

# City of Roy

## Schedule 01

For the year ended December 31, 2014

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0600	001	General Fund	3088000	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	\$183,072
0600	001	General Fund	3111000	Property Tax	\$92,221
0600	001	General Fund	3113000	Sale of Tax Title Property	\$93
0600	001	General Fund	3131100	Local Retail Sales and Use Tax	\$176,282
0600	001	General Fund	3131500	Special Purpose Sales and Use Tax	\$9,170
0600	001	General Fund	3131700	Zoo, Aquarium and Wildlife Facilities Sales and Use Tax	\$6,618
0600	001	General Fund	3137100	Criminal Justice Sales and Use Tax	\$11,864
0600	001	General Fund	3161000	Business and Occupation Taxes	\$12,196
0600	001	General Fund	3164000	Business and Occupation Taxes on Utilities	\$11,846
0600	001	General Fund	3164100	Business and Occupation Taxes on Utilities	\$39,642
0600	001	General Fund	3164500	Business and Occupation Taxes on Utilities	\$3,655
0600	001	General Fund	3164700	Business and Occupation Taxes on Utilities	\$14,987
0600	001	General Fund	3168100	Gambling Taxes - Punch Boards and Pull Tabs	\$2,566
0600	001	General Fund	3174000	Timber Excise Tax	\$1
0600	001	General Fund	3213000	Police and Protective	\$10
0600	001	General Fund	3217000	Amusements	\$360
0600	001	General Fund	3219100	Franchise Fees	\$5,868
0600	001	General Fund	3219900	Other Business Licenses and Permits	\$6,285

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0600	001	General Fund	3423700	Detention and Correction Services	\$59
0600	001	General Fund	3424000	Protective Inspection Services	\$721
0600	001	General Fund	3425000	Disaster Preparation Services	\$132
0600	001	General Fund	3452300	Animal Control and Shelter Services	\$450
0600	001	General Fund	3458300	Plan Checking Services	\$277
0600	001	General Fund	3458900	Other Planning and Development Services	\$7,136
0600	001	General Fund	3472000	Library Services	\$22
0600	001	General Fund	3523000	Proof of Motor Vehicle Insurance	\$1,288
0600	001	General Fund	3531000	Traffic Infraction Penalties	\$29,138
0600	001	General Fund	3552000	Driving Under Influence (DUI) Fines	\$689
0600	001	General Fund	3558000	Other Criminal Traffic Misdemeanor Fines	\$4,596
0600	001	General Fund	3569000	Other Criminal Non-Traffic Fines	\$268
0600	001	General Fund	3573300	Public Defense Cost	\$560
0600	001	General Fund	3573900	Miscellaneous District/Municipal Court Cost Recoupments	\$74
0600	001	General Fund	3597000	Non-Court Fines and Penalties	\$86
0600	001	General Fund	3599000	Non-Court Fines and Penalties	\$180
0600	001	General Fund	3599000	Non-Court Fines and Penalties	\$119
0600	001	General Fund	3599000	Non-Court Fines and Penalties	\$110
0600	001	General Fund	3611100	Investment Interest	\$92
0600	001	General Fund	3614000	Other Interest	\$93
0600	001	General Fund	3614000	Other Interest	\$2,066
0600	001	General Fund	3624000	Space and Facilities Rentals (Short-Term)	\$375
0600	001	General Fund	3625000	Space and Facilities Leases (Long-Term)	\$30,434

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0600	305	Capital Projects Fund	3088000	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	\$28,442
0600	305	Capital Projects Fund	3183400	REET 1 - First Quarter Percent	\$4,235
0600	305	Capital Projects Fund	3183500	REET 2 - Second Quarter Percent	\$4,235
0600	305	Capital Projects Fund	3340380	State Direct/Indirect Grant from Transportation Improvement Board (TIB)	\$123,098
0600	305	Capital Projects Fund	3340380	State Direct/Indirect Grant from Transportation Improvement Board (TIB)	\$16,468
0600	305	Capital Projects Fund	3611100	Investment Interest	\$10
0600	305	Capital Projects Fund	3611100	Investment Interest	\$3
0600	305	Capital Projects Fund	3611100	Investment Interest	\$7
0600	305	Capital Projects Fund	3971800	Transfers-In	\$1,000
0600	305	Capital Projects Fund	3972100	Transfers-In	\$3,000
0600	305	Capital Projects Fund	3973400	Transfers-In	\$1,000
0600	305	Capital Projects Fund	3974200	Transfers-In	\$4,723
0600	305	Capital Projects Fund	3979500	Transfers-In	\$5,000
0600	402	Water Operations & Maintenance	3081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$136,782
0600	402	Water Operations & Maintenance	3088000	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	\$92,647
0600	402	Water Operations & Maintenance	3434000	Water Sales and Services	\$206,921
0600	402	Water Operations & Maintenance	3593400	Non-Court Fines and Penalties	\$6,378
0600	402	Water Operations & Maintenance	3611100	Investment Interest	\$28
0600	402	Water Operations & Maintenance	3611100	Investment Interest	\$79

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0600	001	General Fund	5153040	Legal Services	\$13,200
0600	001	General Fund	5153040	Legal Services	\$6,000
0600	001	General Fund	5153040	Legal Services	\$362
0600	001	General Fund	5159140	General Indigent Defense	\$2,600
0600	001	General Fund	5172020	Pension and Other Benefit Payments to Retirees	\$9,586
0600	001	General Fund	5172120	Pension and Other Benefit Payments to Retirees	\$25
0600	001	General Fund	5179030	Other Employee Benefit Programs	\$19
0600	001	General Fund	5182040	Property Management Services	\$1,025
0600	001	General Fund	5183010	Maintenance/Security/In surance/Janitorial Services	\$8,512
0600	001	General Fund	5183020	Maintenance/Security/In surance/Janitorial Services	\$3,677
0600	001	General Fund	5183030	Maintenance/Security/In surance/Janitorial Services	\$1,649
0600	001	General Fund	5183030	Maintenance/Security/In surance/Janitorial Services	\$1,114
0600	001	General Fund	5183030	Maintenance/Security/In surance/Janitorial Services	\$665
0600	001	General Fund	5183040	Maintenance/Security/In surance/Janitorial Services	\$3,913
0600	001	General Fund	5183040	Maintenance/Security/In surance/Janitorial Services	\$864
0600	001	General Fund	5183040	Maintenance/Security/In surance/Janitorial Services	\$6,404
0600	001	General Fund	5183040	Maintenance/Security/In surance/Janitorial Services	\$5,237
0600	001	General Fund	5183040	Maintenance/Security/In surance/Janitorial Services	\$488

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0600	001	General Fund	5585030	Building Permits and Plan Reviews	\$78
0600	001	General Fund	5586040	Planning	\$24
0600	001	General Fund	5586040	Planning	\$750
0600	001	General Fund	5586040	Planning	\$6,400
0600	001	General Fund	5586040	Planning	\$1
0600	001	General Fund	5660050	Chemical Dependency Services	\$174
0600	001	General Fund	5721040	Administration	\$2,375
0600	001	General Fund	5722010	Library Services	\$6,594
0600	001	General Fund	5722020	Library Services	\$708
0600	001	General Fund	5722030	Library Services	\$569
0600	001	General Fund	5722040	Library Services	\$1,446
0600	001	General Fund	5725030	Facilities	\$239
0600	001	General Fund	5725040	Facilities	\$75
0600	001	General Fund	5725040	Facilities	\$3,788
0600	001	General Fund	5725040	Facilities	\$125
0600	001	General Fund	5739030	Other	\$428
0600	001	General Fund	5768140	General Parks	\$338
0600	001	General Fund	5768140	General Parks	\$958
0600	001	General Fund	5768510	General Parks	\$5,551
0600	001	General Fund	5768520	General Parks	\$2,394
0600	001	General Fund	5768530	General Parks	\$1,171
0600	001	General Fund	5768530	General Parks	\$174
0600	001	General Fund	5769040	Other Park Facilities	\$968
0600	001	General Fund	5812000	Interfund Loan Repayments	\$5,433
0600	001	General Fund	5860000	Agency Type Disbursements	\$68
0600	001	General Fund	5860000	Agency Type Disbursements	\$1
0600	001	General Fund	5861200	Agency Type Disbursements	\$694
0600	001	General Fund	5868300	Agency Type Disbursements	\$1,791
0600	001	General Fund	5868300	Agency Type Disbursements	\$3,483

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0600	101	City Streets	5081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$7,486
0600	305	Capital Projects Fund	5941860	Capital Expenditures/Expenses - Centralized Services	\$2,500
0600	305	Capital Projects Fund	5951060	Capital Expenditures/Expenses - Engineering	\$25,784
0600	305	Capital Projects Fund	5951060	Capital Expenditures/Expenses - Engineering	\$16,468
0600	305	Capital Projects Fund	5953060	Capital Expenditures/Expenses - Roadway	\$94,473
0600	305	Capital Projects Fund	5971800	Transfers-Out	\$4,235
0600	305	Capital Projects Fund	5974200	Transfers-Out	\$4,723
0600	305	Capital Projects Fund	5081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$10,242
0600	305	Capital Projects Fund	5088000	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	\$38,800
0600	402	Water Operations & Maintenance	5341010	Water Utilities	\$16,769
0600	402	Water Operations & Maintenance	5341020	Water Utilities	\$3,142
0600	402	Water Operations & Maintenance	5341030	Water Utilities	\$670
0600	402	Water Operations & Maintenance	5341030	Water Utilities	\$1,605
0600	402	Water Operations & Maintenance	5341030	Water Utilities	\$142
0600	402	Water Operations & Maintenance	5341040	Water Utilities	\$3,868
0600	402	Water Operations & Maintenance	5341040	Water Utilities	\$3,961
0600	402	Water Operations & Maintenance	5341040	Water Utilities	\$696
0600	402	Water Operations & Maintenance	5341040	Water Utilities	\$90

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0600	402	Water Operations & Maintenance	5081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$162,198
0600	402	Water Operations & Maintenance	5088000	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	\$139,859
0600	635	Treasurers Suspense Fund	5860000	Agency Type Disbursements	\$2,150
0600	635	Treasurers Suspense Fund	5974200	Transfers-Out	\$4,723
0600	635	Treasurers Suspense Fund	5081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$20

**City of Roy**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2014**

		Total for All Funds (Memo Only)	001 General Fund	101 City Streets	305 Capital Projects Fund
<b>Beginning Cash and Investments</b>					
30810	Reserved	142,786	-	-	6,003
30880	Unreserved	310,460	183,072	6,298	28,442
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	389,613	381,142	-	8,471
320	Licenses and Permits	14,893	14,893	-	-
330	Intergovernmental Revenues	177,890	21,719	16,605	139,567
340	Charges for Goods and Services	220,050	13,129	-	-
350	Fines and Penalties	43,487	37,109	-	-
360	Miscellaneous Revenues	36,537	36,120	-	20
Total Operating Revenues:		882,470	504,111	16,605	148,058
<b>Operating Expenditures</b>					
510	General Government	170,420	170,420	-	-
520	Public Safety	193,315	193,315	-	-
530	Utilities	108,999	-	-	-
540	Transportation	19,990	337	19,653	-
550	Natural and Economic Environment	7,589	7,589	-	-
560	Social Services	174	174	-	-
570	Culture and Recreation	27,901	27,901	-	-
Total Operating Expenditures:		528,387	399,736	19,653	-
<b>Net Operating Increase (Decrease):</b>		<b>354,083</b>	<b>104,375</b>	<b>(3,048)</b>	<b>148,058</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	51,252	45,819	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	18,958	-	4,235	14,723
Total Nonoperating Revenues:		70,210	45,819	4,235	14,723
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	51,062	51,062	-	-
591-593	Debt Service	36,407	34	-	-
594-595	Capital Expenditures	139,763	407	-	139,225
597	Transfers-Out	18,958	9,000	-	8,958
Total Nonoperating Expenditures:		246,190	60,503	-	148,184
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>178,103</b>	<b>89,691</b>	<b>1,187</b>	<b>14,598</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	179,926	-	7,486	10,242
50880	Unreserved	451,422	272,763	-	38,800

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



**City of Roy**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2014**

		<u>402 Water Operations &amp; Maintenance</u>
<b>Beginning Cash and Investments</b>		
30810	Reserved	136,782
30880	Unreserved	92,647
388 & 588	Prior Period Adjustments, Net	-
<b>Operating Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	206,921
350	Fines and Penalties	6,378
360	Miscellaneous Revenues	397
Total Operating Revenues:		<u>213,696</u>
<b>Operating Expenditures</b>		
510	General Government	-
520	Public Safety	-
530	Utilities	108,999
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Operating Expenditures:		<u>108,999</u>
<b>Net Operating Increase (Decrease):</b>		<b><u>104,697</u></b>
<b>Nonoperating Revenues</b>		
370-380, 395 & 398	Other Financing Sources	5,433
391-393	Debt Proceeds	-
397	Transfers-In	-
Total Nonoperating Revenues:		<u>5,433</u>
<b>Nonoperating Expenditures</b>		
580, 596 & 599	Other Financing Uses	-
591-593	Debt Service	36,372
594-595	Capital Expenditures	131
597	Transfers-Out	1,000
Total Nonoperating Expenditures:		<u>37,503</u>
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b><u>72,627</u></b>
<b>Ending Cash and Investments</b>		
50810	Reserved	162,198
50880	Unreserved	139,859

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

**City of Roy**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2014**

		<u>Total for All Funds (Memo Only)</u>	<u>635 Treasurers Suspense Fund</u>
308	Beginning Cash and Investments	-	-
388 & 588	Prior Period Adjustments, Net	-	-
310-360	Revenues	-	-
380-390	Other Increases and Financing Sources	6,893	6,893
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	6,873	6,873
	Net Increase (Decrease) in Cash and Investments:	<u>20</u>	<u>20</u>
508	Ending Cash and Investments	20	20

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

**SCHEDULE OF DISBURSEMENT ACTIVITY  
For Year Ending: December 31, 2014**

Fund	Fund Title	Beginning Outstanding Items 01/01/2014	Issued During The Year	During The Year	Redeemed During The Year	Canceled During The Year	Ending Outstanding Items 12/31/2014	Prior Yr Open Period Items	Curr Yr Open Period Items	Disbursements 12/31/2014
001	General Fund	17,948.04	449,723.35	454,240.47	819.87	12,611.05	0.00	0.00	448,903.48	
101	City Streets	224.55	19,652.77	18,831.02		1,046.30	0.00	0.00	19,652.77	
305	Capital Projects Fund	6,555.25	139,225.33	145,780.58			0.00	0.00	139,225.33	
402	Water Operations & Maintenance	7,445.56	143,486.68	143,050.16		7,882.08	0.00	0.00	143,486.68	
635	Treasurers Suspense Fund	200.00	2,700.00	2,850.00	50.00		0.00	0.00	2,650.00	
<b>TOTALS:</b>		32,373.40	754,788.13	764,752.23	869.87	21,539.43			753,918.26	

**City of Roy**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2014**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligations</b>						
263.11	Claims and judgments, case 08-2-07663-1, 6/01/2009	3/1/2014	3,000	-	3,000	-
259.11	Compensated absences, Governmental		5,698	-	1,642	4,056
	<b>Total General Obligations:</b>		<b>8,698</b>	<b>-</b>	<b>4,642</b>	<b>4,056</b>
<b>Revenue Obligations</b>						
259.12	Compensated absences, Proprietary		488	163	-	651
263.82	Loans to other governments, Proprietary, PW Board - Corrosion Control Proj. 10/1/2000	10/1/2021	156,063	-	19,508	136,555
263.82	Loans to other governments, Proprietary, PW Board - Booster Pump Station 10/1/1999	10/1/2020	86,524	-	12,361	74,163
	<b>Total Revenue Obligations:</b>		<b>243,075</b>	<b>163</b>	<b>31,869</b>	<b>211,369</b>
	<b>Total Liabilities:</b>		<b>251,773</b>	<b>163</b>	<b>36,511</b>	<b>215,425</b>

**SCHEDULE OF CASH ACTIVITY**  
 For Year Ending: December 31, 2014

Fund	Beg Balance	Receipts	Transfers-In	Other Rev	Netted Trans	Ttl Increase	Disbursements	Trans-Out	Other Exp	Ttl Decrease	End Balance
001 General Fund	183,072.06	551,508.31		61.75		551,570.06	449,723.35		12,155.52	461,878.87	272,763.25
101 City Streets	6,298.36	16,605.10		4,235.48		20,840.58	19,652.77			19,652.77	7,486.17
305 Capital Projects Fund	34,445.61	148,057.53		14,722.96		162,780.49	139,225.33		8,958.44	148,183.77	49,042.33
402 Water Operations & Maintenance	229,429.65	214,960.52	-20,000.00	24,899.69		219,860.21	143,486.68	-20,000.00	23,746.20	147,232.88	302,056.98
635 Treasurers Suspense Fund		2,669.80		4,722.96		7,392.76	2,700.00		4,672.96	7,372.96	19.80
<b>TOTALS:</b>	453,245.68	933,801.26	-20,000.00	48,642.84		962,444.10	754,788.13	-20,000.00	49,533.12	784,321.25	631,368.53

MCAG NO. 0600

City of Roy

Schedule 15

City/Town

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2014

Grantor	Program Title	Identificaton Number	Amount
WA State Transportation Improvement Board	SCPP Warren Street Overlay	2-P-814(001)-1	120,257
	SCSP Peterson St 3rd St To School Parking Lot	P-P-814(P02)-1	16,468
	<b>Sub-total:</b>		<b>136,725</b>
Washington Department of Commerce	2015 GMA Update Grant	14-63200-029	6,424
	<b>Sub-total:</b>		<b>6,424</b>
<b>Grand total:</b>			<b>143,149</b>

**Labor Relations Consultant(S)  
For the Year Ended December 31, 2014**

Has your government engaged labor relations consultants? \_\_\_ Yes  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

**City of Roy**  
**2014 Annual Report**  
**Notes to the Financial Statements**

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

The City of Roy was incorporated on July 16, 1908 and operates under the laws of the state of Washington applicable to a Non-chartered Code City with a Mayor-Council form of government. The City of Roy is a general-purpose local government and provides public safety, street improvement, parks, library, and general administrative services. In addition, the City of Roy owns and operates a water system.

The City of Roy 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.

**Capital Projects Funds**

These funds account for financial resources that 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.

FIDUCIARY FUND TYPES:

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

Agency Funds

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

B. Basis of Accounting

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 Roy also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

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

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
001 General Fund	\$730,512	\$460,239	\$270,273
101 Street Fund	\$ 27,198	\$ 19,653	\$ 7,546
305 Capital Projects Fund	\$253,797	\$148,184	\$105,614
306 Capital Projects REET2 Fund	\$ 9,033	\$ 0	\$ 9,033
402 Water Operations & Maintenance Fund	\$308,662	\$166,371	\$142,291
405 Water Capital Improvements	\$162,320	\$ 131	\$162,189
501 Equipment Replacement/Repair	\$ 16,048	\$ 0	\$ 16,048

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

Fund and the Capital Projects Fund increased 11.2% and 17.8%, respectively, from the original budget. The primary reason was the anticipated purchase of property using revenues that were greater than anticipated in the General Fund, transferred for expenditure in the Capital Projects Fund. Ultimately, the purchase occurred in 2015.

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 \$5,000.00 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 120 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 176 hours and is not payable upon separation or retirement. Regular part-time employees accrue leave on a pro-rata basis. Payments are recognized as expenditures when paid. The accompanying Schedule 9 includes an estimated 7.85% additional amount for payroll taxes.

G. Long-Term Debt

See Note 5, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The government's *Other Financing Sources or Uses* consist of interfund transfers, insurance recoveries, contributions and loan proceeds.

I. Risk Management

*Property and Liability*

The City of Roy is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2014, 94 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, and

equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime) coverage is a stand-alone policy that the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$10 million in both per occurrence and aggregate liability limits. For the first \$1 million, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. For the \$9 million in excess coverage limits, an excess liability policy is purchased from Starr Indemnity & Liability Company. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. In 2014, AWC RMSA carried a retention of \$50,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

### *Health and Welfare*

The City of Roy 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, 2014, 263 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 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 fewer than 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 the AWC Board of Directors President and Vice President. 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.

AWC RMSA's and AWC Trust HCP's financial statements may be obtained by writing to:

Association of Washington Cities  
1076 Franklin Street SE  
Olympia, WA 98501-1346

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 action of 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	Amount	Reason for Reserve
101 Street Fund	\$ 7,486	Street maintenance and safety
305 Capital Projects	\$ 2,372	Park impact fees for park improvements
306 Capital Projects REET2	\$ 7,870	Mandated use of 2 <sup>nd</sup> quarter percent real estate excise tax
405 Capital Improvements (Water)	\$162,198	Replacements and upgrading of water system facilities

**Note 2 – Deposits and Investments**

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

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

Local Government Investment Pool is reported at fair market value. Money Market Savings Account is reported at amortized cost. Investments by type at December 31, 2014 are as follows:

Type of Investment	City of Roy’s own investments
L.G.I.P.	\$ 1,350
First Citizens Savings Account	\$485,649
Total	\$486,999

The city has a compensating balance agreement with First Citizens Bank that minimizes checking account maintenance fees. The average compensating balance maintained during the year was \$134,491.

**Note 3 - 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 of Roy. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Roy’s regular levy for the year 2014 was \$2.100000000000 per \$1,000 on an assessed valuation of \$44,357,960 for a total regular levy of \$93,151.72.

**Note 4 - Interfund Loans**

The following table displays interfund loan activity during 2014:

Borrowing Fund	Lending Fund	Balance 1/1/2014	New Loans	Repayments	Balance 12/31/2014
001	405	\$5,433	\$0	\$5,433	\$0

**Note 5 – Debt Service Requirements**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and

liabilities of the City of Roy and summarizes the city's debt transactions for year ended December 31, 2014.

There is no general obligation debt. The debt service requirements for revenue debt, including both principal and interest, are as follows:

Period	Revenue Debt Payments
2015	35,771
2016	35,169
2017	34,568
2018	33,966
2019	33,364
2020-2021	52,563
Totals	\$225,401

**Note 6 - Pension Plans**

Substantially all City of Roy full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) Plan 2 or the Law Enforcement Officers and Fire Fighters (LEOFF) Retirement Plan 2, administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the city's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems  
 Communications Unit  
 PO Box 48380  
 Olympia, WA 98504-8380

**Note 7 - Other Disclosures**

*Change in Financial Presentation*

The City's Equipment Replacement and Repair Fund is properly reclassified from an internal service fund to a capital projects fund.

The City recognizes the restrictions on uses of Motor Vehicle Fuel Tax, Real Estate Excise Tax and Transportation Benefit District revenues by designating the Street Fund balance as reserved rather than unreserved.

*Extraordinary and Subsequent Events*

Crane vs. City of Roy: \$60,000 (See Schedule 9)  
 Superior Court of the State of Washington for Pierce County No. 08-2-07663-1  
 Settlement of a Public Records Act lawsuit was paid in 20 quarterly installments of \$3,000 each commencing 6/1/2009 and concluding 3/1/2014.

Roy Pioneer Rodeo Association vs. City of Roy

Superior Court of the State of Washington in and for Pierce County No. 14-2-14319-8

The Plaintiff/Petitioner entered a complaint and petition to compel arbitration in the matter of the lease rate for real property used by the city's water system. At time of preparation of this report, the matter appears to be settled in mediation with minimal legal costs.

City of Roy vs. Wayne H. Hathaway

Superior Court of Washington for the County of Pierce No. 15-2-05649-8

In February 2015, the city entered a petition in eminent domain to acquire real property used for off-street parking. The value according to a commercial appraisal in July 2014 was \$53,000.

#### *Related Party Transactions*

The Roy Transportation Benefit District was created in 2014 to generate revenues to support transportation improvements within the city by imposing vehicle license fees effective January 1, 2015. The City Council acts as the Board of the district.

#### *Commitments of Future Resources*

The City has a commitment to pay for post-employment benefits for employees who belong to LEOFF1. These benefits include medical coverage. One retiree received benefits during the year and \$9,586 was paid for those benefits during the year.

#### *Interlocal Agreements*

An Agreement for Fire Inspection Services with Pierce County commenced 3/1/2013, renewing annually unless terminated. Inspection fees are as in Pierce County Code Table 17C.60-2.

An Agreement for Emergency Management Services with Pierce County commenced 1/1/ 2005, renewed for the five-year period of 2010 to 2014, and subsequently was rewritten and agreed for 1/1/2015 through 12/31/2019. The fee is an amount per capita that is adjusted annually based on CPI; for 2014, it was 805 at \$0.85.

An Agreement to Provide Special Services by Pierce County to the City of Roy for specialized investigative and major crime services commenced 1/1/2010, renewing automatically each year. The fee is per capita as outlined in the agreement and is updated each year. For 2014, it was 805 at \$1.34.

South Sound 9-1-1 Services Agreement for police department access to information and records services commenced 1/1/2013 and remains in effect until cancelled. Fees for services are calculated annually and totaled \$25,600 for 2014.

A Communications System Use Agreement between the City of Roy and Pierce County for the police department's use of the county's radio system commenced 1/1/2010. Fees are established annually and totaled \$390.00 for 2014.

An Interlocal Agreement between the City of Roy, Washington, and the Roy Transportation Benefit District commenced 5/27/2014 to derive benefits from the revenues levied by the RTBD. There is no fee.

An Interlocal Agreement with the Association of Washington Cities Employee Benefit Trust to participate in its health care program commenced 1/1/2014. The Trust receives health insurance premiums.

A Cooperation Agreement for Urban County Community Development Program Funds with Pierce County commenced 1/1/2000 and was amended 7/14/2014 for participation in Pierce County's Urban County Community Development Consortium to share in allocation of CDBG entitlements. There is no fee.

An Interlocal Agreement between the Pierce County Flood Control Zone District and the City of Roy for Opportunity Fund Projects commenced 4/9/2014 and allows the city to request its share of tax revenues to fund eligible projects. There is no fee.

An Interlocal Agreement for Geographic Information System Services with the City of Sumner for assistance during the update of the City of Roy's comprehensive plan. The fee is \$60.00 per hour, not to exceed \$480.00.

An Interlocal Agreement between Pierce County Rural Library District and City of Roy for Reciprocal Borrowing commenced 6/14/2010. There is no fee.

An Agreement for the Housing of Inmates in the Puyallup City Jail commenced 2/17/2011. Daily rate is \$65.00.

A Jail Service Contract with City of Buckley commenced 10/1/1999. Daily rate is \$48.00.

An Agreement Providing for the Provision of Jail Services with Pierce County commenced 1/1/1993. Daily rate for 2014 was \$92.00.

An Interlocal Correction/Detention Agreement with City of Wapato commenced 1/1/2012. Daily rate is \$50.00.