

ANNUAL REPORT CERTIFICATION

City of Millwood

MCAG No. 0718

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended **December 31, 2015**

GOVERNMENT INFORMATION:

Official Mailing Address 9103 E Frederick Ave., Spokane, WA 99206

Official Website Address Millwoodwa.us

Official E-mail Address Treasurer@millwoodwa.us

Official Phone Number (509) 924-0960

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Deborah Matkin, City Treasurer

Contact Phone Number (509) 924-0960

Contact E-mail Address Treasurer@millwoodwa.us

I certify 23rd day of May, 2016, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Audit Contact or Preparer Signature:

Deborah Matkin

City of Millwood
MCAG #0718

Cash Notes to the Financial Statements
For the Year Ended December 31, 2015

The accompanying notes are integral to the financial statements

Note 1 - Summary of Significant Accounting Policies

The City of Millwood was incorporated in 1928 and operates under the laws of the state of Washington applicable to a Non-charter Code City. The City is a general purpose government and provides public safety, street improvements, parks and recreation, general administrative services, and a city owned water & sewer utility.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the City also recognizes expenditures paid up to twenty (20) 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 follows:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - General Fund	\$ 965,875	\$ 835,914	\$ 129,961
101 - Street Fund	\$ 466,525	\$ 287,955	\$ 178,570
201 - LTGO Bond Fund	\$ 43,176	\$ 43,177	\$ (1)
204 - GO Note Bond Fund	\$ 73,285	\$ 73,034	\$ 251
302 - Special Capital Projects Fund	\$ 20,000	\$ 19,558	\$ 442
Utility Fund	850,460	591,675	258,785
Revenue Reserve Bond Fund	73,350	73,524	(174)
Revenue Debt Service Bond Fund	1,730	1,735	(5)
Total 401 - Utility Fund	\$ 923,810	\$ 666,934	\$ 256,876

Budgeted amounts are authorized to be transferred between departments within any fund or object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave is accrued monthly and is based upon years of service and hours worked or per contract or specific individuals. Days are defined as standard eight (8) hour days. Benefit years are based upon hire date. The following table shows the amount earned per years of service.

Years of Service	Vacation Earned
Less than five	Ten days
Five through nine	Fifteen days
Ten through fourteen	Twenty days
Fifteen or more	Twenty-five days

Employees must use half of what they have received during the year. Rollover of unused vacation time is only allowed with the Mayor's approval. Accumulated vacation is paid at a 1:1 ratio upon separation or retirement.

Sick leave may be accumulated up to 720 hours and accrues at 8 hours per month. Upon separation or retirement employees do not receive payment for unused sick leave.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The government's *Other Financing Sources* consist of capital contributions to the water and sewer utility systems for new connections and payments from other governments for expenditures made by the City. The governments *Other Financing Uses* consist of refunds for overpayments by customers or employees.

I. Risk Management

Property & Liability

The City of Millwood 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 179 Members.

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

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

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

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

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As 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.

Health & Welfare

The City of Millwood 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.

J. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments consist of:

Fund Name	Amount Reserved	Reason for Restriction
101	\$ 606,051	51.43% Restricted Use Current Revenues - Grant and MVFT
204	\$ 13	Property Taxes restricted for Bond repayment
301	\$ 51,521	100% Restricted Use Current Revenues - REET 1
302	\$ 33,960	100% Restricted Use Current Revenues - REET 2

Note 2 - Property Tax

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

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

The City's regular levy for the year 2015 was \$1.60 per \$1,000 on an assessed valuation of \$230,501,896 for a total regular levy of \$368,803.

Note 3 – Deposits and Investments

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

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

Investments are reported at fair market value, except for Certificates of Deposit which are valued at cost. Investments by type at December 31, 2015 are as follows:

<u>Type of Investment</u>	<u>City's own investments</u>	<u>Investments held by the City as an agent for other local governments, individuals or private organizations.</u>	<u>Total</u>
Money Market	\$ 504,647		\$ 504,647
Certificate of Deposit	\$ 1,511,578		\$ 1,511,578
<i>Total</i>	\$ 2,016,224		\$ 2,016,224

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City debt transactions for year ended December 31, 2015.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Payments</u>
2016	188,110	21,459	\$ 209,569
2017	83,110	15,503	\$ 98,613
2018	83,110	11,981	\$ 95,091
2019	88,110	8,460	\$ 96,570
2020	18,110	4,618	\$ 22,728
2021-2025	90,550	17,657	\$ 108,208
2026-2030	90,550	10,866	\$ 101,417
2031-2035	90,550	4,075	\$ 94,625
Totals	\$ 732,201.80	\$ 94,619.35	\$ 826,821.15

Note 5 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the City's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1 UAAL and PERS 2/3.

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

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

Plan Type	Plan Liability / Asset	Responsibility Percentage	NPL	NPA
PERS 1	\$ 5,230,930,000		\$ -	
PERS 1 UAAL	\$ 5,230,930,000	0.002818%	\$ 147,407.61	
PERS 2/3	\$ 3,573,057,000	0.003640%	\$ 130,059.27	
LEOFF 1	\$ (1,205,221,000)	0.000000%		\$ -
LEOFF 2	\$ (1,027,800,000)	0.000000%		\$ -
VFFRPF	\$ (19,271,000)	0.000000%		\$ -
		<i>Total</i>	\$ 277,467	\$ -

Note 6 - Other Disclosures

Other Disclosures

The City previously reported that it was awarded a DWSRF loan in September of 2013 in the amount of \$448,000. This was previously reported as a cost reimbursement type grant and had neither expenditures nor any reimbursements in 2013. \$372,945.59 was expended in 2014 and 2015 as the City completed work on the Buckeye water main. The final amount of the loan was \$380,312.08. \$20,458.85 was from Federal sources, and \$359,853.23 was from State of Washington sources. These amounts were undetermined in 2014 and were reported entirely on the Schedule 16 at that time as a Federal grant. The amounts were not reported on the Schedule 9 as debt incurred in 2014. The entire amount of the loan has been recorded on the 2015 Schedule 9.

The City experienced a major windstorm in 2015. Expenditures were elevated for street clearing of downed trees. The power failure from this windstorm also resulted in a generator failure in a sewer lift station, requiring the City to manually pump out this portion of the system to avoid damage to homes of utility customers.

Interlocal Agreements

The City has an Interlocal Agreement with the Spokane Aquifer Joint Board, and is assessed a portion of its operating costs. This board oversees the water quality in the Spokane Aquifer. As the City's water utility draws its water from the Aquifer, decisions & resolutions of this board impact the operations of the City's utility.

The City has Interlocal Agreement(s) with the Spokane County, including Building Plan Review and Inspection services, care & custody of prisoners, prosecutorial and public defender services, and SCRAPS for animal control service. The City pays for these services as needed.

The City has an Interlocal Agreement with the Spokane County Sheriff to provide public safety services in lieu of a City police force. The City maintains an annual contract and pays for service on a monthly basis.

The City leases two public properties to Spokane County for public safety purposes. A portion of the City Hall is leased to Sheriff Community Oriented Policing Effort (SCOPE). This lease is renewed yearly. The City also leases land to the Spokane Valley Fire District. The City issued G.O. Bonds to build the station. The SVFD, as part of their lease, pays all G.O. Bond Payments as rent to the City. The City then makes the appropriate payment for the bond. The SVFD lease term is 150 years. The building reverts to the possession of the SVFD at the end of the bond payment obligation.

The City has an Interlocal Agreement with the City of Spokane for shared hearing examiner services for administrative appeals and land use matters.

The City has an Interlocal Agreement with Spokane County as a participating Regional City in the Spokane County Regional Solid Waste System.

The City has an Interlocal Agreement with Spokane County for a multi-use trail along a portion of the former Great Northern Railway Company Right-of-Way.

The City has an Interlocal Agreement with Orchard Avenue Irrigation District regarding the maintenance, service areas, and responsibilities regarding water infrastructure in a shared trench in the Bessie Road Right-of-way.

The City has an Interlocal Agreement with Spokane County regarding CDBG Block Grants and related funds. The City may not separately apply for small city or state CDBG grants while the City participates in the Spokane County CDBG and HOME programs during fiscal years 2015, 2016, 2017, and until all funded activities are completed. Neither party may withdraw from the agreement during this period. The City and County will take all actions necessary to comply with the urban county's certification under 104(b) of Title I of the Housing and Community Development Act of 1974 and other applicable laws. The agreement covers a number of Fair Housing, Community Development Action Plan, and Regional County Homeless Program issues. The City will have a representative on the County Housing and Community Development Advisory Committee.

The City has an Interlocal Agreement with Spokane County for Animal Control Services.

The City has an Interlocal Agreement with the Association of Washington Cities Employee Benefit Trust for the provision of Healthcare Payroll Benefits.

The City has an Interlocal Agreement with Spokane County for emergency management services. The City agrees to participate in collaboration, dialog, planning, and exercises by the Greater Spokane Department of Emergency Management. The Department's purpose is to provide for effective and economical preparation and coordination of emergency functions, as well as to mitigate, respond to, prepare for, and recover from emergency disasters caused by all hazards.

The City has an Interlocal Agreement with the Spokane Regional Transportation Council to coordinate transportation within the City's boundaries with the Metropolitan Transportation Plan and Regional Transportation Improvement Plan.

The City has an Interlocal Agreement with Spokane County and 12 regional towns and cities for developing Countywide Growth Management Act Planning Policies.

Construction

The City plans to begin the planning and design on a portion of the Millwood Trail. This project is scheduled to begin in 2016, with funding from Washington State DOT. Budgeted costs are expected to be \$97,000.

The City has budgeted \$200,000 for planned maintenance and repair of the main water tower. This project is expected to be completed in 2016.

Risk Management

The City of Millwood self-insured for purposes of Unemployment compensation. The City operates on a reimbursement basis with the Department of Employment Security. The City had no Unemployment claims in 2015.

Legal Compliance

The City's adopted and published budget differs from the Annual Report budget due to consolidation of related funds and their shared interfund transfers. The consolidation process removed interfund transfers between associated funds in order to prevent the overstatement of revenue and expenditure in those funds.

The City exceeded its budget in Fund 201 by less than \$1 due to rounding of cents on the final closing transfer.

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

		<u>Total for All Funds (Memo Only)</u>	<u>001 General Fund</u>	<u>101 Street Fund</u>	<u>201 LTGO Bond Fund</u>
Beginning Cash and Investments					
30810	Reserved	708,211	-	568,094	1,477
30880	Unreserved	1,871,609	1,363,672	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	1,167,988	849,164	263,921	-
320	Licenses and Permits	24,878	24,258	320	-
330	Intergovernmental Revenues	129,615	68,456	61,159	-
340	Charges for Goods and Services	642,524	1,020	-	-
350	Fines and Penalties	997	997	-	-
360	Miscellaneous Revenues	10,040	9,044	512	-
Total Operating Revenues:		<u>1,976,042</u>	<u>952,939</u>	<u>325,912</u>	<u>-</u>
Operating Expenditures					
510	General Government	335,257	335,257	-	-
520	Public Safety	253,889	253,889	-	-
530	Utilities	505,344	-	-	-
540	Transportation	192,871	-	192,871	-
550	Natural and Economic Environment	86,732	86,732	-	-
560	Social Services	407	407	-	-
570	Culture and Recreation	49,813	49,813	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		<u>1,424,314</u>	<u>726,098</u>	<u>192,871</u>	<u>-</u>
Net Operating Increase (Decrease):		<u>551,728</u>	<u>226,841</u>	<u>133,041</u>	<u>-</u>
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	74,335	-	-	-
391-393	Debt Proceeds	239,683	-	-	-
397	Transfers-In	64,232	22,477	-	41,700
Total Nonoperating Revenues:		<u>378,250</u>	<u>22,477</u>	<u>-</u>	<u>41,700</u>
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	212	151	-	-
591-593	Debt Service	209,952	-	-	41,754
594-595	Capital Expenditures	227,862	109,611	47,924	-
597	Transfers-Out	64,232	55	47,160	1,422
Total Nonoperating Expenditures:		<u>502,258</u>	<u>109,816</u>	<u>95,084</u>	<u>43,177</u>
Net Increase (Decrease) in Cash and Investments:		<u>427,721</u>	<u>139,501</u>	<u>37,957</u>	<u>(1,476)</u>
Ending Cash and Investments					
5081000	Reserved	691,545	-	606,051	-
5088000	Unreserved	2,315,995	1,503,174	-	-
Total Ending Cash and Investments		<u>3,007,540</u>	<u>1,503,174</u>	<u>606,051</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

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

		204 GO Note Bond Fund	301 Capital Projects Fund	302 Special Capital Projects Fund	401 Utility Fund
Beginning Cash and Investments					
30810	Reserved	12	24,068	26,068	88,492
30880	Unreserved	-	-	-	507,937
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	-	27,453	27,450	-
320	Licenses and Permits	-	-	-	300
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	641,504
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	484
Total Operating Revenues:		-	27,453	27,450	642,288
Operating Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	505,344
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		-	-	-	505,344
Net Operating Increase (Decrease):		-	27,453	27,450	136,944
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	72,980	-	-	1,355
391-393	Debt Proceeds	-	-	-	239,683
397	Transfers-In	55	-	-	-
Total Nonoperating Revenues:		73,035	-	-	241,038
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	-	-	62
591-593	Debt Service	73,034	-	-	95,164
594-595	Capital Expenditures	-	-	19,558	50,770
597	Transfers-Out	-	-	-	15,595
Total Nonoperating Expenditures:		73,034	-	19,558	161,590
Net Increase (Decrease) in Cash and Investments:		1	27,453	7,892	216,391
Ending Cash and Investments					
5081000	Reserved	13	51,521	33,960	-
5088000	Unreserved	-	-	-	812,821
Total Ending Cash and Investments		13	51,521	33,960	812,821

The accompanying notes are an integral part of this statement.

MCAG #: 0718

CITY OF MILLWOOD
SCHEDULE OF DISBURSEMENT ACTIVITY
For Year Ending: December 31, 2015

SCHEDULE 07

Fund	Fund Title	Beginning			Ending		Prior Yr Open Period Items	Curr Yr Open Period Items	Disbursements 12/31/2015
		Outstanding Items 01/01/2015	Issued During The Year	Redeemed During The Year	Canceled During The Year	Outstanding Items 12/31/2015			
001	General Fund	75,864.50	851,697.29	819,466.86	19.27	108,075.66	0.00	0.00	851,678.02
101	Street Fund	27,351.81	240,813.01	250,493.24		17,671.58	0.00	0.00	240,813.01
201	LTGO Bond Fund		41,754.46	41,754.46			0.00	0.00	41,754.46
204	GO Note Bond Fund		73,033.64	73,033.64			0.00	0.00	73,033.64
302	Special Capital Projects Fund		19,557.83	19,557.83			0.00	0.00	19,557.83
401	Utility Fund	59,309.74	651,692.16	626,042.35		84,959.55	0.00	0.00	651,692.16
TOTALS:		162,526.05	1,878,548.39	1,830,348.38	19.27	210,706.79			1,878,529.12

ID. No.	Description	Maturity/Payment Due Date	Beginning Balance 01/01/2015	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/2015
251.11	LTGO Bond (Fund 201)	12/1/2015	40,000		40,000	5919571	-
251.11	GO Bond (Fire Station)	12/21/2018	250,000		60,000	5912271	190,000
251.13	Revenue Bond	12/1/2015	70,000		70,000	5913572	-
259.12	Compensated Absenses		7,303		552		6,751
236.81	DWSRF Buckeye	12/31/2035	136,191	239,683	18,110	5913478	357,764
264.3	Pension Liability		-	277,467			277,467

**City of Millwood
MCAG #0718**

**Notes to the Schedule 9
For the Year Ended December 31, 2015**

The accompanying notes are integral to the financial statements

The City corrected the beginning balances for two reported Bonds on the Schedule 9:

1. The ending balance of the Revenue Bond in 2014 was reported at \$66,681. The correct amount should have been \$70,000, and was reported as the beginning balance in 2015.
2. The ending balance of the LTGO Bond in 2014 was reported as \$60,000. The correct amount should have been \$40,000, and was reported as the beginning balance in 2015.

As per reporting requirements, the City combined the Compensated Absences previously split into governmental and proprietary liabilities.

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CITY OF MILLWOOD
SCHEDULE OF CASH ACTIVITY
 For Year Ending: December 31, 2015

SCHEDULE 11

Fund	Beg Balance	Receipts	Transfers-In	Other Rev	Netted Trans	Ttl Increase	Disbursements	Trans-Out	Other Exp	Ttl Decrease	End Balance
001 General Fund	1,363,672.35	968,918.08	22,477.04	-15,762.37		975,632.75	851,697.29	55.00	+15,621.00	836,131.29	1,503,173.81
101 Street Fund	568,093.57	325,930.16				325,930.16	240,813.01	47,160.00		287,973.01	606,050.72
201 LTGO Bond Fund	1,476.75		41,700.00			41,700.00	41,754.46	1,422.29		43,176.75	
204 GO Note Bond Fund	11.75	72,980.00	55.00			73,035.00	73,033.64			73,033.64	13.11
301 Capital Projects Fund	24,068.21	27,452.84				27,452.84					51,521.05
302 Special Capital Projects Fund	26,068.06	27,449.80				27,449.80	19,557.83			19,557.83	33,960.03
401 Utility Fund	596,429.34	884,491.26		-509.01		883,982.25	651,692.16	15,594.75	303.31	667,590.22	812,821.37
TOTALS:	2,579,820.03	2,307,222.14	64,232.04	-16,271.38		2,355,182.80	1,878,548.39	64,232.04	-15,317.69	1,927,462.74	3,007,540.09

CITY OF MILLWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING: DECEMBER 31, 2015

MCAG #: 0718

Schedule 16

Federal Agency Name / Pass-Through Agency Name	Federal Program Name	CFDA #	Other ID #	From Pass-Thru Awards	From Direct Awards	Total	Footnote Ref
Environmental Protection Agency / Thru Washington State Department Of Transportation	Millwood Trail	20.205	STPE-0780(002)	1,308.67	0.00	1,308.67	1, 2, 7
Total Federal Awards Expended:				1,308.67		1,308.67	

City of Millwood
MCAG #0718

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

The accompanying notes are integral to the financial statements

Note 1 – Basis of Accounting

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

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

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The amount expended includes No Dollars (\$0.00) claimed as an indirect cost recovery using an approved indirect cost rate of Zero (0%) percent.

**Labor Relations Consultant(S)
For the Year Ended December 31, 2015**

Has your government engaged labor relations consultants? ___ Yes __X_ No

If yes, please provide the following information for each consultant:

Name of firm:
Name of consultant:
Business address:
Amount paid to consultant during fiscal year:
Terms and conditions, as applicable, including: Rates (e.g., hourly, etc.) Maximum compensation allowed Duration of services Services provided

**Local Government Risk Assumption
For the Year Ended December 31, 2015**

1. Self-Insurance Program Manager: _____
2. Manager Phone: _____
3. Manager Email: _____
4. How do you insure property and liability risks, if at all?
 - a. Self-insure some or all risks
 - b. Belong to a public entity risk pool
 - c. Purchase private insurance
 - d. No insurance
5. How do you provide health and welfare insurance (e.g., medical, dental, prescription drug, and/or vision benefits) to employees, if at all?
 - e. Self-insure some or all benefits
 - f. Belong to a public entity risk pool
 - g. All benefits provided by health insurance company or HMO
 - h. Not applicable - no such benefits offered
6. How do you insure unemployment compensation benefits, if any?
 - i. Self-insured ("Reimbursable")
 - j. Belong to a public entity risk pool
 - k. Pay taxes to the Department of Employment Security ("Taxable")
 - l. Not applicable - no employees
7. How do you insure workers compensation benefits, if any?
 - m. Self-insured ("Reimbursable")
 - n. Belong to a public entity risk pool
 - o. Pay premiums to the Department of Labor and Industries
 - p. Not applicable - no employees
8. How do you insure other risks and obligations, if any?
 - q. Self-insure some or all other risks
 - r. Belong to a public entity risk pool
 - s. Purchase private insurance
 - t. Not applicable - have no other insurable risks

If the answer to any of the above questions is (a), then answer the rest of the form in relation to the government's self-insured risks.

If NOT, STOP, the local government does not need to complete the rest of this Schedule.

9. Does the local government self-insure any risks as an individual program? (yes/no)
- i. If answered YES, does the local government allow another separate legal entity into its self-insurance program(s)? (yes/no) For example, employees of a different organization participate in a health and welfare program of a city.
- If so, list the other entity or entities: _____
10. Does the local government self-insure any risks as a joint program? (yes/no)
- i. If answered YES, list the other member(s): _____
11. Are any claims administered by contract with a third-party administrator? (yes/no)
12. Did the local government (or its third party administrator, if applicable) receive a claims audit within the last three years? (yes/no)
13. Were the program's revenues sufficient to cover the program's expenses? (yes/no)
14. Did the program use an actuary to determine its liabilities? (yes/no)
15. For each type of self-insured risk, describe the risk, the number of claims received during the period, the number of claims paid during the period and the amount of claims paid in the following table:

EXAMPLE

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period
Liability (automobile)	15	12	\$104,366

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period