\$192,483.00
457	Cable TV Fund	\$340,049.00	\$135,456.37	\$204,592.63
458	Cable TV Equipment Reserve Fund	\$139,500.00	\$0.00	\$139,500.00
510	Vehicle Replacement Fund	\$1,211,442.00	\$369,331.92	\$842,110.08
611	Pension Trust Fund	\$33,700.00	\$33,579.93	\$120.07
701	Perpetual Care Fund	\$272,984.00	\$0.00	\$272,984.00

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 2, *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 one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 240 hours for Teamsters and Fraternal Order of Police Officer members and some exempt staff, 432 hours for International Association of Firefighters (IAFF), and 260 hours for Department Directors and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours for all employees with the exception of the IAFF members who have a maximum accumulation of 1440 hours. Upon separation, death or retirement, after completing at least 10 years of service, an employee shall be paid 25% of their accumulated sick leave with IAFF members limited to a maximum of 360 hours. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consist of Transfers-In, Transfers-Out, proceeds of other long-term debt, and compensation for loss of capital assets and insurance recoveries.

I. Risk Management

The City of Toppenish 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 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 reinsurance. 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 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.

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 Ordinance. 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:

- 101 Street Fund in the amount of \$78,894.62 collected from Motor Vehicle Fuel Tax (State Shared Revenue) for funding the maintenance and operations of the streets within the city limits of Toppenish.
- 103 Vehicle License Fee Fund in the amount of \$176,733.70 collected from Vehicle License Fees pursuant to RCW 36.73.065 and RCW 82.80.140 for the transportation improvements that preserve, maintain, operate and/or improve the existing transportation infrastructure of the city.
- 106 Tourism Fund in the amount of \$14,902.54 collected from Lodging Tax for paying all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities per RCW 67.28.181.
- 119 Public Safety Fund in the amount of \$38,378 which represents the unexpended portion of the Yakama Nation Legends Casino Grant received by the Fire Department in 2016 for the purchase of protective equipment that was not able to be purchased until 2017.
- 129 Special Investigative Drug Account (SIDA) Fund in the amount of \$14,480.44 received from the Investigated Fund Assessment paid by person convicted of criminal misdemeanors per Ordinance 2000-6.
- 170 Housing Rehabilitation Fund in the amount of \$432,101.18 which represents receipts of loan payments for housing rehabilitation loans made available through a Community Development Block Grant. Loan proceeds can be expended on qualifying purchases that benefit the general population.
- 301 Municipal Capital Improvement Fund in the amount of \$562,959.84 collected from the first quarter real estate excise tax per RCW 82.46.10 and are reserved for financing capital projects specified in the Capital Facilities Plan of the City of Toppenish comprehensive plan.
- 302 Capital Street Fund in the amount of \$153,324.22 which represents grant funding not expended for street projects that are still active.
- 427 Sewer Fund in the amount of \$192,483 for maintaining the reserve funds required by the lending institution for the refinancing of the USDA-RD wastewater system improvements loan.
- 631 Deposits in the amount of \$905 which represent hydrant meter use deposits and confiscated money awaiting disposition by the Municipal Court.
- 701 Perpetual Care Fund in the amount of \$271,784.63 are reserved for future care of the cemetery and collected through perpetual care fees assessed at time of cemetery plot sales.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

Investments are reported at original cost. Investments by type at December 31, 2017 are as follows:

Type of Investment:	City's	Own	Total
Investments			
L.G.I.P.			6,241,100.56
U.S Bank Safekeeping – Fed Mortgage Assn			1,602,275.40
Smith Barney/Morgan Stanley			<u>136,596.07</u>
Total Investments			\$7,979,972.03

NOTE 3 - PROPERTY TAXES

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 2017 was \$2.81116077 per \$1,000 on an assessed valuation of \$294,795,993 for a total regular levy of \$828,719.

NOTE 4 – DEBT SERVICE REQUIREMENTS

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 Intergovernmental Loans are as follows:

Year	Total Debt	Total Interest	Total
2018	\$1,265,316	\$83,669	\$1,348,985
2019	\$1,289,061	\$87,372	\$1,376,433
2020	\$1,293,631	\$77,746	\$1,371,377
2021	\$1,272,845	\$68,010	\$1,340,854
2022	\$1,019,094	\$60,154	\$1,079,248
2023-2027	\$4,649,724	\$223,295	\$4,873,019
2028-2032	\$3,096,177	\$108,317	\$3,204,493
2033-2037	\$828,388	\$26,141	\$854,529
2038-2042	<u>\$46,189</u>	<u>\$739</u>	<u>\$46,928</u>
TOTAL	\$14,760,424	\$735,442	\$15,495,866

There was a modification to one of the loan amounts on Schedule 9, ID No. 263.8 Ecology Centennial – Sewer Loan: The Schedule shows a loan addition to correct the balance of the loan for the loan balance on Schedule 9 to balance with the loan's amortization schedule. The principal and interest amounts posted in the City's financials were incorrect, however the correct total was paid for the loan payment and received correctly by the funding agency.

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, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

- Public Employees’ Retirement System (PERS)
- Public Safety Employees’ Retirement System (PSERS)
- Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

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

The Department of Retirement Systems (DRS), 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

Or the DRS CAFR may be downloaded from the DRS website at 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.

At June 30, 2017 (the measurement date of the plans), the City’s proportionate share of the collective net pension liabilities, as reported on Schedule 9, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.001914%	\$90,821
PERS 1 UAAL	0.014425%	\$684,478
PERS 2/3	0.016498%	\$573,227
PSERS 2	0.056926%	\$11,154
LEOFF 1	0.013165%	-\$199,742
LEOFF 2	0.039710%	-\$551,046
VFFRPF	0.4%	\$15,601

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.

B. Local Government Pension Plans

The City is the administrator of the Firefighter's Relief and Pension Plan – 1995 Act., a closed, single-employer, defined benefit pension plan established under RCW 41.18. As of December 31, 2017, membership consisted of four retired firefighters and one widow receiving pensions from both the Firefighter's Relief and Pension Plan and LEOFF 1 and one widow who receives a pension from only the Firefighter's Relief and Pension Plan and the net pension liability was \$258,364.00.

NOTE 6 – POST-RETIREMENT BENEFITS OTHER THAN PENSION BENEFIT

In addition to the pension benefits described in Note 5, the City of Toppenish provides post-retirement health care benefits, in accordance with the Law Enforcement Officers and Firefighters (LEOFF Plan 1) Retirement System to eight employees who are receiving medical benefits under the City's insurance program.

The City reimburses 100 percent of the balance after insurance of validated claims for medical and hospitalization costs incurred by retirees. During the year, expenditures of \$77,880.03 were recognized for post-retirement health care.

NOTE 7 - DEFERRED COMPENSATION PLAN

The City offers its employees a two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The International City Managers Association Retirement Corporation (ICMA RC) and Nationwide Retirement Solutions (Nationwide) plans are, available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plans balances are not reported on the financial statements of the City.

NOTE 8 – HEALTH & WELFARE

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

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

As of December 31, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP. The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Group Health, Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

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

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

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

make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

NOTE 9 – JOINT VENTURES

The Cities of Toppenish, Wapato, Zillah and the Town of Granger, Washington, have adopted a Cable Television (CATV) franchise ordinance within their respective jurisdictions. The CATV ordinance provides for the payment of franchise fees to each city and town being a party to the Interlocal Agreement for Administration of Finances for Cable TV Franchises in an amount equal to 5% of the cable television company's gross revenues from all sources attributable to the operations of the cable television company within the confines of each respective jurisdiction. As an additional source of revenue, each City and Town pays an amount equal to the amount collected as public utility taxes. The fees are used to administer the franchise as well as to further the development of public and community uses of cable television within each of the respective jurisdictions. In order to provide for a cooperative and efficient administration of the franchise among the various jurisdictions, the parties have agreed that the City of Toppenish shall provide financial management services to the Cable Regulation Board and administer the budget. The cities pay the fees to the Cable Television Fund of the City of Toppenish out of which are paid costs, debts, and expenses incurred in the administration of the franchise and local access as approved by the Cable Regulation Board.

NOTE 10 – OTHER DISCLOSURES

a. Construction in Progress

2nd Avenue Reconstruction – Phase 1: The Transportation Improvement Board (TIB) awarded the City of Toppenish grant funds to design and construct Phase 1 of 2nd Avenue. The funding is 90 percent grant and 10 percent City match. The project includes installation of new sidewalk and parking for Pioneer Park, storm drainage improvements, and reconstruction of the road. The project is intended to complement the frontage improvements already constructed by Yakima Valley Farm Workers. Construction began on August 2017. The anticipated completion date is June 2018. Expenditures for this project are shown on Schedule 15

2nd Avenue Reconstruction - Phase 2: The Transportation Improvement Board (TIB) awarded the City of Toppenish grant funds to design and construct Phase 2 of 2nd Avenue from the intersection of Bolin Drive to Division Street. The funding is 90 percent TIB grant and 10 percent City match. The project includes installation of new sidewalk, curb and gutter, storm drainage improvements, and reconstruction of the road. Water main improvements include replacement of the Asbestos Cement pipe in 2nd Avenue and installation of water main in Date, Chestnut, Beech, Alder, and Division Streets. Several fire hydrants were identified by City Staff in 1st Avenue, Washington Avenue, and Madison Avenue and have been included as a separate schedule of work. The water main improvements will be funded by utility fund balance. Construction began on April 2018. The anticipated completion date is August 2018. Expenditures for this project are shown on Schedule 15

Penny Lane Lift Station and Collection Sewers: The City was awarded funding for the project that consists of: a Clean Water State Revolving Fund (CWSRF) Forgivable Loan in the amount of \$448,200 and a CWSRF Loan in the amount of \$797,800 for the design and construction of a new lift station and sewer collection pipes replacing infrastructure which has reached the end of their useful design life. The new lift station will be significantly more reliable and meet redundancy requirements. This project will reduce infiltration and inflow, decrease flows and enable better treatment at the wastewater facility, ensuring that water quality will be preserved in the Toppenish Drain and Yakima River Basin. Construction began July 2017. The anticipated completion date is July 2018. The Forgivable Loan will appear on the City's Annual Schedule 16 (SEFA) and identified as CFDA 66.458 and the Loan will appear on the City's Annual Schedule 9 (Liabilities).

Mural Route Sidewalk Improvements: In November of 2017, the Transportation Improvement Board (TIB) awarded the City of Toppenish grant funds to design and construct sidewalk and ADA ramps along the mural route. The funding is 75 percent TIB grant and 25 percent local and City match. The Yakima Valley Farm Worker's Clinic is committed to providing \$34,544 of the 25 percent match. The construction is anticipated to being August 2018. Expenditures for this project are shown on Schedule 15

West 1ST Avenue Resurfacing Improvements: In November of 2017, the Transportation Improvement Board (TIB) awarded the City of Toppenish grant funds to design and construct resurfacing improvements on West 1st Avenue from Elm Street to Division Street. The funding is 90 percent TIB grant and 10 percent City match. The construction is anticipated to begin August 2018. Expenditures for this project are shown on Schedule 15.

b. Projects in Design and Awaiting Funding

Jackson Street Extension Project: The Federal Highway Administration (FHWA) awarded the City, Surface Transportation Program (STP) grant funds for design of the project in 2012. The funds are 86.5% grant and 13.5% City match. The project includes reconstructing Jackson St. from Juniper St. to the end of the existing roadway and extending Jackson St. from the end of the existing road to Ward Rd. The Project is currently on hold pending obligation of ROW, which is anticipated to occur in 2018. Based on the current funding schedule administered by the Yakima Conference of Governments, STP construction funding is anticipated to be available to the City in 2026. Expenditures for this project are shown on Schedule 16.

Lincoln Avenue, Dayton Avenue and Beech Street: In April of 2014, the Federal Highway Administration (FHWA) awarded the City of Toppenish Surface Transportation Program (STP) grant funds to design the Lincoln, Dayton, and Beech Street project. The funds are 86.5% grant and 13.5% City match. The project includes reconstructing Dayton Avenue from Elm Street to Beech Street and Beech Street from Dayton Avenue to 'D' Street and installation of illumination and sidewalk improvements on Lincoln Avenue from 'F' St. to 'L' St. Based on the current funding schedule administered by the Yakima Conference of Governments, STP construction funding is anticipated to be available to the City for this project in 2020. The City is considering completion of the right of way phase prior to the STP right of way funding being available to expedite the construction phase once funding is available. Expenditures for this project are shown on Schedule 16.

Well No. 5 Improvements: This project includes reconstruction of City Well No. 5 to address existing system deficiencies, including construction of a new control building with separate rooms for the well, chlorine equipment, fluoridation equipment, generator, and electrical equipment; and equipping Well No. 5 with a new motor and VFD to improve well flow control and energy efficiency. This project will be funded through a low-interest loan from the Washington State Department of Health (WDOH) Drinking Water State Revolving Fund (DWSRF) construction loan program, DWSRF Project No. 2016-050. Scope of work and pre-contract forms have been returned to WDOH. Funding contracts were anticipated to be received and executed in July, though the City was notified on July 21, 2017, WDOH would not be proceeding with the construction loan documents due to the State not reaching a decision on the 2017-2019 capital budget. The capital budget was signed by the Governor in January 2018. It is anticipated WDOH will issue construction loan documents in June 2018. There are no reportable expenditures for this project in 2017.

c. Completed Construction Projects:

2014 Water System Improvements: The City of Toppenish received a Drinking Water State Revolving Fund (DWSRF) DM13-952-151 loan totaling \$1,683,983.00 through the Environmental Protection Agency, through Washington State Public Works Board for the purpose of replacing approximately 4,300 linear feet of existing water distribution piping with new 12" water main, fittings, valves, fire hydrants, service connections, and repair of asphalt pavement, curb and gutter, gravel surfaces and disturbed landscaping within the right-of-way. Asphalt pavement repair will include asphalt overlay of existing roadways as required. At the time of the DWSRF application for the 2014 Water Main Improvement project the application and cost estimate was prepared as a standalone project. By the time the funding became available the City had applied for and secured additional funding through the Community Development Block Grant (CDBG) and the Transportation Improvement Board (TIB). The CDBG and TIB applications were for the same project which reduced the amount of loan the City needed from the DOH DWSRF program, resulting in \$809,136.21 of the original loan being de-obligated. Expenditures relating to the CDBG and TIB portion of the project were reported in 2015. The project was completed on November 28, 2017, with the remaining DWSRF portion of the project were shown on the Schedule of Expenditures of Federal Awards in 2016. The Project final loan amount of \$874,846.79 is reported on the City of Toppenish's Schedule of Liabilities.

Engineering Evaluation/General Sewer Plan: In February 2015, the City received a loan from Department of Ecology for \$150,000 with one-half of the loan being a “forgivable principal loan”. The funds come from a combination of Federal Capitalization Grant provided through the Environmental Protection Agency (EPA) and Clean Water State Revolving Fund (CWSRF). The loan (one-half of the total or \$75,000) consists of a 20-year loan term with 2.7% interest. This project will provide the purchase of video equipment, the development of a capital improvement plan, and the elements required for the completion of a General Sewer Plan. The City obtained approval from Department of Ecology to purchase a used van with the mounted video equipment in 2014. The original loan amount for the state revolving fund loan portion was decreased by \$519.95, from \$75,000 to \$74,480.05 based upon the final eligible costs for the project. In addition, \$4,613.15 of interest has accrued from previous payments and is included in the final repayment amount, resulting in the final loan amount of \$79,093.20. The project was complete in December 2017. The combined loan and grant are shown as a total expenditure on the Schedule of Expenditures of Federal Awards.

2017 Emergency Pavement Repair Project: The City was awarded a \$50,000 grant from the Transportation Improvement Board (TIB) for the funding of one-time 2017 Emergency Repair Program. The Program was in recognition of state and local emergency proclamations regarding severe winter weather. The 30-day project was complete in August 2017. Expenditures for this project are shown on Schedule 15.

d. Disclosures of Interest

1. In August 2017 the City experienced a fire to the Public Works Shop resulting in a total loss of the building as well as city owned equipment, materials, and vehicles, as well as employee belongings and vehicles. The estimated amount of the loss is expected to be over one million dollars. The City has been working with the adjusters assigned by the Washington Cities Insurance Authority (WCIA). Due to the extent of the claim, coupled by the out of the ordinary disasters that occurred in the United States in 2017, insurance adjusters have experienced a sever backlog in claims, which has resulted in the City’s claim taking longer than normal to process. The City has received insurance payment advancements that have provided the ability to purchase the necessary equipment, materials and vehicles needed to resume normal public works operations.
2. Court and Corrections Closure: The City closed its 100-year old jail in August 2017 and the municipal court in October 2017. The City entered into an Interlocal Agreement with the City of Sunnyside to provide both corrections and municipal court services. The 2017 Statement C-5 Agency Funds reflects the closure of the two funds.
3. Labor Negotiations: The City settled the January 2017 through December 2020 Teamsters Contract; is currently in mediation with the Fraternal Order of Police Officer for the contract period January 2017 through December 2019; and will begin negotiations with the IAFF in August for the contract period January 2019 through December 2021.

CITY OF TOPPENISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Toppenish, Yakima County, Washington, was incorporated on April 29, 1907, and operates under the laws of the State of Washington applicable to a non-charter code city with a Council-Manager form of government. The City of Toppenish is a general-purpose government and provides municipal court, police, fire, parks and recreation, planning and zoning, street maintenance and improvements, cemetery, housing rehabilitation and community development (including code enforcement and building inspections), community policing, water supply/treatment/distribution, sanitation services and sewage collection/treatment.

The City of Toppenish 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 City 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 City’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 City. 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.

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 City or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Agency Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City adopts annual appropriated budgets for 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	Actual Expenditures	Variance
001	General Fund	5,778,500.00	5,110,537.73	667,962.27
002	Capital Reserve Fund	575,700.00	110,701.00	464,999.00
003	Welcome Center Fund	18,420.00	423.89	17,996.11
004	Railroad Depot Facility Fund	13,469.00	13,468.19	0.81
021	Urban Dev. Action Grant Fund	31,150.00	0.00	31,150.00
030	Criminal Justice Fund	391,010.00	257,754.20	133,255.80
050	Special Projects Fund	363,080.00	181,038.95	182,041.05
071	Recreation Fund	126,020.00	110,996.24	15,023.76
101	Street Fund	424,540.00	262,827.56	161,712.44
103	Vehicle License Fee Fund	230,820.00	26,515.10	204,304.90
106	Tourism Development Fund	80,110.00	73,870.89	6,239.11
108	Cemetery Fund	240,970.00	59,970.39	180,999.61
119	Public Safety Grants Fund	98,388.00	67,297.83	31,090.17
129	Special Inv. Drug Account Fund	72,060.00	9,150.12	62,909.88
170	Housing Rehabilitation Fund	257,570.00	74,498.49	183,071.51
225	Community Econ Dev Loan Fund	39,190.00	16,666.67	22,523.33
301	Municipal Capital Imp. Fund	613,500.00	0.00	613,500.00
302	Street Capital Fund	556,130.00	345,506.27	210,623.73
401	Water Fund	4,130,340.00	2,194,293.04	1,936,046.96
403	Wastewater Fund	4,137,610.00	2,586,276.02	1,551,333.98
405	Solid Waste Fund	1,299,830.00	983,483.62	316,346.38
410	Water Capital Fund	1,718,190.00	523,020.19	1,195,169.81
413	Wastewater Capital Fund	1,566,340.00	61,433.43	1,504,906.57
421	PW Trust Fund/DWSRF Fund	279,460.00	279,435.80	24.20
427	DOE Cent. Sewer Loan Res. Fund	192,480.00	0.00	192,480.00
457	Cable TV Fund	355,500.00	170,522.03	184,977.97

458	Cable TV Equip. Reserve Fund	139,500.00	0.00	139,500.00
510	Vehicle Replacement Fund	979,953.00	7,490.75	972,462.25
611	Pension Trust Fund	32,200.00	31,078.41	1,121.59
701	Cemetery Perpetual Care Fund	262,680.00	0.00	262,680.00

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 2, *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 one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 240 hours for Teamsters and Fraternal Order of Police Officer members and some exempt staff, 432 hours for International Association of Firefighters (IAFF), and 260 hours for Department Directors and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours for all employees except for the IAFF members who have a maximum accumulation of 1440 hours. Upon separation, death or retirement, after completing at least 10 years of service, an employee shall be paid 25% of their accumulated sick leave with IAFF members limited to a maximum of 360 hours. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Risk Management

The City of Toppenish 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 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 reinsurance. 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 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.

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 Ordinance. 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:

- 101 Street Fund in the amount of \$105,491 collected from Motor Vehicle Fuel Tax (State Shared Revenue) for funding the maintenance and operations of the streets within the city limits of Toppenish.
- 103 Vehicle License Fee Fund in the amount of \$229,339 collected from Vehicle License Fees pursuant to RCW 36.73.065 and RCW 82.80.140 for the transportation improvements that preserve, maintain, operate and/or improve the existing transportation infrastructure of the city.
- 106 Tourism Fund in the amount of \$28,816 collected from Lodging Tax for paying all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities per RCW 67.28.181.
- 119 Public Safety Fund in the amount of \$34,175 which represents the unexpended portion of the Yakama Nation Legends Casino Grant received by the Fire Department in 2016 for the purchase of protective equipment that was not able to be purchased until 2017.
- 129 Special Investigative Drug Account (SIDA) Fund in the amount of \$50,942 received from the Investigated Fund Assessment paid by person convicted of criminal misdemeanors per Ordinance 2000-6.
- 225 Community Economic Development Loan (CERB) Fund in the amount of \$22,053 for the required debt service on the 1995 Community Development Block Grant loan. The loan will be paid off in 2017 and the fund will no longer be needed.
- 301 Municipal Capital Improvement Fund in the amount of \$507,666 collected from the first quarter real estate excise tax per RCW 82.46.10 and are reserved for financing capital projects specified in the Capital Facilities Plan of the City of Toppenish comprehensive plan.
- 427 Sewer Fund in the amount of \$192,483 for maintaining the reserve funds required by the lending institution for the refinancing of the USDA-RD wastewater system improvements loan.
- 701 Perpetual Care Fund in the amount of \$263,844.63 are reserved for future care of the cemetery and collected through perpetual care fees assessed at time of cemetery plot sales.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

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

Type of Investment: City's Own Investments	Total
L.G.I.P.	7,112,801
U.S Bank Safekeeping – Fed Mortgage Assn	1,602,275
Smith Barney/Morgan Stanley	<u>131,585</u>
Total Investments	\$8,846,661

NOTE 3 - PROPERTY TAXES

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 \$2.719688368008 per \$1,000 on an assessed valuation of \$299,756,130 for a total regular levy of \$815,243.

NOTE 4 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2016.

The debt service requirements for General Obligation Bonds, Revenue Bonds and Intergovernmental Loans are as follows:

Year	Total Debt	Total Interest	Total
2017	\$1,342,134	\$103,064	\$1,445,198
2018	\$1,264,488	\$82,164	\$1,346,652
2019	\$1,254,668	\$72,582	\$1,327,249
2020	\$1,258,684	\$63,590	\$1,322,273
2021	\$1,237,335	\$54,498	\$1,291,833
2022-2026	\$4,578,616	\$191,289	\$4,769,905
2027-2031	\$3,472,661	\$89,176	\$3,561,837
2032-2036	\$887,307	\$18,898	\$906,205
2037-2041	<u>\$4,774</u>	<u>\$0</u>	<u>\$4,774</u>
TOTAL	\$15,300,665	\$675,262	\$15,975,926

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, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

- Public Employees’ Retirement System (PERS)
- Public Safety Employees’ Retirement System (PSERS)
- Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

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

The Department of Retirement Systems (DRS), 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

Or the DRS CAFR may be downloaded from the DRS website at 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.

At June 30, 2016 (the measurement date of the plans), the City’s proportionate share of the collective net pension liabilities, as reported on Schedule 9, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.002382%	\$127,925
PERS 1 UAAL	0.015309%	\$822,165
PERS 2/3	0.017309%	\$871,494
PSERS 2	0.066444%	\$28,237
LEOFF 1	0.013003%	-\$133,968
LEOFF 2	0.044553%	-\$259,134
VFFRPF	0.00%	\$0.00

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.

B. Local Government Pension Plans

The City is the administrator of the Firefighter's Relief and Pension Plan – 1995 Act., a closed, single-employer, defined benefit pension plan established under RCW 41.18. As of December 31, 2016, membership consisted of four retired firefighters and one widow receiving pensions from both the Firefighter's Relief and Pension Plan and LEOFF 1 and one widow who receives a pension from only the Firefighter's Relief and Pension Plan and the net pension liability was \$258,364.00.

NOTE 6 – POST-RETIREMENT BENEFITS OTHER THAN PENSION BENEFIT

The City has a commitment to pay for post-employment benefits for employees that belong to LEOFF1. These benefits include medical, vision, and nursing care. Eight retirees received benefits during the year and \$89,669 was paid out for those benefits during the year.

NOTE 7 – HEALTH & WELFARE

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

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

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

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Group Health Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington.

Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

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

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination.

A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

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

The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW.

The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (“GASB”).

Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor’s office.

NOTE 8 – JOINT VENTURES

The Cities of Toppenish, Wapato, Zillah and the Town of Granger, Washington, have adopted a Cable Television (CATV) franchise ordinance within their respective jurisdictions. The CATV ordinance provides for the payment of franchise fees to each city and town being a party to the Interlocal Agreement for Administration of Finances for Cable TV Franchises in an amount equal to 5% of the cable television company's gross revenues from all sources attributable to the operations of the cable television company within the confines of each respective jurisdiction. As an additional source of revenue, each City and Town pays an amount equal to the amount collected as public utility taxes. The fees are used to administer the franchise as well as to further the development of public and community uses of cable television within each of the respective jurisdictions. To provide for a cooperative and efficient administration of the franchise among the various jurisdictions, the parties have agreed that the City of Toppenish shall provide financial management services to the Cable Regulation Board and administer the budget. The cities pay the fees to the Cable Television Fund of the City of Toppenish out of which are paid costs, debts, and expenses incurred in the administration of the franchise and local access as approved by the Cable Regulation Board.

NOTE 9 – OTHER DISCLOSURES

1. Construction in Progress

- a. Jackson Street Extension (STP) In August of 2012, the Federal Highway Administration (FHWA) awarded the City of Toppenish Surface Transportation Project (STP) grant funds to design the Jackson Street Extension project. The funds are 86.5% grant and 13.5% City match. The project includes reconstructing Jackson Street from Juniper Street to the end of the existing roadway and extending Jackson Street from the end of the existing road to Ward Road, with the design portion being completed in 2020.
- b. Lincoln Avenue, Dayton Avenue and Beech Street (STP) In April of 2014, the Federal Highway Administration (FHWA) awarded the City of Toppenish Surface Transportation Project (STP) grant funds to design the Lincoln, Dayton, and Beech Street project. The funds are 86.5% grant and 13.5% City match. The project includes reconstructing Dayton Avenue from Elm Street to Beech Street and Beech Street from Dayton Avenue to ‘D’ Street and installation of illumination and sidewalk improvements on Lincoln Avenue from ‘F’ St. to ‘L’ St., it is anticipated the project will be complete in 2027.
- c. 2nd Avenue Reconstruction – Phase I (TIB) In November 2015, the Transportation Improvement Board (TIB) awarded the City of Toppenish grant funds to design and

construct 2nd Avenue from the intersection of SR 22 to Bolin Drive. The funding level is 90 percent grant and 10 percent City match. The project includes installation of new sidewalk and parking for Pioneer Park, storm drainage improvements, and reconstruction of the road. The project is intended to complement the frontage improvements already constructed by Yakima Valley Farm Workers, with the anticipated completion date of December 31, 2017.

- d. 2nd Avenue Reconstruction – Phase II (TIB) In November of 2016, the Transportation Improvement Board (TIB) awarded the City of Toppenish grant funds to design and construct Phase 2 of 2nd Avenue from the intersection of Bolin Drive to Division Street. The funding level is 90 percent grant and 10 percent City match. The project includes installation of new sidewalk, curb and gutter, storm drainage improvements, and reconstruction of the road. The project is intended to complement Phase 1 currently under design, with the anticipated completion date of December 31, 2018.
- e. Engineering Evaluation/General Sewer Plan: In February 2015, the City received a loan from Department of Ecology for \$150,000 with one-half of the loan being a “forgivable principal loan”. The funds come from a combination of Federal Capitalization Grant provided through the Environmental Protection Agency (EPA) and Clean Water State Revolving Fund (CWSRF). The loan (one-half of the total or \$75,000) consists of a 20-year loan term with 2.7% interest. This project will provide the purchase of video equipment, the development of a capital improvement plan, and the elements required for the completion of a General Sewer Plan. The City obtained approval from Department of Ecology to purchase a used van with the mounted video equipment in 2014. The loan is reported on the City of Toppenish’s Schedule of Liabilities. The combined loan and grant are shown as a total expenditure on the Schedule of Expenditures of Federal Awards. The van and video equipment portion was complete in 2016, with the anticipated completion date of the sewer plan portion being December 2017.

2. Completed Construction Projects:

- a. West 1st Avenue Sidewalk Improvements: In May 2015, the City of Toppenish contracted with the Transportation Improvement Board for a grant in the amount of \$167,334. These funds were increased by \$50,000 in September 2015 for a total grant of \$217,344. This grant was provided for a project to replace existing gravel and asphalt areas behind the existing curb and gutter with new ADA-compliant sidewalk along the north side for the arterial. The project will extend the sidewalks from Guyette Avenue to SR97. Washington State Department of Transportation provided a State Participating Agreement for a \$10,000 contribution for this project. The final funding source was a Legends Casino Grant in the amount of \$41,836. This project was declared complete on January 25, 2016 with the retainage bond released on May 12, 2016.
- b. 2014 Water System Improvements (second element): The City of Toppenish was approved by the Environmental Protection Agency, through Washington State Public Works Board to receive a Drinking Water State Revolving Fund (DWSRF) DM13-952-151 loan totaling \$1,683,983.00 to provide for the replacement of approximately 4,300 linear feet of existing water distribution piping with new 12” water main, fittings, valves, fire hydrants, service

connections, and repair of asphalt pavement, curb and gutter, gravel surfaces and disturbed landscaping within the right-of-way. Asphalt pavement repair will include asphalt overlay of existing roadways as required. At the time of the DWSRF application for the 2014 Water Main Improvement project the application and cost estimate was prepared as a standalone project. By the time the funding became available the City had applied for and secured additional funding through the Community Development Block Grant (CDBG) and the Transportation Improvement Board (TIB). The CDBG and TIB applications were for the same project which reduced the amount of loan the City needed from the DOH DWSRF program, resulting in \$809,136.21 of the original loan being de-obligated. Expenditures relating to the CDBG and TIB portion of the project were reported in 2015. The project was completed on September 26, 2016, with the retainage bond released on January 23, 2017. The remaining DWSRF portion of the project is shown on the Schedule of Expenditures of Federal Awards. The Project final loan amount of \$874,846.79 is reported on the City of Toppenish's Schedule of Liabilities.

- c. Washington Avenue Sidewalk Improvements (TIB) In July 25, 2016, the Transportation Improvement Board (TIB) awarded the City of Toppenish grant funds to design, remove and replace the existing sidewalks on Washington Avenue. The project began on September 6, 2016 and was complete on December 20, 2016, with retainage released on April 5, 2017.

3. Transportation Benefit District:

RCW 36.74 authorizes cities and counties assumption of existing Transportation Benefit Districts as such, the City of Toppenish assumed the District effective June 1, 2016, and created Special Revenue Fund 103. As required by the State Auditor's Office, the District will prepare and submit a final Annual report for 2016.

4. Potential Litigation

The City has no open litigation cases.

5. Personnel

The City experienced significant turnover in several key positions including senior management. Due to retirements, promotions and resignations. The personnel changes are as follows:

- Finance Department:

Due to retirements and promotions within the Finance Department, the City restructured some of the roles and responsibilities of key and senior level positions to include:

 - Finance Director/City Clerk Linda Mead retired on May 30, 2016. Deputy Finance Director/City Clerk Debbie Zabell was appointed to the Finance Director/City Clerk position June 1, 2016 and assumed responsibility for Human Resources and Information Technology in addition.

- The Deputy Finance Director/City Clerk position was reclassified to Accounting Manager and Finance Technician Jamison Horner was appointed to the position on August 22, 2016.
 - From the Finance Technician recruitment, the vacated position was filled on October 10, 2016.
 - Twenty-five-year veteran, Annette Tweedy retired from her position of Lead Finance Technician on December 16, 2016.
 - The Lead Finance Technician position was reclassified to Customer Service Technician and from the Customer Service recruitment, the position was filled as a temporary position on December 1, 2016, and permanent on December 17, 2016.
- Police Department:
Police Chief Adam Diaz resigned on June 30, 2016, in addition of the 12 police officer positions in the Department two police sergeants, two police investigators and three patrol officers (for a total of seven officers) also vacated their positions during 2016, as well as three dispatchers and one corrections officer. Captain Curt Ruggles was appointed to the Police Chief position. The Police Department has not been able to fill all the vacated positions.
 - Public Works Department:
The City's Public Works Director was promoted to City Manager on September 1, 2015. Two unsuccessful recruitments resulted in a review and reclassification of the position to Public Works Superintendent in June 2016. Maintenance Technician Rocky Wallace was appointed to the Public Works Superintendent Position on July 11, 2016. City Manager Hoyt assumed the responsibilities of capital project administration.
6. The City reached agreement with two binding arbitration bargaining units, the Toppenish Police Officers Association and the International Association of Firefighters. Both units had been in contract negotiations for two years.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.81	CERB Loan C95-110	1/1/2017	16,665		16,665	0
263.96	Local Loan - TOP0851-5-1	12/1/2017	47,515		47,515	0
263.96	Local Loan - TOP0851-5-1	12/1/2017	23,404		23,404	0
263.96	Local Loan - TOP0851-9-1	12/1/2020	90,305		20,952	69,353
263.96	Local Loan - TOP0851-10-1	12/1/2018	17,166		8,373	8,792
263.96	Local Loan - TOP0851-10-1	12/1/2018	9,655		4,710	4,945
Total General Obligation Debt/Liabilities:			204,710		121,619.56	83,090
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	PWTF - Gravity SE Pipe Replacement	6/1/2021	320,341		64,068	256,273
263.82	PWTF - Gravity SE Pipe Replacement-II	6/1/2022	423,130		70,522	352,609
263.82	PWTF - WWTP Upgrade	6/1/2025	369,418		41,047	328,372
263.82	DWSRF - Telemetry System Improvement	10/1/2024	56,797		7,100	49,698
263.82	DWSRF - Well No. 9	10/1/2028	1,621,638		135,136	1,486,501
263.82	Ecology - SRF - WWTP Upgrade	10/30/2030	6,257,233		446,945	5,810,288
263.82	Ecology Centennial - Sewer	9/15/2021	921,217	2,660	179,294	744,582
263.82	DWSRF - 2013 Water System Improvement	10/1/2033	1,010,013		59,413	950,600
263.82	DWSRF - New 1.7 MG Standpipe Reservoir	10/1/2034	3,166,319		175,907	2,990,412
263.82	DWSRF - 2014 Water System Improvement	10/1/2036	874,847		43,742	831,105
263.82	Ecology - Sewer Plan - Camera Van	12/31/2036	70,800			70,800
263.82	Ecology - Penny Lane LS & Collection Sewer	1/1/2038	0	419,420	0	419,420
264.30	Pension Liability DRS	12/31/2017	1,849,822		490,144	1,359,678
264.30	Pension Liability Firefighter Pension	12/31/2017	258,364			258,364
264.30	Other Post Employment Benefits	12/31/2017	121,637			121,637
259.12	Compensated Absence	12/31/2017	404,435	76,904	67,011	414,327
Revenue and Other (non G.O.) Debt/Liabilities:			17,726,011	498,983	1,780,329	16,444,665
Total Liabilities			17,930,721	498,983	1,901,949	16,527,755

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.81	CERB Loan C95-110	1/1/2017	33,332	0	16,667.00	16,665
263.96	Local Loan - TOP0851-5-1	12/1/2017	92,849	0	45,333.55	47,516
263.96	Local Loan - TOP0851-5-1	12/1/2017	45,732	0	22,328.47	23,403
263.96	Local Loan - TOP0851-9-1	12/1/2020	108,862	0	18,557.28	90,305
263.96	Local Loan - TOP0851-10-1	12/1/2018	24,822	0	7,656.25	17,166
263.96	Local Loan - TOP0851-10-1	12/1/2018	13,962	0	4,306.64	9,655
Total General Obligation Debt/Liabilities:			319,559		114,849.19	204,710
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	PWTF - Gravity SE Pipe Replacement	6/1/2021	384,409	0	64,068.00	320,341
263.82	PWTF - Gravity SE Pipe Replacement-II	6/1/2022	493,652	0	70,521.67	423,130
263.82	PWTF - WWTP Upgrade	6/1/2025	410,465	0	41,046.51	369,418
263.82	DWSRF - Telemetry System Improvement	10/1/2024	63,897	0	7,099.71	56,797
263.82	DWSRF - Well No. 9	10/1/2028	1,756,774	0	135,136.48	1,621,638
263.82	Ecology - SRF - WWTP Upgrade	10/30/2030	6,704,178	0	446,945.22	6,257,233
263.82	Ecology Centennial - Sewer	9/15/2021	1,100,511	0	179,294.36	921,217
263.82	DWSRF - 2013 Water System Improvement	10/1/2033	1,069,426	0	59,412.55	1,010,013
263.82	DWSRF - New 1.7 MG Standpipe Reservoir	10/1/2034	3,342,226	0	175,906.67	3,166,319
263.82	DWSRF - 2014 Water System Improvement	10/1/2036	461,401	413,446	0.00	874,847
263.82	Ecology - Sewer Plan - Camera Van	12/31/2036	45,149	25,651	0.00	70,800
264.30	Pension Liability DRS	12/31/2016	1,583,353	266,469	0.00	1,849,822
264.30	Pension Liability Firefighter Pension	12/31/2016	0	258,364	0.00	258,364
264.30	Other Post Employment Benefits	12/31/2016	0	121,637	0.00	121,637
259.12	Compensated Absence	12/31/2016	481,395	67,336	144,296.03	404,435
Revenue and Other (non G.O.) Debt/Liabilities:			17,896,837	1,152,903	1,323,727	17,726,011
Total Liabilities:			18,216,397	1,152,903	1,438,576	17,930,721

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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