Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

City of Leavenworth

Chelan County

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

Published September 22, 2016

Report No. 1017502

Washington State Auditor's Office

September 22, 2016

Mayor and City Council
City of Leavenworth
Leavenworth, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Leavenworth
Chelan County
January 1, 2015 through December 31, 2015

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of the City of Leavenworth are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation of all funds with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
20.205	Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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 Leavenworth
Chelan County
January 1, 2015 through December 31, 2015

Mayor and City Council
City of Leavenworth
Leavenworth, 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 Leavenworth, Chelan County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 13, 2016.

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 audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's

internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 13, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

City of Leavenworth
Chelan County
January 1, 2015 through December 31, 2015

Mayor and City Council
City of Leavenworth
Leavenworth, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Leavenworth, Chelan County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal

program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

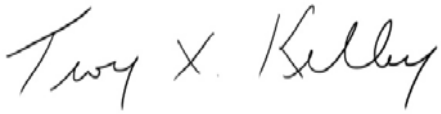
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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.



TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 13, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Leavenworth
Chelan County
January 1, 2015 through December 31, 2015

Mayor and City Council
City of Leavenworth
Leavenworth, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Leavenworth, Chelan County, Washington, for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 15.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Leavenworth 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 Leavenworth, for the year ended December 31, 2015, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Leavenworth, as of December 31, 2015, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

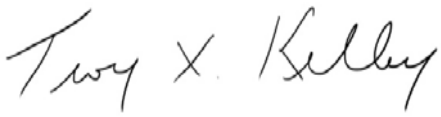
Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2016 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.



TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 13, 2016

FINANCIAL SECTION

City of Leavenworth
Chelan County
January 1, 2015 through December 31, 2015

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2015
Schedule of Expenditures of Federal Awards – 2015
Notes to the Schedule of Expenditures of Federal Awards – 2015

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

		Total for All Funds (Memo Only)	001 Current Expense	101 Streets
Beginning Cash and Investments				
30810	Reserved	501,043	-	89
30880	Unreserved	1,876,093	622,370	-
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	3,914,609	1,826,761	536,064
320	Licenses and Permits	138,959	138,959	-
330	Intergovernmental Revenues	2,053,081	734,538	1,202,173
340	Charges for Goods and Services	4,369,501	157,094	-
350	Fines and Penalties	14,998	900	-
360	Miscellaneous Revenues	473,433	104,688	5,450
Total Operating Revenues:		10,964,582	2,962,940	1,743,687
Operating Expenditures				
510	General Government	493,187	410,956	-
520	Public Safety	630,306	630,306	-
530	Utilities	2,369,462	87,335	-
540	Transportation	806,811	-	518,503
550	Natural and Economic Environment	1,243,675	233,427	-
560	Social Services	5,480	5,480	-
570	Culture and Recreation	768,827	605,740	-
598	Miscellaneous Expenses	-	-	-
Total Operating Expenditures:		6,317,749	1,973,243	518,503
Net Operating Increase (Decrease):		4,646,834	989,696	1,225,184
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	462,943	285,942	165,500
391-393	Debt Proceeds	374,455	274,455	-
397	Transfers-In	834,451	-	450,000
Total Nonoperating Revenues:		1,671,848	560,397	615,500
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	539,396	286,267	178,500
591-593	Debt Service	1,216,969	8,045	61,717
594-595	Capital Expenditures	3,061,520	749,581	1,471,751
597	Transfers-Out	366,001	-	-
Total Nonoperating Expenditures:		5,183,885	1,043,893	1,711,968
Net Increase (Decrease) in Cash and Investments:		**1,134,797**	**506,200**	**128,716**
Ending Cash and Investments				
5081000	Reserved	774,745	-	128,805
5088000	Unreserved	2,737,188	1,128,571	-
Total Ending Cash and Investments		**3,511,933**	**1,128,571**	**128,805**

The accompanying notes are an integral part of this statement.

104 Lodging Tax	107 P.W. Capital Improvement	176 Community Swimming Pool	201 1997 G.O. Bond	202 2009 G.O. Bond	203 2013 G.O. Bond
164,858	110,660	12,402	-	-	-
-	-	-	85,447	-	28
-	-	-	-	-	-
1,332,021	158,947	-	60,816	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	84,589	-	-	-
-	-	-	-	-	-
164	6	-	134	-	-
1,332,185	158,953	84,589	60,950	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,010,249	-	-	-	-	-
-	-	-	-	-	-
-	-	163,088	-	-	-
-	-	-	-	-	-
1,010,249	-	163,088	-	-	-
321,936	158,953	(78,499)	60,950	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	118,450	-	29,043	186,958
-	-	118,450	-	29,043	186,958
-	-	10,000	-	-	-
135,336	-	31	85,979	29,043	186,986
35,091	-	11,986	-	-	-
29,043	150,000	-	-	-	-
199,470	150,000	22,018	85,979	29,043	186,986
122,466	**8,953**	**17,934**	**(25,030)**	**0**	**(28)**
287,325	119,613	30,336	-	-	-
-	-	-	60,418	-	-
287,325	**119,613**	**30,336**	**60,418**	**-**	**-**

The accompanying notes are an integral part of this statement.

301 Capital Projects Fund (Warehouse)	402 Garbage	403 Water	404 Sewer	410 Stormwater	415 Parking
95,034	-	-	118,000	-	-
-	106,301	95,859	566,983	49,046	111,780
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	116,371	-
-	695,370	1,376,521	1,417,118	56,620	-
-	-	7,049	7,049	-	-
123	1,463	9	913	-	360,161
123	696,833	1,383,579	1,425,080	172,991	360,161
-	-	-	-	-	-
-	-	-	-	-	-
-	614,335	820,789	824,669	22,334	-
-	-	-	-	-	35,714
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	614,335	820,789	824,669	22,334	35,714
123	82,498	562,790	600,411	150,657	324,447
-	-	-	-	5,000	-
-	-	40,000	60,000	-	-
-	-	50,000	-	-	-
-	-	90,000	60,000	5,000	-
-	-	-	-	5,000	59,203
-	-	330,358	293,108	5,529	73
4,491	15,647	294,535	131,500	179,544	-
-	-	-	-	-	186,958
4,491	15,647	624,892	424,608	190,074	246,234
(4,368)	**66,851**	**27,897**	**235,803**	**(34,416)**	**78,213**
90,666	-	-	118,000	-	-
-	173,152	123,756	802,786	14,629	189,994
90,666	**173,152**	**123,756**	**920,786**	**14,629**	**189,994**

The accompanying notes are an integral part of this statement.

501 Equip Rental & Revolving Fund	502 Central Services
-	-
238,280	-
-	-
-	-
-	-
-	-
493,911	88,278
-	-
322	-
494,233	88,278
-	82,231
-	-
-	-
252,594	-
-	-
-	-
-	-
-	-
252,594	82,231
241,639	6,047
6,500	-
-	-
-	-
6,500	-
425	-
80,765	-
161,345	6,048
-	-
242,535	6,048
5,604	**(1)**
-	-
243,884	-
243,884	**-**

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	601 Cemetery Endowment Fund	630 Transportation Benefit District Agency Fund	635 UVPRSA Agency Fund
308	Beginning Cash and Investments	161,670	161,670	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	474,931	6,481	350,000	118,450
380-390	Other Increases and Financing Sources	33,000	33,000	-	-
510-570	Expenditures	12,040	12,040	-	-
580-590	Other Decreases and Financing Uses	468,450	-	350,000	118,450
Net Increase (Decrease) in Cash and Investments:		27,441	27,441	-	-
508	Ending Cash and Investments	189,111	189,111	-	-

The accompanying notes are an integral part of this statement.

2015 NOTES TO FINANCIAL STATEMENTS
CITY OF LEAVENWORTH

January 1, 2015 through December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Leavenworth was incorporated in 1906 and operates under the laws of the State of Washington applicable to a Non Charter Code City with a Mayor-Council form of Government. The City of Leavenworth is a general purpose government and provides the following services: administrative, police (contracted), fire protection (through fire district), library (through a regional library district), cemetery, parks and recreation, street/parking maintenance and improvement, and garbage collection. In addition, the City owns and operates its own water, sewer and stormwater systems.

The City of Leavenworth reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting Systems (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 of Leavenworth 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 of Leavenworth'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 by the City of Leavenworth:

GOVERNMENTAL FUND TYPES:

Current Expense (General) Fund (001)

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

Special Revenue Funds (100-199)

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

Debt Service Funds (200-299)

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 Fund (300-399)

These funds account for the 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 (400-499)

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

Internal Service Funds (500-599)

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

FIDUCIARY FUND TYPES (600 - 699 Series):

Fiduciary funds account for assets held by the City of Leavenworth 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. The City of Leavenworth maintains a Cemetery Endowment Fund that is best described as a Private-Purpose Trust Fund. This fund was originally created as a trust fund by donation from a private citizen to establish and build a reserve fund over time to operate and maintain the Leavenworth Mountain View Cemetery once there are no remaining open lots or niches available. The City of Leavenworth continues to build this fund by providing 50% of all lot sales to the Cemetery Endowment Fund.

Agency Funds

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

The City of Leavenworth maintains a Leavenworth Transportation Benefit District Agency Fund to hold and distribute funds from the District to the City's Street Fund for transportation related maintenance and capital projects.

The City of Leavenworth maintains a UVPRSA (Upper Valley Park & Recreation Service Area) Agency Fund to hold and distribute funds from the Service Area to the City's Pool Fund for pool related

maintenance and capital projects; this is a newly added fund for 2015 that was determined to be necessary by the Washington State Auditor's Office in 2016 through the annual reporting process for 2015. This new separation allows for better tracking of UVPRSA funds provided to the City of Leavenworth to support the pool operations and eliminates the duplication of financial reporting between the two separate entities.

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 of Leavenworth also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period, these expenditures are all booked with a date of 12/31 in the given calendar year.

c. Budgets

The City of Leavenworth adopts biennial appropriated budgets for the Current Expense (General), Leavenworth Civic Center, Streets, Lodging Tax, P.W. Capital Improvement, Community Swimming Pool, 1997 G.O. Bond, 2009 G.O. Bond, 2013 G.O. Bond, Capital Projects Fund (Warehouse), Garbage, Water, Sewer, Water Bond Reserve, Sewer Bond Reserve, Stormwater, Parking, Equipment Rental & Revolving, Central Services, Cemetery Endowment, Transportation Benefit District Agency, and the UVPRSA Agency Funds. These budgets are appropriated at the fund level including use of ending fund reserved and unreserved balances unless otherwise noted. The budget constitutes the legal authority for expenditures at that level. Any managerial funds are combined with the appropriate fund for reporting purposes only as required by the BARS manual; these would include the Leavenworth Civic Center (Fund 110) being included within the General Fund (001); the Water Bond Reserve Fund (405) being included in the Water Fund (403); and the Sewer Bond Reserve Fund (406) being included in the Sewer Fund (404). Interfund activity between managerial funds would be eliminated. Biennial appropriations for all funds lapse at the fiscal year end of the second year of the Biennial Budget.

Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted 2015-2016 combined budgets were as follows as of December 31, 2015:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense (General) Fund	$6,804,811.00	$2,871,997.56	$3,932,813.44
Leavenworth Civic Center	$416,549.00	$152,638.07	$263,910.93
Streets Fund	$3,997,194.00	$2,230,470.78	$1,766,723.22
Lodging Tax Fund	$2,549,953.00	$1,209,718.42	$1,340,234.58
P.W. Capital Improvement Fund	$291,471.00	$150,000.00	$141,471.00
Community Swimming Pool Fund	$521,577.00	$185,105.37	$336,471.63
1997 GO Bond Fund	$263,228.00	$85,978.64	$177,249.36
2009 GO Bond Fund	$58,086.00	$29,042.78	$29,043.22
2013 GO Bond Fund	$371,828.00	$186,986.39	$184,841.61
Capital Projects Fund	$95,034.00	$4,491.25	$90,542.75

Garbage Fund	$1,581,123.00	$629,982.46	$951,140.54
Water Fund	$2,950,264.00	$1,488,681.83	$1,461,582.17
Water Bond Reserve Fund	$133,048.00	$0.00	$133,048.00
Sewer Fund	$4,089,775.00	$1,249,277.23	$2,840,497.77
Sewer Bond Reserve Fund	$264,048.00	$0.00	$264,048.00
Stormwater Fund	$366,302.00	$212,407.40	$153,894.60
Parking Fund	$841,141.00	$281,947.65	$559,193.35
Equip Rental & Revolving Loan Fund	$1,469,322.00	$495,129.55	$974,192.45
Central Services	$168,525.00	$88,278.06	$80,246.94
Cemetery Endowment Fund	$439,928.00	$12,040.00	$427,888.00
Transportation Benefit District Fund	$485,000.00	$350,000.00	$135,000.00
UVPRSA Agency Fund	$0.00	$118,450.00	-$118,450.00
TOTAL	$28,158,207.00	$12,032,623.44	$16,125,583.56

The department head in conjunction with the Finance Director is authorized to transfer budgeted amounts between fund/object classes within any department within any fund, however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Leavenworth's legislative body.

A new Agency Fund for the UVPRSA (Upper Valley Park and Recreation Service Area) was created for the 2015 budget year that was not included in the original or amended budget as it was determined in May 2016, during the annual reporting process, by the State Auditor's Office staff that this separate agency fund should be used to account for the Service Area's funding rather than directly depositing the property tax revenues of this entity directly into the City's Pool Fund as has been the past practice over the last two decades. These funds show as a negative variance for this new addition at this time and will be budgeted for future years.

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 three years. The capital assets of the City of Leavenworth are recorded as expenditures when purchased.

f. Compensated Absences

Vacation leave may be accumulated up to 30 days for a prospective retiree (within four years of retirement). Otherwise, up to 15 days for Public Works and Office Staff and 10 days for Returning Seasonal Staff may be carried over from year to year at the employee's request. Non-Union Exempt employees may accumulate up to forty days for annual carryover. Upon separation or retirement, employees are compensated for accrued and unused vacation time. As of December 31, 2015 the total payout liability of all employees totals $68,319.47.

Sick leave may accumulate up to 1200 hours. Upon separation or retirement, employees having at a minimum of five years of employment with the City may receive payment of unused leave, up to 240 hours. As of December 31, 2015 the total payout liability of eligible employees totals $98,177.66.

Compensatory leave may accumulate for union employees to a maximum of 40 hours and should not be carried over in any given year without prior authorization by the City Administrator; generally any accrued comp time is paid out with the final year end check. Upon separation or retirement, employees are compensated for accrued and unused comp time. As of December 31, 2015 the total payout liability of all employees totals $0.00.

All leave payments are recognized as expenditures when paid.

g. Long-Term Debt

See Note 5, Debt Service Requirements.

h. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consists of all interfund loans in and out; Non Revenues and Non Expenses related to processing of funds for other governments or individuals such as leasehold excise and sales taxes; building permit and auction related surcharges; County Treasurer related funds for the Upper Valley Park and Recreation Service Area; Business Licensing and other related refunds; proceeds from the sale of capital assets and payroll clearing funds.

i. Risk Management

The City of Leavenworth 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.

Risk Pool Financial Statements are available for WCIA at http://www.wciapool.org/communications/annual-reports.

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 of the City Council. When expenditures that meet restrictions are incurred, the City of Leavenworth intends to use reserved resources first before using unreserved amounts. The City of Leavenworth has the following reserve funds:

FUND 101 Ordinance No. 1093 passed in 1998 created the purpose of the Street Fund into which moneys shall be placed for the purpose of constructing and maintaining arterial highways and city streets, or for the payment of any municipal indebtedness which may be incurred in the construction, improvement, chip sealing, seal-coating, repair and maintenance of arterial highways and city streets. This fund may also receive dedicated revenues from motor vehicle fuel taxes, real estate excise taxes and Leavenworth Transportation Benefit taxes all of which require reserving these funds for street related capital improvements. Fund balance on December 31, 2015 was $128,805.

FUND 104 Ordinance No. 1051 passed in 1997 established the Lodging Tax Fund for the City. These funds are generated by revenue from transient lodging tax and used for the construction of tourist facilities or for tourist promotion within the meaning of RCW 35.21.700 and RCW 67.28.1815 and bears on the tourist expansion in the City of Leavenworth or the areas adjacent to the City of Leavenworth which bear upon its economic condition. Fund balance on December 31, 2015 was $287,325.

FUND 107 is the Public Works Capital Improvement Fund generated by real estate excise taxes as imposed by the state under chapter 82.46 RCW. Fund balance on December 31, 2015 was $119,613.

FUND 176 is the Community Swimming Pool Fund that the City operates by interlocal agreement in conjunction with the Upper Valley Park & Recreation Service Area (UVPRSA). Annual resolutions are adopted by the UVPRSA to collect property tax dollars that are committed by voter approval to the operations and maintenance of the pool. All other revenues of the pool would be dedicated to the pool fund per the interlocal agreement between the City and the UVPRSA. Fund balance on December 31, 2015 was $30,336.

FUND 301 is a Capital Projects Fund (Warehouse) that was created per requirements to dedicate these specific dollars for capital improvement through the issuance of a Limited Tax General Obligation Improvement and Refunding Bond, 2013. These remaining dollars are to be dedicated to the capital improvements of the Leavenworth Fruit Warehouse lot that was purchased for public parking. Fund Balance on December 31, 2015 was $90,666.

FUND 404 (Includes rolled funds from FUND 406 Sewer Bond Reserve) Sewer Fund includes a reserve amount on a Department of Ecology Loan that was issued in 2000 and stated a requirement to reserve one year of annual payments which equates to $118,000. Reserve Fund Balance on December 31, 2015 was $118,000.

TOTAL BALANCE of all reserved funds is $774,745.

NOTE 2: DEPOSITS AND INVESTMENTS

It is the City of Leavenworth's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on investments is prorated to the various funds based on the monthly ending cash balance in each fund from the previous month. Due to the decline in interest rates in the current economy, all interest gained from the City's main checking account currently posts to the General Fund to offset all monthly bank service charges which typically exceeds monthly interest gains and is reconciled against monthly bank statements. As the market changes and interest gains increase, the City will divert back to distributing interest gains in the main checking account on a prorated basis by fund. Interest gains on all interfund loans are posted to the fund issuing the interfund loan as required by resolutions. Interest gains for the Water Bond Reserve Fund are recorded in the Water Fund and gains for the Sewer Bond Reserve Fund are recorded in the Sewer Fund.

The City of Leavenworth's 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 presented at amortized cost meaning interest earnings are recorded when earned. Investments by type at December 31, 2015 are as follows:

Type of Investment	Leavenworth's own investments	Investments held by Leavenworth as an agent for other local governments, individual or private organizations.	Total
L.G.I.P.	$1,681,314.38	$185,266.74	$1,866,581.12
U.S. Gov. Securities			
Other			
Totals	$1,681,314.38	$185,266.74	$1,866,581.12

NOTE 3: PROPERTY TAX

The Chelan County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are generally distributed at the end of each month while mid month distributions occur in April, May, October and November when taxes are due.

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

The City of Leavenworth's regular levy for 2015 was $1.1148510802 per $1,000 on an assessed valuation of $375,643,032, for a total regular levy of $418,786.04.

The City also has a special levy in the amount of $.1627008104 per $1,000 on an assessed valuation of $370,084,143 for a total special levy of $60,212.99. This special levy was approved by the voters in 1997 and is used to retire bonds issued to finance the construction of a new fire station and purchase of fire equipment with the final bond payment identified for 2017.

NOTE 4: INTERFUND LOANS

The following table identified below displays interfund loan activity during 2015; payments and balances include principle only. Interest is charged for short-term loans at the current rate of the LGIP or as defined by resolution and is typically paid back at the time of the principle payment; in the case of a multi-year interfund loan, interest is typically paid by December 31 of each year. The City Council approved Resolution 9-2009 granting authority for loans between city funds. Within this resolution temporary loans, which may not exceed more than 90 days, are authorized to be completed and notified to the City Council by the Finance Director without a resolution; all other loans exceeding 90 days must be authorized by resolution of the City Council.

The Finance Director authorized a temporary interfund loan for cash flow due to capital projects on December 31, 2014 to the Street Fund from the General Fund in the amount of $13,000 that was paid back on January 1, 2015.

The Finance Director authorized a temporary interfund loan related to grant reimbursement funding between July 31 and August 31, 2015 to the Street Fund from the General Fund with a total loan amount of $165,500 that was paid back in full on September 3, 2015.

The Finance Director authorized a temporary interfund loan related to grant reimbursement funding on October 31, 2015 to the Stormwater Fund from the General Fund with a total loan amount of $5,000 that was paid back in full on November 30, 2015.

In 2013 the City Council authorized two short-term (3 years or less) interfund loans by resolutions. The first 3-year interfund loan identified below for the Street/Parking borrowing fund was $100,000 for capital improvements for the design and construction of a city parking lot; in 2013 Parking was a department within the Street Fund. Beginning with the 2014 Budget year, the City Council transitioned the Parking revenues and expenditures into a new enterprise fund called Parking; with this transition the payments due over the next 3 years would be paid back from the new Parking Fund to the Cemetery Endowment Fund for the Parking Lot debt. The payments are anticipated for payback starting in 2014 and 2015 at $33,000 per year and ending in 2016 with the final payment of $34,000. The second 3-year interfund loan identified below for the Pool borrowing fund was authorized by the City Council in support of major capital improvements completed in 2013 at the Pool. With a new levy passed by voters in 2012, the Pool Fund is anticipated to pay back this loan at $10,000 per year with interest charges starting in 2014 and being paid back by December 31, 2016.

In 2014 the City Council authorized one short-term (3 years or less) interfund loan of $130,000 by resolution from the Water Bond Reserve Fund to the Water Fund for the installation of the new Well #3. Due to the funds being provided from Water related funds no interest is to be charged on this loan. Payments are set at $43,000 per year for 2015 and 2016 with the final payment of $44,000 due in 2017.

Borrowing Fund	Lending Fund	Balance 1/1/2015	New Loans	Repayments	Balance 12/31/2015
Street	Current Expense	$ 13,000	$ 0	$ 13,000	$ 0
Street	Current Expense	$ 0	$165,500	$165,500	$ 0
Stormwater	Current Expense	$ 0	$ 5,000	$ 5,000	$ 0
Street/Parking	Cemetery	$ 67,000	$	$ 33,000	$ 34,000
Pool	Current Expense	$ 20,000	$ 0	$ 10,000	$ 10,000
Water	Water Bond Res.	$130,000	$ 0	$ 43,000	$ 87,000

NOTE 5: DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Leavenworth and summarizes the City's debt transactions for year ended December 31, 2015. The debt service requirements for general obligation bonds, revenue bonds and public works loans from the Departments of Ecology and Commerce are as follows:

Year	Principle	Interest	Total Debt
2016	1,056,593	224,869	1,281,463
2017	1,058,218	208,054	1,266,272
2018	838,167	190,765	1,028,932
2019	823,256	174,439	997,695
2020	743,285	158,419	901,704
2021-2025	2,926,867	588,368	3,515,235
2026-2030	1,729,308	270,488	1,999,796
2031-2035	824,315	55,421	879,736
2036-2040	99,167	744	99,910
TOTALS	10,099,176	1,871,567	11,970,743

In 2015 the City received two new LOCAL Program non-voted loans from the State of Washington to fund the City's match costs for a solar/energy project and right-of-way acquisition for the Chumstick Trail. These new loans are identified on the Schedule 9 and notes above.

Debt Refunding

The City of Leavenworth did not issue any refunding bonds to retire existing series bonds in 2015.

Debt Guarantees
The City of Leavenworth did not guarantee any debt for any other agency in 2015.

NOTE 6: PENSION PLANS

A. State Sponsored Pension Plans

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

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 98504-8380

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

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

	Allocation %	Liability (Asset)
PERS 1	0.013183%	$689,594
PERS 2/3	0.017029%	$608,456

NOTE 7: OTHER DISCLOSURES

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the City of Leavenworth with exception to the creation of a new agency fund. In a review of the 2015 annual report, the State Auditor's Office (SAO) recommended including the Upper Valley Park & Recreation Service Area (UVPRSA or PRSA) funds on the City's financial statements as agency funds rather than directly depositing those funds into the City's Pool Fund. Since this adjustment affected the 2015 budget items after the close of the 2015 calendar year it will show as a variance from the originally adopted budget due to the transfer of funds occurring from the new Fund 635 UVPRSA Agency Fund to the City's Fund 176 Community Swimming Pool.

A prior audit exit recommendation was provided for the 2014 annual report for Financial Reporting to prepare a formal analysis for the reporting of special revenue funds in future years; this was created and

performed for the 2015 annual report and has been included as requested in the fund balance note disclosures for restricted funds listed above under item 1.j.

Additional major capital related projects planned to occur in 2016:

- The first project that will require borrowing new debt includes the Local Improvement District for the Meadowlark Subdivision of which the City will participate and provide up to $193,000 of debt service payments on and will be administering a small portion of a $750,000 CDBG Grant; a majority of this grant funding will not be utilized as the project was cancelled by the Meadowlark Developers in early 2016. The total LID portion of the project is anticipated to be between $800,00 and $900,00. This project coincides with the Chumstick Trail Project of which the City is also receiving state and federal funding for. The two projects combined are estimated to be about $1.6 Million. Engineering and design was completed by PACE Engineering and the construction contracts have been approved as of April 2016 with Advantage Dir Construction, Inc. beginning construction in the summer of 2016.
- The second project will be the completion of improvements to the P1/P2 parking lots that the City acquired in 2013. This total project will be paid utilizing developer donations and city cash reserves for capital projects; total estimated project costs are between $300,000 and $400,000. Engineering and design is currently underway with IntegriTech.
- The third project is the beginning stages of the Wastewater Treatment Plant upgrades also known as the TMDL improvements for reducing phosphorus discharges into the river and will be required for implementation by 2020. Beginning in 2016, the City received two loans (one forgivable) from the Department of Ecology totaling just under $200,000; these dollars are being allocated for the General Sewer Plan/Facility Plan with Varela and Associates. Major capital construction costs will be determined from this plan for the 2020 deadline.
- The fourth project is the Highway 2 and Gustav's Crosswalks that the City has been awarded State funding from the Department of Transportation (DOT); total State award for both crosswalks is $503,500. Engineering is currently underway by contract with the DOT; construction is estimated to begin in 2017.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	General Obligation Non-Voted 2/9/2009	12/1/2018	108,564	-	25,918	82,647
263.96	General Obligation Non-Voted 11/17/2009	12/1/2019	134,903	-	25,322	109,581
263.96	General Obligation Non-Voted 6/16/2010	12/1/2015	5,262	-	5,262	-
263.96	General Obligation Non-Voted 11/16/2011	12/1/2021	125,899	-	16,075	109,824
251.12	General Obligation Voted (Refunding) 11/22/2011	12/1/2017	250,000	-	80,000	170,000
251.11	General Obligation Non-Voted 11/22/2011	12/1/2026	595,000	-	40,000	555,000
263.96	General Obligation Non-Voted 3/19/2013	6/1/2023	181,035	-	16,621	164,415
251.22	General Obligation Voted 9/5/2013	12/1/2028	1,375,000	-	80,000	1,295,000
251.11	General Obligation Non-Voted 9/5/2013	12/1/2028	110,000	-	5,000	105,000
251.11	General Obligation Non-Voted 9/5/2013	12/1/2033	2,395,000	-	95,000	2,300,000
263.96	General Obligation Non-Voted 3/24/2015	6/1/2020	-	88,877	-	88,877
263.96	General Obligation Non-Voted 3/24/2015	6/1/2020	-	160,000	-	160,000
263.96	General Obligation Non-Voted 3/24/2015	6/1/2020	-	55,000	-	55,000
263.96	General Obligation Non-Voted 3/24/2015	6/1/2020	-	35,000	-	35,000
	Total General Obligation Debt/Liabilities:		**5,280,664**	**338,877**	**389,197**	**5,230,343**

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	Proprietary - DOE Loan 3/1/2000	3/31/2020	649,000	-	118,000	531,000
263.82	Proprietary - DOE Loan 3/1/1998	2/28/2017	43,077	-	18,462	24,615
263.82	Proprietary - PWTF Loan 2/20/1998	7/1/2017	414,237	-	138,079	276,158
263.82	Proprietary - DWSRF Loan 10/27/2004	10/1/2023	718,601	-	79,845	638,757
263.82	Proprietary - DWSRF Loan 10/21/2008	10/1/2025	958,466	-	87,133	871,333
263.82	Proprietary - PWTF Loan 1/24/2007	7/1/2025	304,277	-	27,662	276,616
263.82	Governmental - PWTF Loan 7/3/2009	7/1/2029	284,447	-	18,947	265,500
263.82	Proprietary - PWTF Loan 7/3/2009	7/1/2029	153,829	-	10,263	143,566
263.82	Proprietary - PWTF Loan 7/3/2009	7/1/2029	153,829	-	10,263	143,566
263.82	Governmental - PWTF Loan 2/15/2013	6/1/2037	865,916	-	37,188	828,729
263.82	Proprietary - PWTF Loan 2/15/2013	6/1/2037	119,943	-	5,454	114,489
263.82	Proprietary - PWTF Loan 2/15/2013	6/1/2037	40,516	-	1,983	38,532
263.82	Proprietary - PWTF Loan 2/15/2013	6/1/2037	114,042	-	4,958	109,083
263.82	Proprietary - PWTF Loan 8/21/2013	6/1/2032	642,589	-	35,699	606,889
259.12	Compensated Absences	12/31/2015	157,899	8,598	-	166,497
264.30	Pension Liability		-	1,298,049	-	1,298,049
	Total Revenue and Other (non G.O.) Debt/Liabilities:		**5,620,668**	**1,306,647**	**593,936**	**6,333,379**
	Total Liabilities:		**10,901,332**	**1,645,524**	**983,133**	**11,563,722**

City of Leavenworth
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
Highway Planning and Construction Cluster								
Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT - Greg Boatright, Boatrig@wsdot.wa.gov)	Highway Planning and Construction	20.205	STPR-04LD(001)	618,043	-	618,043	-	1,2
	Total Highway Planning and Construction Cluster:			**618,043**	**-**	**618,043**	-	
Office Of Water, Environmental Protection Agency (via WA State Department of Ecology)	Nonpoint Source Implementation Grants	66.460	EG150059	133,434	-	133,434	-	1,2
			Total Federal Awards Expended:	**751,477**	**-**	**751,477**	**-**	

The accompanying notes are an integral part of this schedule.

CITY OF LEAVENWORTH

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Leavenworth's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the 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 City of Leavenworth has elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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	
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