



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**
City of Omak

For the period January 1, 2015 through December 31, 2017

Published September 20, 2018

Report No. 1022163





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

September 20, 2018

Mayor and City Council
City of Omak
Omak, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Omak'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,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style.

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Omak January 1, 2017 through December 31, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Omak 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.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.106	Airport Improvement Program

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 Omak
January 1, 2015 through December 31, 2017**

Mayor and City Council
City of Omak
Omak, 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 Omak, as of and for the years ended December 31, 2017, 2016 and 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 7, 2018.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

In addition, we noted certain matters that we will report to the management of the City in a separate letter dated September 13, 2018.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA

September 7, 2018

**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 Omak
January 1, 2017 through December 31, 2017

Mayor and City Council
City of Omak
Omak, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the City of Omak, 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, 2017. 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, 2017.

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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy

State Auditor

Olympia, WA

September 7, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Omak January 1, 2015 through December 31, 2017

Mayor and City Council
City of Omak
Omak, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Omak, for the years ended December 31, 2017, 2016 and 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Omak 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 Omak, for the years ended December 31, 2017, 2016 and 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 Omak, as of December 31, 2017, 2016 and 2015, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The 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 Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our 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 7, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

September 7, 2018

FINANCIAL SECTION

City of Omak January 1, 2015 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017
Fund Resources and Uses Arising from Cash Transactions – 2016
Fund Resources and Uses Arising from Cash Transactions – 2015
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2016
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2015
Notes to the Financial Statements – 2017
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Notes to the Financial Statements – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017
Schedule of Liabilities – 2016
Schedule of Liabilities – 2015
Schedule of Expenditures of Federal Awards – 2017
Notes to the Schedule of Expenditures of Federal Awards – 2017

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	102 CITY STREET FUND	103 CEMETERY FUND
Beginning Cash and Investments					
30810	Reserved	392,297	-	-	-
30880	Unreserved	7,253,464	1,361,167	124,451	27,110
388 / 588	Prior Period Adjustments, Net	73,404	73,404	-	-
Revenues					
310	Taxes	3,849,952	3,240,875	410,545	-
320	Licenses and Permits	83,039	83,039	-	-
330	Intergovernmental Revenues	2,186,020	229,293	817,311	-
340	Charges for Goods and Services	6,190,818	227,986	440	15,125
350	Fines and Penalties	17,295	17,295	-	-
360	Miscellaneous Revenues	247,146	125,459	2,690	2,250
Total Revenues:		12,574,270	3,923,947	1,230,986	17,375
Expenditures					
510	General Government	833,477	476,142	-	3,112
520	Public Safety	2,216,804	2,216,804	-	-
530	Utilities	2,837,203	-	-	58,629
540	Transportation	1,209,308	-	451,984	-
550	Natural and Economic Environment	270,448	155,251	-	-
560	Social Services	1,306	1,306	-	-
570	Culture and Recreation	713,513	713,513	-	-
Total Expenditures:		8,082,059	3,563,017	451,984	61,740
Excess (Deficiency) Revenues over Expenditures:		4,492,211	360,931	779,002	(44,365)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	127,805	-	-	-
397	Transfers-In	333,000	-	-	40,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	65,341	11,460	-	-
381, 395, 398	Other Resources	36,749	1,863	2,495	-
Total Other Increases in Fund Resources:		562,895	13,323	2,495	40,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,851,972	50,189	437,820	7,263
591-593, 599	Debt Service	1,241,899	129,714	-	-
597	Transfers-Out	333,000	140,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	65,876	10,937	-	4
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		4,492,747	330,840	437,820	7,267
Increase (Decrease) in Cash and Investments:		562,359	43,414	343,677	(11,632)
Ending Cash and Investments					
5081000	Reserved	442,738	-	-	-
5088000	Unreserved	7,838,786	1,477,985	468,128	15,477
Total Ending Cash and Investments		8,281,524	1,477,985	468,128	15,477

The accompanying notes are an integral part of this statement.

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

		105 MOTEL/HOTEL TAX FUND	109 BLOCK GRANT FUND	110 STAMPEDE ARENA REDEVEL.	301 CAPITAL IMPROVEMENT FUND
Beginning Cash and Investments					
30810	Reserved	144,545	53,859	-	22,945
30880	Unreserved	-	-	219,642	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	147,031	-	12,764	38,739
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	40,000	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,056	544	1,597	30,378
Total Revenues:		148,086	544	54,361	69,116
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	111,455	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		111,455	-	-	-
Excess (Deficiency) Revenues over Expenditures:		36,632	544	54,361	69,117
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	33,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	30,562	-	-
Total Other Increases in Fund Resources:		-	30,562	33,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	23,414	-	-	-
591-593, 599	Debt Service	-	-	72,588	30,000
597	Transfers-Out	22,000	-	-	11,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		45,414	-	72,588	41,000
Increase (Decrease) in Cash and Investments:		(8,782)	31,106	14,773	28,117
Ending Cash and Investments					
5081000	Reserved	135,763	84,966	-	51,061
5088000	Unreserved	-	-	234,416	-
Total Ending Cash and Investments		135,763	84,966	234,416	51,061

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

		401 WATER FUND	402 SEWER FUND	403 GARBAGE FUND	405 STORM DRAIN UTILITY FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	1,736,271	2,500,824	136,679	194,843
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	233,403	4,000	-
340	Charges for Goods and Services	1,333,510	2,615,719	1,071,811	120,410
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	13,834	19,418	2,207	1,309
Total Revenues:		1,347,344	2,868,540	1,078,018	121,719
Expenditures					
510	General Government	109,390	151,665	57,134	15,433
520	Public Safety	-	-	-	-
530	Utilities	675,126	991,872	999,408	112,169
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	3,742	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		784,516	1,143,536	1,060,284	127,602
Excess (Deficiency) Revenues over Expenditures:		562,828	1,725,003	17,734	(5,883)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	127,805	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	33,406	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		127,805	-	33,406	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	754,061	503,548	-	19,944
591-593, 599	Debt Service	164,416	845,182	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	600	-	33,934	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		919,077	1,348,729	33,934	19,944
Increase (Decrease) in Cash and Investments:		(228,444)	376,274	17,206	(25,827)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	1,507,827	2,877,097	153,884	169,016
Total Ending Cash and Investments		1,507,827	2,877,097	153,884	169,016

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

		406 AIRPORT FUND	501 EQUIPMENT RENTAL FUND	508 EQ. RENTAL CAPITAL	700 INVESTMENT TRUST FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	170,949
30880	Unreserved	104,979	75,023	772,475	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	862,013	-	-	-
340	Charges for Goods and Services	312,328	493,489	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	40,063	542	5,801	-
Total Revenues:		1,214,404	494,030	5,801	-
Expenditures					
510	General Government	12,298	8,303	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	371,819	385,505	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		384,117	393,808	-	-
Excess (Deficiency) Revenues over Expenditures:		830,287	100,223	5,801	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	100,000	-	160,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	20,475	-	-	-
381, 395, 398	Other Resources	-	-	1,828	-
Total Other Increases in Fund Resources:		120,475	-	161,828	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	980,213	7,244	68,276	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	160,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	20,401	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,000,615	167,244	68,276	-
Increase (Decrease) in Cash and Investments:		(49,853)	(67,021)	99,353	-
Ending Cash and Investments					
5081000	Reserved	-	-	-	170,949
5088000	Unreserved	55,126	8,002	871,828	-
Total Ending Cash and Investments		55,126	8,002	871,828	170,949

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	102 CITY STREET FUND	103 CEMETERY FUND
Beginning Cash and Investments					
30810	Reserved	425,896	-	-	-
30880	Unreserved	7,570,359	1,501,435	434,044	33,414
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	3,703,069	3,109,018	398,561	-
320	Licenses and Permits	75,367	75,367	-	-
330	Intergovernmental Revenues	2,187,549	214,252	1,165,652	-
340	Charges for Goods and Services	5,824,371	172,604	394	16,920
350	Fines and Penalties	13,814	13,814	-	-
360	Miscellaneous Revenues	193,106	138,346	1,363	2,049
Total Revenues:		11,997,275	3,723,400	1,565,970	18,969
Expenditures					
510	General Government	812,264	482,284	-	3,036
520	Public Safety	2,016,938	2,016,938	-	-
530	Utilities	2,787,315	-	-	52,237
540	Transportation	1,025,793	-	408,005	-
550	Natural and Economic Environment	258,733	146,394	-	-
560	Social Services	1,328	1,328	-	-
570	Culture and Recreation	665,679	665,679	-	-
Total Expenditures:		7,568,050	3,312,623	408,005	55,273
Excess (Deficiency) Revenues over Expenditures:		4,429,225	410,778	1,157,965	(36,304)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	1,269,408	-	-	-
397	Transfers-In	433,196	-	-	30,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	57,097	13,074	-	2
381, 395, 398	Other Resources	16,150	7,460	206	-
Total Other Increases in Fund Resources:		1,775,851	20,534	206	30,002
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,106,719	160,391	1,467,764	-
591-593, 599	Debt Service	1,959,589	199,318	-	-
597	Transfers-Out	433,196	200,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	56,065	11,870	-	2
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		6,555,569	571,579	1,467,764	2
Increase (Decrease) in Cash and Investments:		(350,493)	(140,267)	(309,593)	(6,304)
Ending Cash and Investments					
5081000	Reserved	392,297	-	-	-
5088000	Unreserved	7,253,464	1,361,167	124,451	27,110
Total Ending Cash and Investments		7,645,761	1,361,167	124,451	27,110

The accompanying notes are an integral part of this statement.

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

		105 MOTEL/HOTEL TAX FUND	109 BLOCK GRANT FUND	110 STAMPEDE ARENA REDEVEL.	301 CAPITAL IMPROVEMENT FUND
Beginning Cash and Investments					
30810	Reserved	140,453	53,681	-	60,813
30880	Unreserved	-	-	201,528	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	151,241	-	11,295	32,954
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	40,000	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	487	178	701	178
Total Revenues:		151,727	178	51,996	33,132
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	112,339	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		112,339	-	-	-
Excess (Deficiency) Revenues over Expenditures:		39,389	178	51,996	33,132
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	777,043	-
397	Transfers-In	-	-	33,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	810,043	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	13,297	-	843,925	60,000
597	Transfers-Out	22,000	-	-	11,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		35,297	-	843,925	71,000
Increase (Decrease) in Cash and Investments:		4,092	178	18,114	(37,868)
Ending Cash and Investments					
5081000	Reserved	144,545	53,859	-	22,945
5088000	Unreserved	-	-	219,642	-
Total Ending Cash and Investments		144,545	53,859	219,642	22,945

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

		401 WATER FUND	402 SEWER FUND	403 GARBAGE FUND	405 STORM DRAIN UTILITY FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	1,457,059	2,779,710	125,086	177,568
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	767,644	-	-
340	Charges for Goods and Services	1,284,002	2,540,282	1,065,095	121,146
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	7,151	9,300	723	644
Total Revenues:		1,291,154	3,317,227	1,065,818	121,791
Expenditures					
510	General Government	100,216	133,437	59,760	13,527
520	Public Safety	-	-	-	-
530	Utilities	641,814	1,008,075	994,200	90,990
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		742,030	1,141,512	1,053,960	104,517
Excess (Deficiency) Revenues over Expenditures:		549,123	2,175,714	11,858	17,273
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	439,726	52,639	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	33,365	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		439,726	52,639	33,365	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	555,180	1,818,647	-	-
591-593, 599	Debt Service	154,458	688,592	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	33,630	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		709,638	2,507,240	33,630	-
Increase (Decrease) in Cash and Investments:		279,211	(278,886)	11,593	17,273
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	1,736,271	2,500,824	136,679	194,843
Total Ending Cash and Investments		1,736,271	2,500,824	136,679	194,843

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

		406 AIRPORT FUND	501 EQUIPMENT RENTAL FUND	508 EQ. RENTAL CAPITAL	700 INVESTMENT TRUST FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	170,949
30880	Unreserved	89,734	134,355	636,426	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	141,432	482,495	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	28,400	1,290	2,296	-
Total Revenues:		169,832	483,785	2,296	-
Expenditures					
510	General Government	12,345	7,659	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	282,527	335,262	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		294,872	342,921	-	-
Excess (Deficiency) Revenues over Expenditures:		(125,040)	140,864	2,296	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	170,000	-	200,196	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	10,656	-	-	-
381, 395, 398	Other Resources	-	-	8,483	-
Total Other Increases in Fund Resources:		180,656	-	208,679	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	29,809	-	74,927	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	200,196	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	10,562	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		40,372	200,196	74,927	-
Increase (Decrease) in Cash and Investments:		15,244	(59,332)	136,048	-
Ending Cash and Investments					
5081000	Reserved	-	-	-	170,949
5088000	Unreserved	104,979	75,023	772,475	-
Total Ending Cash and Investments		104,979	75,023	772,475	170,949

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	102 CITY STREET FUND	103 CEMETERY FUND
Beginning Cash and Investments					
30810	Reserved	515,485	-	-	-
30880	Unreserved	6,463,436	1,437,541	393,673	47,956
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	3,698,891	3,091,651	393,500	-
320	Licenses and Permits	78,044	78,044	-	-
330	Intergovernmental Revenues	726,093	178,880	134,513	-
340	Charges for Goods and Services	6,092,104	180,249	219	13,875
350	Fines and Penalties	20,098	20,098	-	-
360	Miscellaneous Revenues	148,274	115,728	485	1,911
Total Operating Revenues:		10,763,505	3,664,649	528,717	15,786
Operating Expenditures					
510	General Government	782,941	458,932	-	2,987
520	Public Safety	2,036,603	2,036,603	-	-
530	Utilities	2,769,145	-	-	57,341
540	Transportation	1,045,311	-	417,138	-
550	Natural and Economic Environment	248,510	142,588	-	-
560	Social Services	1,112	1,112	-	-
570	Culture and Recreation	655,284	655,284	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		7,538,905	3,294,519	417,138	60,328
Net Operating Increase (Decrease):		3,224,599	370,130	111,579	(44,542)
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	72,385	9,933	-	0
391-393	Debt Proceeds	73,879	-	-	-
397	Transfers-In	313,802	-	-	30,000
Total Nonoperating Revenues:		460,066	9,933	-	30,000
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	66,759	10,749	-	-
591-593	Debt Service	1,163,793	127,639	-	-
594-595	Capital Expenditures	1,124,978	79,782	71,209	-
597	Transfers-Out	313,802	100,000	-	-
Total Nonoperating Expenditures:		2,669,333	318,169	71,209	-
Net Increase (Decrease) in Cash and Investments:		1,015,333	61,893	40,370	(14,542)
Ending Cash and Investments					
5081000	Reserved	425,896	-	-	-
5088000	Unreserved	7,568,359	1,499,435	434,044	33,414
Total Ending Cash and Investments		7,994,255	1,499,435	434,044	33,414

The accompanying notes are an integral part of this statement.

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

		105 MOTEL/HOTEL TAX FUND	109 BLOCK GRANT FUND	110 STAMPEDE ARENA REDEVEL.	120 DALTON- KLESSIG PARK FUND
Beginning Cash and Investments					
30810	Reserved	148,419	53,619	-	887
30880	Unreserved	-	-	189,895	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	171,800	-	9,901	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	40,000	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	196	63	210	-
Total Operating Revenues:		171,995	63	50,111	-
Operating Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	105,922	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		105,922	-	-	-
Net Operating Increase (Decrease):		66,073	63	50,111	-
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	-	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	33,000	-
Total Nonoperating Revenues:		-	-	33,000	-
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	13,297	-	71,478	-
594-595	Capital Expenditures	38,743	-	-	887
597	Transfers-Out	22,000	-	-	-
Total Nonoperating Expenditures:		74,039	-	71,478	887
Net Increase (Decrease) in Cash and Investments:		(7,967)	63	11,633	(887)
Ending Cash and Investments					
5081000	Reserved	140,453	53,681	-	-
5088000	Unreserved	-	-	201,528	-
Total Ending Cash and Investments		140,453	53,681	201,528	-

The accompanying notes are an integral part of this statement.

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

		301 CAPITAL IMPROVEMENT FUND	401 WATER FUND	402 SEWER FUND	403 GARBAGE FUND
Beginning Cash and Investments					
30810	Reserved	69,687	71,925	-	-
30880	Unreserved	-	1,080,727	2,345,751	115,245
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	32,040	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	372,700	-
340	Charges for Goods and Services	-	1,257,907	2,659,464	1,076,318
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	86	4,045	3,242	238
Total Operating Revenues:		32,126	1,261,952	3,035,406	1,076,556
Operating Expenditures					
510	General Government	-	97,663	134,141	59,186
520	Public Safety	-	-	-	-
530	Utilities	-	632,966	993,840	1,007,547
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		-	730,628	1,127,981	1,066,733
Net Operating Increase (Decrease):		32,126	531,324	1,907,425	9,823
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	-	-	34,135
391-393	Debt Proceeds	-	41,565	32,314	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		-	41,565	32,314	34,135
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	-	-	34,118
591-593	Debt Service	30,000	198,214	723,167	-
594-595	Capital Expenditures	-	70,267	782,614	-
597	Transfers-Out	11,000	-	-	-
Total Nonoperating Expenditures:		41,000	268,481	1,505,781	34,118
Net Increase (Decrease) in Cash and Investments:		(8,874)	304,408	433,958	9,840
Ending Cash and Investments					
5081000	Reserved	60,813	-	-	-
5088000	Unreserved	-	1,457,059	2,779,710	125,086
Total Ending Cash and Investments		60,813	1,457,059	2,779,710	125,086

The accompanying notes are an integral part of this statement.

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

		405 STORM DRAIN UTILITY FUND	406 AIRPORT FUND	501 EQUIPMENT RENTAL FUND	508 EQ. RENTAL CAPITAL
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	150,385	69,014	123,646	509,602
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	120,361	262,831	520,880	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	197	20,772	442	661
Total Operating Revenues:		120,558	283,603	521,322	661
Operating Expenditures					
510	General Government	15,924	11,928	2,181	-
520	Public Safety	-	-	-	-
530	Utilities	77,451	-	-	-
540	Transportation	-	321,256	306,917	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
598	Miscellaneous Expenses	-	-	-	-
Total Operating Expenditures:		93,375	333,183	309,098	-
Net Operating Increase (Decrease):		27,183	(49,581)	212,224	661
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	22,192	-	6,125
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	70,000	-	180,802
Total Nonoperating Revenues:		-	92,192	-	186,927
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	21,892	-	-
591-593	Debt Service	-	-	-	-
594-595	Capital Expenditures	-	-	20,713	60,764
597	Transfers-Out	-	-	180,802	-
Total Nonoperating Expenditures:		-	21,892	201,515	60,764
Net Increase (Decrease) in Cash and Investments:		27,183	20,719	10,709	126,824
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	177,568	89,734	134,355	636,426
Total Ending Cash and Investments		177,568	89,734	134,355	636,426

The accompanying notes are an integral part of this statement.

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

		700
		INVESTMENT
		TRUST FUND
Beginning Cash and Investments		
30810	Reserved	170,949
30880	Unreserved	-
388 & 588	Prior Period Adjustments, Net	-
Operating Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	-
Total Operating Revenues:		-
Operating Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
598	Miscellaneous Expenses	-
Total Operating Expenditures:		-
Net Operating Increase (Decrease):		-
Nonoperating Revenues		
370-380, 395 & 398	Other Financing Sources	-
391-393	Debt Proceeds	-
397	Transfers-In	-
Total Nonoperating Revenues:		-
Nonoperating Expenditures		
580, 596 & 599	Other Financing Uses	-
591-593	Debt Service	-
594-595	Capital Expenditures	-
597	Transfers-Out	-
Total Nonoperating Expenditures:		-
Net Increase (Decrease) in Cash and Investments:		-
Ending Cash and Investments		
5081000	Reserved	170,949
5088000	Unreserved	-
Total Ending Cash and Investments		170,949

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Agency
308	Beginning Cash and Investments	555	555
388 & 588	Prior Period Adjustment, Net	-	-
310-390	Additions	26,291	26,291
510-590	Deductions	25,858	25,858
	Net Increase (Decrease) in Cash and Investments:	433	433
508	Ending Cash and Investments	988	988

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	631 STATE BLDNG PERMIT FEES	632 STATE AGENCY DEPOSITS
308	Beginning Cash and Investments	217	36	181
388 & 588	Prior Period Adjustments, Net	-	-	-
310-360	Revenues	-	-	-
380-390	Other Increases and Financing Sources	20,434	194	20,241
510-570	Expenditures	-	-	-
580-590	Other Decreases and Financing Uses	20,095	180	19,915
	Net Increase (Decrease) in Cash and Investments:	339	14	326
508	Ending Cash and Investments	555	50	506

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	631 STATE BLDNG PERMIT FEES	632 STATE AGENCY DEPOSITS	633 REVOLVING ADVANCED TRAVEL FUND
308	Beginning Cash and Investments	138	86	53	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
310-360	Revenues	-	-	-	-
380-390	Other Increases and Financing Sources	27,890	230	25,661	2,000
510-570	Expenditures	-	-	-	-
580-590	Other Decreases and Financing Uses	25,812	279	25,533	-
	Net Increase (Decrease) in Cash and Investments:	2,078	(49)	128	2,000
508	Ending Cash and Investments	2,217	36	181	2,000

The accompanying notes are an integral part of this statement.

City of Omak
Notes to the Financial Statements
For the year ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

The City of Omak was incorporated on February 11, 1911 and operates under the laws of the state of Washington applicable to a Code City with Mayor-Council form of Government. The City of Omak is a General purpose local government and provides Police, Fire Park and Recreation, Building Inspection, Permitting, Land Use, Flood Control, Roadway, and General administrative services. In addition, the city owns and operates the local water, sewer and storm utilities; Omak municipal Airport, and the Omak Memorial Cemetery.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Agency Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the City of Omak 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 Omak adopts annual appropriated budgets for General, Special Revenue, Capital Project, Enterprise, Internal service, and Permanent funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$4,051,919.28	\$3,897,937.87	\$153,981.41
City Street Fund:	\$1,792,063.00	\$889,804.49	\$902,258.51
Cemetery Fund:	\$70,587.00	\$69,007.47	\$1,579.53
Library Fund:	\$157,463.00	\$135,868.72	\$21,594.28
Hotel/Motel Fund:	\$200,960.00	\$156,868.37	\$44,091.63
Block Grant Fund:	\$0.00	\$0.00	\$0.00
Stampede Fund:	\$72,587.5	\$72,587.50	\$0
Drug Enforcement Fund:	\$5,300.00	\$5,300.00	\$0
Dalton Klessig Fund:	\$ 0.00	\$0.00	\$0.00
Capital Improvement Fund:	\$41,000.00	\$41,000.00	\$0
Water Fund:	\$3,473,110.57	\$1,703,593.32	\$1,769,517.25
Sewer Fund:	\$2,523,806,.70	\$2,492,265.87	\$31,540.83
Garbage Fund:	\$1,098,375.00	\$1,094,218.14	\$4,156.66
Storm Drain Fund:	\$162,954.00	\$147,545.72	\$15,408.28
Airport Fund:	\$1,411,125.00	\$1,384,731.63	\$26,393.37
Water Assessment Fund:	\$0.00	\$0.00	\$0.00
Water Cumulative Reserve:	\$0.00	\$0.00	\$0.00
Sewer Cumulative Reserve:	\$0.00	\$0.00	\$0.00
1998 Water Bond Reserve:	\$0.00	\$0.00	\$0.00
Equip Rental Fund:	\$564,352.00	\$561,051.60	\$3,300.40
Equip Capital Fund:	\$70,000.00	\$68,275.74	\$1,724.26
Advanced Travel Fund:	\$0.00	\$0.00	\$0.00
Cemetery Endowment Fund:	\$0.00	\$0.00	\$0.00

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's legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000.00 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 37 days for represented full time police officers and 30 days for all other full time employees. Vacation Leave is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment for unused sick leave at the rate of 25% of available hours. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the city's legislative body . 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 Lodging Tax, Proceeds from Block Grant Program, Capital Improvement funds, and Cemetery Endowment funds.

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 government's name.

Investments are reported at cash value except the value of U.S. Government securities is listed at cost at the time of purchase. Investments by type at December 31, 2017 are as follows:

<u>Type of Investment</u>	<u>City's</u> own investments	Investments held by <u>city</u> as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	<u>\$6,821,967.79</u>	\$ _____	<u>\$ 6,821,967.79</u>
U.S. Government Securities	<u>149,999.55</u>	_____	<u>149,999.55</u>
Total	<u>\$6,971,967.34</u>	\$ _____	<u>\$6,971,967.34</u>

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. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The city's regular levy for the year 2017 was \$ 2.861795 per \$1,000 on an assessed valuation of \$284,714,351 for a total regular levy of \$814,794

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the city and summarizes the City's debt transactions for year ended December 31, 2017.

The debt service requirements for general obligation bonds, revenue bonds certificates of participation in the Washington State Treasurer's Local Option Capital Asset Lending Program (LOCAL), Public Works Assistance Account Loans, Department of Ecology Centennial Clean Water Fund Loans and the Drinking Water State Revolving Loan Fund are as follows:

	Principal	Interest	Total
2018	\$ 1,063,339.26	\$ 133,356.09	\$ 1,196,695.35
2019	\$ 787,134.26	\$ 118,135.92	\$ 905,270.18
2020	\$ 792,290.92	\$ 108,429.40	\$ 900,720.32
2021	\$ 767,606.96	\$ 98,563.57	\$ 866,170.53
2022	\$ 729,448.89	\$ 87,940.52	\$ 817,389.41
2024-2028	\$ 3,575,866.89	\$ 308,594.75	\$ 3,884,461.64
2029-2033	\$ 2,759,465.21	\$ 120,392.88	\$ 2,879,858.09
2034-2038	\$ 342,538.90	\$ 11,563.49	\$ 354,102.39
2037-2072	\$ -	\$ -	\$ -
Total	\$ 10,817,691.29	\$ 986,976.62	\$ 11,804,667.91

Note 5 – Pension Plans

A. State Sponsored Pension Plans

Substantially all city full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS2, PERS3, AND LEOFF2.

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

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

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

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

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UALL	\$ 70,094	0.11653%	\$ 552,943.94
PERS 2/3	\$ 91,548	0.014988	\$ 520,761.36
LEOFF 2	\$ 39,875	0.025242%	\$(350,277.18)
VFFRPF	\$ 660	0.31%	\$(114,409.87)

LEOFF Plan 2

The city participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 6 – Risk Management

The City of Omak is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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 program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. **As of December 1, 2017, there are 201 members in the program.**

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision; Equipment Breakdown; and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000, with **the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000.** The standard member deductible is \$1,000 for each claim (deductible may vary per member), while the program is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the selfinsured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, **with an attachment point of \$1,784,067.00.**

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention, in addition to the deductible. **Privacy and Network Liability coverage is offered with a \$10,000 member deductible and \$40,000 self-insured retention for systems using encryption and \$50,000 member deductible and \$50,000 self-insured retention for those without encryption.**

Note 7 - Other Disclosures

Other Post-Employment Benefits

The city has a commitment to pay for post-employment benefits for retirees that belong to the LOEFF 1 pension system. These benefits include payment of health insurance premiums, Medicare Part B Medical Insurance, drug co-pays and long term care insurance premiums. Four retirees received benefits during the 2017 year and \$37,866.11 was paid out for those benefits during the year.

Construction Commitment

The City received a loan from the Drinking Water State Revolving fund for \$2,419,000.00 for additional water sources. \$615,458.00 has been spent on this project as of December of 2017. The City has current contracts in the amount of \$1,006,950.00 for the completion of this project. This will increase our annual debt service through 2035.

Contingencies and Litigations

The City has no significant contingencies or litigations outstanding or perceived.

Timing of Schedule of Federal Assistance Reporting

The Omak Police Department is participating in a program with the Washington Traffic Safety Commission \$822.36 was reported on Schedule of Federal Assistance that will be reimbursed in fiscal year 2018.

Discrepancy in Debt Principal Reduction

An additional payment of \$103,403.75 for debt service was made for City Hall Refunding Bond in error affecting two funds, in December 2016. The correction for this was not completed within the 2016 fiscal year. The \$103,403.75 payment was returned in January of 2017 and receipted in as revenue in the 2017 fiscal year to the appropriate funds (001388, 301369.)

The 2016 second half principal and interest payment for Doe Loan L12000027 was not paid in December of 2016 due to an over site. The December 2016 payment and both 2017 scheduled payments, for this loan, are included in the 2017 financial statements and Schedule of Liabilities.

The City took on an additional \$120,000.00 debt to extinguish an easement to Airport property. This debt is held by a promissory note that will be paid off in four equal annual payments that began in Fiscal year 2017. These amounts are included in Schedule of Liabilities and Note 4, Debt Service Requirements.

City of Omak
Notes to the Financial Statements
For the year ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The City of Omak was incorporated on February 11, 1911 and operates under the laws of the state of Washington applicable to a Code City with a Mayor-Council form of Government. The City is a general purpose local government and provides police, fire, parks and recreation, building inspection and permitting, land use, flood control, roadway and general administrative services. In addition the City owns and operates the local water, sewer and storm utilities; Omak Municipal Airport; and the Omak Memorial Cemetery.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Agency Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Budgets

The city adopts annual appropriated budgets for general, special revenue, capital project, enterprise, internal service and permanent funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$4,254,379.00	\$3,883,169.64	\$371,209.36
City Street Fund:	\$2,239,475.00	\$1,875,769.06	\$363,705.94
Cemetery Fund:	\$66,566.00	\$55,275.12	\$11,290.88
Library Fund:	\$159,083.00	\$146,171.99	\$12,911.01
Hotel/Motel Fund:	\$140,298.00	\$147,635.36	(\$7,337.36)*
Block Grant Fund:	\$0.00	\$0.00	\$0.00
Stampede Fund:	\$75,078.00	\$843,924.94	(\$768,846.94)**
Drug Enforcement Fund:	\$5,500.00	\$5,110.00	\$390.00
Dalton Klessig Fund:	\$ 0.00	\$0.00	\$0.00
Capital Improvement Fund:	\$41,000.00	\$71,000.00	(\$30,000.00)***
Water Fund:	\$2,616,954.00	\$1,451,667.83	\$1,165,286.17
Sewer Fund:	\$4,785,281.00	\$3,648,752.04	\$1,136,528.96
Garbage Fund:	\$1,137,120.00	\$1,087,590.03	\$49,525.97
Storm Drain Fund:	\$123,479.00	\$104,516.51	\$18,962.49
Airport Fund:	\$1,082,642.00	\$335,243.24	\$747,398.76
Water Assessment Fund:	\$0.00	\$0.00	\$0.00
Water Cumulative Reserve:	\$0.00	\$0.00	\$0.00
Sewer Cumulative Reserve:	\$0.00	\$0.00	\$0.00
1998 Water Bond Reserve:	\$0.00	\$0.00	\$0.00
Equip Rental Fund:	\$566,236.00	\$543,116.59	\$23,119.41
Equip Capital Fund:	\$88,000.00	\$74,927.06	\$13,072.94
Advanced Travel Fund:	\$0.00	\$0.00	\$0.00
Cemetery Endowment Fund:	\$0.00	\$0.00	\$0.00

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's legislative body.

* Hotel/Motel expenditures exceed appropriated amounts. Scrivener's error identified in the budget compilation process.

** Stampede Funds includes principal and refinancing expenditures associated with debt refunding.

*** Capital improvement expenditure of \$30,000.00 for debt service was made in error. The correction for this error was received as \$30,000.00 of revenue in fiscal year 2017.

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 \$10,000.00 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 37 days for represented full time police officers and 30 days for all other full time employees. Vacation Leave is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment for unused sick leave at the rate of 25% of available hours. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The government's Other Financing Sources or Uses consist of non-revenue and non-expenditures such as collection and remittance of sales and excise taxes to state, insurance recoveries, sales of surplus property, and receipts from Block Grant mortgage payoffs.

I. Risk Management

The City of Omak is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of anyone or more governmental entities to form together into or join a program 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 operation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2016, there are 205 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. The standard member deductible is \$1,000 for each claim (deductible may vary per member), while the program

is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 of the self-insured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$1,718,302.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is \$15,000 and is covered by the CIAW.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program. The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2016, were \$1,484,482.16.

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 formal adoption of an Ordinance by the City Council. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of funds in the Hotel/Motel Fund and the Capital Improvement Fund both of which are dedicated to specific uses by statutory restrictions, the Block Grant Fund which are restricted by the provisions of the original loan program from HUD and the Cemetery Endowment Fund which is restricted by City Ordinance such that the principle of the fund cannot be used, and only the interest earned by the fund is used to support cemetery operations.

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 based on their share of the total cash except that the interest earned by the Water Assessment Fund is deposited in the Water Fund and the interest earned by the Cemetery Endowment Fund is deposited in the Cemetery Operating Fund.

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

Investments are reported at cash value except the value of U.S. Government securities is listed at cost at the time of purchase. Investments by type at December 31, 2016 are as follows:

<u>Type of Investment</u>	<u>City's own investments</u>	<u>Investments held by City</u> as an agent for other local governments, individuals or private organizations.	<u>Total</u>
L.G.I.P.	\$5,862,399.81	\$0.00	\$5,862,399.81
U.S. Government Securities	\$ 149,999.55	\$0.00	\$ 149,999.55
Other: Wells Fargo Business	\$1,000,923.46	\$0.00	\$1,000,923.46
Total	\$7,013,322.82	\$0.00	\$7,013,322.82

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. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The city's regular levy for the year 2016 was \$2.817472 per \$1,000 on an assessed valuation of \$284,862,790 for a total regular levy of \$802,593.

Note 4 – Debt Service Requirements

Debt Service

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

The debt service requirements for general obligation bonds, revenue bonds certificates of participation in the Washington State Treasurer's Local Option Capital Asset Lending Program (LOCAL), Public Works Assistance Account Loans, Department of Ecology Centennial Clean Water Fund Loans and the Drinking Water State Revolving Loan Fund are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$1,051,759.98	\$147,904.92	\$1,199,664.90
2018	\$1,056,612.68	\$133,356.09	\$1,189,968.77
2019	\$ 780,407.69	\$118,135.92	\$ 898,543.61
2020	\$ 755,564.34	\$ 118,135.92	\$ 863,993.74
2021	\$ 760,880.39	\$ 98,563.57	\$ 859,443.96
2022-2026	\$3,592,178.20	\$352,043.67	\$3,944,221.87
2027-2031	\$3,190,729.92	\$153,337.17	\$3,344,067.09
2032-2036	\$ 530,239.71	\$ 23,110.80	\$ 553,350.51
2037-2041	\$ 0.00	\$ 0.00	\$ 0.00
TOTALS	\$11,718,372.91	\$1,134,881.54	\$12,853,254.45

The City is currently constructing a new domestic water well, funded with a loan from the Drinking Water State Revolving Fund. This Well is expected to be completed in 2017 and it is estimated it will add an additional 1 million to the city's long term debt with service through 2035.

Note 5 – Pension Plans

A. State Sponsored Pension Plans

Substantially all city full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans; PERS2, PERS3, LEOFF2

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

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

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

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

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

On June 30, 2016 the city proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.001462	\$ 78,516.29
PERS1 UAAL	0.112000	\$601,492.75
PSERS 2&3	0.014370	\$723518.15
LEOFF 1	.005707	(\$58,798.42)
LEOFF 2	.026814	(\$155,958.27)
VFFRPF	.0021	(\$36,374.20)

LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees

contribute zero percent.

LEOFF Plan 2

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 6 - Other Disclosures

Other Post-Employment Benefits

The city has a commitment to pay for post-employment benefits for retirees that belong to the LOEFF 1 pension system. These benefits include payment of health insurance premiums, Medicare Part B Medical Insurance, drug co-pays and long term care insurance premiums. Four retirees received benefits during the 2016 year and \$56,161.42 was paid out for those benefits during the year.

Construction Commitment

The City received a loan from the Drinking Water State Revolving fund for \$2,419,000.00 for the construction of two wells. The first well is under construction. Debt service for this project is approximately \$505,000.00 as of December 31, 2016. We expect to expend another \$1,000,000.00 on the completion of the first well, increasing our annual debt service amounts through 2035.

Contingencies and Litigations

In September 2015, one of our Police Officers arrested an individual that had been trespassed from a local convenience store, and subsequently attempted to enter vehicles at an adjoining business. During the arrest, the individual resisted our officer which resulted in our officer using a defensive tactic to subdue the individual on the ground. When the individual hit the ground, he hit his head and was knocked unconscious. The Officer called for an ambulance immediately. The individual regained consciousness before the ambulance arrived, and entered the ambulance under his own power. The individual was transported to the Emergency Room in Omak, and was given a CT scan which revealed that the individual was bleeding in the brain. The individual was transported to Harbor View Medical Center in Seattle, and he died during the early morning hours the next day.

The Investigation by Washington State Patrol has been completed and the report has moved on to the Prosecutors office.

To date there has been no claim or notice of claim filed against the City as a result of this incident.

During the 2b Sewer Renovation project of 2014, a motorist is alleged to have suffered loss do an incident on the construction site. The motorist was referred to the Contractor as the responsible party for the work zone incident. In February 2017 a claim was filed with city by the motorist seeking \$742,000.00. In April of 2017 a lawsuit was initiated by the motorist against the City. This incident has been turned over to the City Attorney and the city's insurance provider

Timing of Schedule of Federal Assistance Reporting

In August of 2015 the City was involved with the Okanogan Complex Fire. Our police department and

public works department assisted with this incident. Request for reimbursement in the amount of \$13,264.33 was submitted to the State Military Department. The Federal Reimbursement share for this work was approved February of 2016 for \$9,948.25. In addition the State funded \$1,658.04, a share of this request. These funds are reported.

Stampede Arena Refunding

During 2016 the city refunded the 2009 General Obligation debt for the Stampede Arena through the Office of the State Treasurer. The results of refunding paid off \$690,000.00 remaining of the 2009 issuance and re issued at \$685,000. Interest rates for this debt was reduced from 5.26040% to 2.08716% with no impact to term. This refunding will save the city \$83,229.09 during the retirement of this debt.

Discrepancy in Debt Proceeds

DOE Loan L1100026 was closed, with a completion date of 12/31/2016. Due to the length of this project, payments did not adequately capture the accumulating debt costs. \$70,506.43 was added to the principal amount to capture accrued interest on previous payments.

Discrepancy in Debt Principal Reduction

An additional payment of \$100, 00.00 for debt service was made for City Hall Refunding Bond in error affecting two funds, in December 2016. The correction for this was not completed within the 2016 fiscal year. The \$100,000.00 payment was returned in January of 2017 and receipted in as revenue in the 2017 fiscal year to the appropriate funds.

Debt Balance Comparison

Corrected for cumulative rounding of previous year amounts.

City of Omak
Notes to the Financial Statements
For the year ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies

The City of Omak was incorporated on February 11, 1911 and operates under the laws of the state of Washington applicable to a Code City with a Mayor-Council form of government. The City is a general purpose local government and provides police, fire, parks and recreation, building inspection and permitting, land use, flood control, roadway and general administrative services. In addition the City owns and operates the local water, sewer and storm utilities; Omak Municipal Airport; and the Omak Memorial Cemetery.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only the earnings, and not principal may be used for the purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Agency Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Budgets

The city adopts annual appropriated budgets for general, special revenue, capital project, enterprise, internal service and permanent funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$3,935,912.73	\$3,605,633.09	\$330,279.64
City Street Fund:	\$1,619,410.97	\$488,346.46	\$1,131,064.51
Cemetery Fund:	\$64,012.00	\$60,328.27	\$3,683.73
Library Fund:	\$169,518.00	\$155,815.28	\$13,702.72
Hotel/Motel Fund:	\$196,998.00	\$179,961.72	\$17,036.28
Block Grant Fund:	\$0.00	\$0.00	\$0.00
Stampede Fund:	\$71,478.00	\$71,477.50	\$0.50
Drug Enforcement Fund:	\$5,500.00	\$5,240.00	\$260.00
Dalton Klessig Fund:	\$886.74	\$886.74	\$0.00
Capital Improvement Fund:	\$41,000.00	\$41,000.00	\$0.00
Water Fund:	\$3,662,239.87	\$999,109.31	\$2,663,130.56
Sewer Fund:	\$4,341,285.00	\$2,633,761.98	\$1,707,523.02
Garbage Fund:	\$1,131,040.00	\$1,100,850.56	\$30,189.44
Storm Drain Utility Fund:	\$109,338.00	\$93,374.65	\$15,963.35
Airport Fund:	\$365,654.00	\$355,075.21	\$10,578.79
Water Assessment Fund:	\$0.00	\$0.00	\$0.00
Water Cumulative Reserve:	\$0.00	\$0.00	\$0.00
Sewer Cumulative Reserve:	\$0.00	\$0.00	\$0.00
1998 Water Bond Reserve:	\$77,719.57	\$77,719.57	\$0.00
Equip Rental Fund:	\$564,994.00	\$510,612.90	\$54,381.10
Equip Capital Fund:	\$62,500.00	\$60,764.07	\$1,735.93
Advanced Travel Fund:	\$0.00	\$0.00	\$0.00
Cemetery Endowment Fund:	\$0.00	\$0.00	\$0.00

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's legislative body.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000.00 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees do receive payment for unused sick leave at the rate of 25% of available hours. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The government's Other Financing Sources or Uses consist of non-revenue and non-expenditures such as collection and remittance of sales and excise taxes to state, insurance recoveries, sales of surplus property, and receipts from Block Grant mortgage payoffs.

I. Risk Management

The city of Omak is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program 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 program was formed on September 1, 1988, when 34 cities in the State of Washington joined together by signing an Interlocal Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2015, there are 210 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members various needs.

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability which have a self-insured retention of \$25,000. The standard member deductible is \$1,000 for each claim (deductible may vary per member), while the program is responsible for the \$100,000 self-insured retention. Insurance carriers cover insured losses over \$101,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards sharing of the \$100,000 of the self-insured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$2,140,107.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are

responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is \$15,000 and is covered by the CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, claims adjustment and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2015, were \$627,702.49.

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 formal adoption of an Ordinance by the City Council. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of funds in the Hotel/Motel Fund and the Capital Improvement Fund both of which are dedicated to specific uses by statutory restrictions, the Block Grant Fund which are restricted by the provisions of the original loan program from HUD and the Cemetery Endowment Fund which is restricted by city ordinance such that the principle of the fund cannot be used, and only the interest earned by the fund is used to support cemetery operations.

Note 2 - Property Tax

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

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

The city's regular levy for the year 2015 was \$2.783861 per \$1,000 on an assessed valuation of \$283,342,425 for a total regular levy of \$788,786.

Note 3 – Deposits and Investments

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds based on their share of the total cash except that the interest earned by the Water Assessment Fund is deposited in the Water Fund and the interest earned by the Cemetery Endowment Fund is deposited in the Cemetery Operating Fund.

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

Investments are reported at cash value except the value of U.S. Government securities is listed at cost at the time of purchase. Investments by type at December 31, 2015 are as follows:

<u>Type of Investment</u>	<u>City's own investments</u>	Investments held by City as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$5,835,311.52	\$0.00	\$5,835,311.52
U.S. Government Securities	\$149,999.55	\$0.00	\$149,999.55
Other: Wells Fargo Business	\$1,000,622.40	\$0.00	\$1,000,622.40
Total	\$6,985,933.47	\$0.00	\$6,985,933.47

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2015.

The debt service requirements for general obligation bonds, revenue bonds certificates of participation in the Washington State Treasurer's Local Option Capital Asset Lending Program (LOCAL), Public Works Assistance Account Loans, Department of Ecology Centennial Clean Water Fund Loans and the Drinking Water State Revolving Loan Fund are as follows:

Year	Principle	Interest	Total Debt
2016	\$970,644.79	\$157,970.93	\$1,128,615.72
2017	\$994,713.91	\$147,561.12	\$1,142,275.03
2018	\$1,004,566.62	\$133,778.66	\$1,138,345.28
2019	\$728,361.62	\$119,162.93	\$847,524.55
2020	\$733,518.29	\$110,012.08	\$843,530.37
2021-2025	\$3,579,160.47	\$412,531.74	\$3,991,692.21
2026-2030	\$3,157,789.55	\$192,522.20	\$3,350,311.75
2031-2035	\$1,016,387.03	\$35,740.86	\$1,052,127.89
Totals	\$12,185,142.28	\$1,309,280.52	\$13,494,422.80

It should be further noted that the City of Omak is in the process of completing a significant Public Works project that is being funded through the Drinking Water State Revolving Fund. While the table above indicates the City's debt service requirements, to service the debt that has been incurred as of December 31, 2015. The projected amounts that will be required to service the debt that is currently being incurred is shown on the following table:

Year	Principle	Interest	Total Debt
2016	\$1,009,026.15	\$160,845.57	\$1,169,871.72
2017	\$1,059,411.06	\$164,395.64	\$1,223,806.70
2018	\$1,069,263.77	\$151,246.89	\$1,220,510.66
2019	\$793,058.78	\$135,660.70	\$928,719.48
2020	\$798,215.44	\$125,539.40	\$923,754.84
2021-2025	\$3,902,646.22	\$475,611.47	\$4,378,257.69
2026-2030	\$3,481,275.32	\$231,340.48	\$3,712,615.80
2031-2035	\$1,339,872.78	\$50,297.72	\$1,390,170.50
Totals	\$13,452,769.52	\$1,494,937.87	\$14,947,707.39

Note 5 – Pension Plans

A. State Sponsored Pension Plans

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

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:

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

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

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

Plan	Allocation %	Liability
PERS 1	0.00001797	\$93,999.81
PERS 1 UAAL	0.00011214	\$586,596.49
PERS 2 and 3	0.00014485	\$517,557.31

Total Net Pension
Liability \$1,198,153.61

LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

NOTE 6 – HEALTH & WELFARE

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

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

As of December 31, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Group

Health, Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

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

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

Note 7 - Other Disclosures

Other Post-Employment Benefits

The city has a commitment to pay for post-employment benefits for retirees that belong to the LOEFF 1 pension system. These benefits include payment of health insurance premiums, Medicare Part B Medical Insurance, drug co-pays and long term care insurance premiums. Four retirees received benefits during the 2015 year and \$64,662.46 was paid out for those benefits during the year.

Construction Commitment

The City received a loan from the Drinking Water State Revolving fund for \$2,419,000.00 for the construction of two wells. The City is currently under construction of the first domestic water well. We have current construction commitments for this well of approximately \$550,000.00 and project to spend \$1,200,000.00 for the completion of this project. This debt load for this well project is forecasted in our "Note 4" projections.

Contingencies and Litigations

In September, one of our Police Officers arrested an individual that had been trespassed from a local convenience store, and subsequently attempted to enter vehicles at an adjoining business. During the arrest, the individual resisted our officer which resulted in our officer using a defensive tactic to subdue the individual on the ground. When the individual hit the ground, he hit his head and was knocked unconscious. The Officer called for an ambulance immediately. The individual regained consciousness before the ambulance arrived, and entered the ambulance under his own power. The individual was transported to the Emergency Room in Omak, and was given a CT scan which revealed that the individual was bleeding in the brain. The individual was transported to Harbor View Medical Center in Seattle, and he died during the early morning hours the next day.

The Investigation by Washington State Patrol has been completed and the report has moved on to the Prosecutors office.

To date there has been no claim or notice of claim filed against the City as a result of this incident.

Timing of Schedule of Federal Assistance Reporting

In August of 2015 the City was involved with the Okanogan Complex Fire. Our police department and public works department assisted with this incident. Request for reimbursement in the amount of \$13,264.33 was submitted to the State Military Department. The Federal Reimbursement share for this work was approved February of 2016 for \$9,948.25. In addition the State may also fund \$1,658.04, a share of this request. These funds will be reported in our 2016 annual report.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	City Hall Refunded Bond	12/1/2018	215,000	-	105,000	110,000
263.96	Refunded Stampede Arena	6/1/2029	685,000	-	45,000	640,000
263.96	Fire LAdder Truck	12/1/2021	216,530	-	39,977	176,553
263.61	AIRWAYS EAST LLC EASEMENT AQUISITION	4/1/2018	-	120,000	30,000	90,000
Total General Obligation Debt/Liabilities:			1,116,530	120,000	219,977	1,016,553
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	PW 98-791-046 Sewer System improvements	6/1/2018	256,202	-	128,101	128,101
263.88	PW-98-791-045 WATER SYSTEM IMPROVEMENTS	7/1/2018	96,213	-	48,106	48,106
263.88	PW-05-591-ELP-303	7/1/2025	108,947	-	12,105	96,842
263.88	PW 04-65104-022	10/1/2025	651,272	-	72,364	578,909
263.88	PE 10-951-001 DEWBERRY EMERGENCY REPAIR	7/1/2030	37,703	-	2,693	35,010
263.88	PC 08-951-033	7/1/2028	315,110	-	26,259	288,851
263.88	PC 12-951-021 PWTF PHASE 1& 2	6/1/2031	5,897,662	-	393,177	5,504,485
263.84	DM 11-952-026 WATER SOURCE IMPROVEMENTS	10/1/2035	481,124	127,805	32,049	576,880
263.84	DOE L1200026 2-5 SEWER DESIGN	12/31/2035	949,899	-	39,176	910,723
263.84	DOE L1200027 PHASE 1 SEWER	6/30/2033	1,759,134	-	125,902	1,633,232
264.30	PERS 1 UNFUNDED LIABILITY + UAAL		680,009	-	127,065	552,944
264.30	PERS 2&3 UNFUNDED PENSION LIABILITY		723,518	-	202,757	520,761
259.12	Accrued Leave- Current Expense		166,940	7,221	-	174,161
259.12	Accrued Leave- Water Fund		24,314	2,382	-	26,696
259.12	Accrued Leave_Sewer Fund		30,914	3,644	-	34,558
259.12	Accrued Leave- Garbage Fund		2,923	466	-	3,389
259.12	Accrued Leave- Storm Drain Fund		3,656	132	-	3,788
259.12	Accrued Leave- Airport		3,417	-	295	3,122
259.12	Accrued Leave- Equipment Rental		15,157	-	5,949	9,208
Total Revenue and Other (non G.O.) Debt/Liabilities:			12,204,114	141,650	1,215,998	11,129,766
Total Liabilities:			13,320,644	261,650	1,435,976	12,146,319

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	City Hall RefundedBond	12/1/2018	315,000	-	100,000	215,000
263.96	Stampede Arena	8/30/2016	730,000	-	730,000	-
263.96	Refunded Stampede Arena	6/1/2028	-	685,000	-	685,000
263.96	RV Park Restrooms	12/1/2016	12,909	-	12,909	-
263.96	Fire Ladder Truck	12/1/2021	254,970	-	38,440	216,530
Total General Obligation Debt/Liabilities:			1,312,879	685,000	881,349	1,116,530
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Accrued Leave- Current Expense		165,249	1,691	-	166,940
259.12	Accrued Leave- Water Fund		22,514	1,800	-	24,314
259.12	Accrued Leave_Sewer Fund		35,876	-	4,962	30,914
259.12	Accrued Leave- Garbage Fund		3,422	-	499	2,923
259.12	Accrued Leave- Storm Drain Fund		3,797	-	141	3,656
259.12	Accrued Leave- Airport Fund		2,884	533	-	3,417
259.12	Accrued Leave- Equipment Rental		5,872	9,285	-	15,157
263.88	PW-98-791-046 Sewer System Improvements	6/1/2018	384,302	-	128,101	256,201
263.88	PW-98-791-045 Water Sytem Improvements	7/1/2018	144,319	-	48,106	96,213
263.88	PW-05-691-ELP-303 EMERGENCY RIVER CROSSING	6/1/2025	121,053	-	12,105	108,948
263.88	PW04-65104-022 WATER SUPPLY IMPROVEMENTS	10/1/2025	723,636	-	72,364	651,272
263.88	PE10-951-001 DEWBERRY EMERGENCY SEWER	6/1/2030	40,396	-	2,693	37,703
263.88	PC08-951-033 BIOSOLIDS IMPROVEMENTS	6/1/2028	341,369	-	26,259	315,110
263.88	PC12-951-021 PWTF PHASE 1&2	6/1/2031	6,290,840	-	393,177	5,897,663
263.84	DM11-952-026 WATER SOURCE IMPROVEMENTS	10/1/2035	65,525	439,726	24,127	481,124
263.84	DOE I1200026 Phase 2-5 SEWER DESIGN	12/31/2035	837,655	123,146	10,902	949,899
263.84	DOE I1200027 PHASE 1 SEWER CONSTRUCTION	6/30/2033	1,800,023	-	40,889	1,759,134
264.30	PERS 1 UNFUNDED PENSION LIABILITY		94,000	-	15,484	78,516
264.30	PERS 1 UAAL PENSION LIABILITY		586,596	14,897	-	601,493
264.30	PERS 2&3 UNFUDD PENSION LIABILITY		517,557	205,961	-	723,518

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
	Total Revenue and Other (non G.O.) Debt/Liabilities:		12,186,885	797,039	779,809	12,204,115
	Total Liabilities:		13,499,764	1,482,039	1,661,158	13,320,645

City of Omak
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	City Hall Refunding Bond	10/1/2018	415,000	-	100,000	315,000
263.96	Stampede Arena	6/1/2029	765,000	-	35,000	730,000
263.96	RV Park Restroom	6/1/2016	25,317	-	12,408	12,909
263.96	Fire Ladder Truck	12/1/2021	292,290	-	37,320	254,970
Total General Obligation Debt/Liabilities:			1,497,607	-	184,728	1,312,879
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Accured Leave - Current Expense		175,545	-	10,296	165,249
259.12	Accrued Leave - Water fund		25,789	-	3,275	22,514
259.12	Accured Leave - Sewer Fund		31,777	4,099	-	35,876
259.12	Accrued Leave - Garbage Fund		3,817	-	395	3,422
259.12	Accrued Leave - Storm Drain Fund		2,924	873	-	3,797
259.12	Accrued Leave = Airport Fund		3,005	-	121	2,884
259.12	Accrued Leave - Equipment Rental Fund		10,455	-	4,583	5,872
263.82	PW-98-791-046 Sewer System Improvements	6/1/2018	512,401	-	128,101	384,300
263.82	PW-98-791-045 Water System Improvements	6/1/2018	192,431	-	48,106	144,325
252.11	1998 Water Bond	4/1/2015	70,000	-	70,000	-
263.82	PW-05-691-ELP-303 Emergency River Crossing	6/1/2025	133,160	-	12,105	121,055
263.82	PW04-65104-022 Water Supply Improvements	10/1/2025	795,998	-	72,364	723,634
263.82	PE10-951-001 Dewberry Emergency Sewer	6/1/2030	43,089	-	2,693	40,396
263.82	PC08-951-033 Biosolids Improvements	6/1/2028	367,629	-	26,259	341,370
263.82	PC12-951-021 PWTF Phase 1 & 2	6/1/2031	6,684,017	-	393,177	6,290,840
263.82	DM11-952-026	10/1/2035	23,960	41,565	-	65,525
263.82	DOE Loan L1200026 Phase 2-5 Sewer Design	12/31/2035	805,340	32,314	-	837,654
263.82	DOE Loan L1200027 Phase 1 Construction	6/30/2033	1,880,225	-	80,202	1,800,023
264.30	PERS 1 Unfunded Pension Liability		-	94,000	-	94,000
264.30	PERS 1 UAAL Pension Liability		-	586,596	-	586,596
264.30	PERS 2 & 3 Unfunded Pension Liability		-	517,557	-	517,557

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
	Total Revenue and Other (non G.O.) Debt/Liabilities:		11,761,562	1,277,004	851,677	12,186,889
	Total Liabilities:		13,259,169	1,277,004	1,036,405	13,499,768

City of Omak
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program	20.106	3-53-0042-008- 2017	-	833,052	833,052	-	1,2
Highway Planning and Construction Cluster								
Federal Highway Administration (fhwa), Department Of Transportation (via WSDOT)	Highway Planning and Construction	20.205	STPUS-Z924	28,359	-	28,359	-	1,2
Total Highway Planning and Construction Cluster:				28,359	-	28,359	-	
Highway Safety Cluster								
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via Wa Traffic Safety Commission)	State and Community Highway Safety	20.600	FFY2017 HVE	2,904	-	2,904	-	1,2
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation (via Wa Traffic Safety Commission)	State and Community Highway Safety	20.600	2018 HVE-2188 -Omak Police Department	823	-	823	-	1,2
Total Highway Safety Cluster:				3,728	-	3,728	-	
Total Federal Awards Expended:				32,086	833,052	865,138	-	

The accompanying notes are an integral part of this schedule.

CITY OF OMAK

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2017

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the city financial statements. The city uses the cash basis accounting as prescribed in the Cash Basis Budgeting Accounting, and Reporting Systems which is an Other Comprehensive of Accounting (OCBOA) prescribed by the Washington State Auditor's Office.

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 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 has not elected to use the 10-percent de minimis indirect cost rate allowed under the 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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