



Washington State Auditor's Office

Government that works for citizens

Financial Statements Audit Report

City of Omak

Okanogan County

For the period January 1, 2013 through December 31, 2014

Published March 7, 2016

Report No. 1016185





Washington State Auditor's Office

March 7, 2016

Mayor and City Council
City of Omak
Omak, Washington

Report on Financial Statements

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	4
Independent Auditor's Report On Financial Statements	7
Financial Section.....	10
About The State Auditor's Office.....	42

**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
Okanogan County
January 1, 2013 through December 31, 2014**

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, Okanogan County, Washington, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 9, 2016.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our 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.

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 "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 9, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Omak Okanogan County January 1, 2013 through December 31, 2014

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, Okanogan County, Washington, for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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, 2014 and 2013, 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, 2014 and 2013, 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 performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying 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 February 9, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 9, 2016

FINANCIAL SECTION

**City of Omak
Okanogan County
January 1, 2013 through December 31, 2014**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2014
Fund Resources and Uses Arising from Cash Transactions – 2013
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2014
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013
Notes to Financial Statements – 2014
Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2014
Schedule of Liabilities – 2013

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	102 CITY STREET FUND	103 CEMETERY FUND
Beginning Cash and Investments					
30810	Reserved	71,925	-	-	-
30880	Unreserved	6,516,894	1,403,410	533,791	46,269
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	3,640,287	3,062,198	385,474	-
320	Licenses and Permits	76,735	76,735	-	-
330	Intergovernmental Revenues	926,360	147,915	162,192	-
340	Charges for Goods and Services	5,554,087	168,240	223	12,885
350	Fines and Penalties	30,116	30,116	-	-
360	Miscellaneous Revenues	151,726	127,921	346	1,887
Total Operating Revenues:		10,379,312	3,613,125	548,236	14,772
Operating Expenditures					
510	General Government	731,644	419,950	-	2,914
520	Public Safety	1,990,812	1,990,812	-	-
530	Utilities	2,662,112	-	-	50,170
540	Transportation	1,330,272	-	432,829	-
550	Natural and Economic Environment	227,606	122,276	-	-
560	Social Services	8,074	8,074	-	-
570	Culture and Recreation	625,137	625,137	-	-
Total Operating Expenditures:		7,575,657	3,166,250	432,829	53,084
Net Operating Increase (Decrease):		2,803,654	446,876	115,407	(38,312)
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	99,367	11,971	-	-
391-393	Debt Proceeds	2,568,393	-	-	-
397	Transfers-In	313,919	-	-	40,000
Total Nonoperating Revenues:		2,981,680	11,971	-	40,000
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	53,721	12,003	-	-
591-593	Debt Service	1,060,592	121,123	-	-
594-595	Capital Expenditures	3,967,000	181,589	255,524	-
597	Transfers-Out	313,919	110,000	-	-
Total Nonoperating Expenditures:		5,395,232	424,715	255,524	-
Net Increase (Decrease) in Cash and Investments:		390,102	34,132	(140,117)	1,688
Ending Cash and Investments					
50810	Reserved	71,925	-	-	-
50880	Unreserved	6,906,996	1,437,541	393,673	47,956

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, 2014

		105 MOTEL/HOTEL TAX FUND	109 BLOCK GRANT FUND	110 STAMPEDE ARENA REDEVEL.	120 DALTON- KLESSIG PARK FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	160,100	33,843	179,455	1,400
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	158,282	-	10,023	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	40,000	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	114	26	111	1
Total Operating Revenues:		158,396	26	50,134	1
Operating Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	105,331	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Operating Expenditures:		105,331	-	-	-
Net Operating Increase (Decrease):		53,065	26	50,134	1
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	19,749	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	33,000	-
Total Nonoperating Revenues:		-	19,749	33,000	-
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	13,297	-	72,694	-
594-595	Capital Expenditures	29,449	-	-	513
597	Transfers-Out	22,000	-	-	-
Total Nonoperating Expenditures:		64,746	-	72,694	513
Net Increase (Decrease) in Cash and Investments:		(11,681)	19,775	10,440	(512)
Ending Cash and Investments					
50810	Reserved	-	-	-	-
50880	Unreserved	148,419	53,619	189,895	887

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, 2014

		301 CAPITAL IMPROVEMENT FUND	401 WATER FUND	402 SEWER FUND	403 GARBAGE FUND
Beginning Cash and Investments					
30810	Reserved	-	71,925	-	-
30880	Unreserved	83,315	920,996	2,138,077	114,510
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	24,310	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	576,253	-
340	Charges for Goods and Services	-	1,175,205	2,073,348	1,018,597
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	62	4,002	1,597	136
Total Operating Revenues:		24,372	1,179,207	2,651,197	1,018,733
Operating Expenditures					
510	General Government	-	99,532	123,221	56,088
520	Public Safety	-	-	-	-
530	Utilities	-	635,553	943,071	955,959
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Operating Expenditures:		-	735,085	1,066,292	1,012,047
Net Operating Increase (Decrease):		24,372	444,122	1,584,905	6,686
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	-	-	(384)
391-393	Debt Proceeds	-	-	2,568,393	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		-	-	2,568,393	(384)
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	27,000	198,155	628,325	-
594-595	Capital Expenditures	-	86,237	3,317,300	5,566
597	Transfers-Out	11,000	-	-	-
Total Nonoperating Expenditures:		38,000	284,391	3,945,625	5,566
Net Increase (Decrease) in Cash and Investments:		(13,628)	159,730	207,673	736
Ending Cash and Investments					
50810	Reserved	-	71,925	-	-
50880	Unreserved	69,687	1,080,727	2,345,751	115,245

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, 2014

		405 STORM DRAIN UTILITY FUND	406 AIRPORT FUND	501 EQUIPMENT RENTAL FUND	508 EQ. RENTAL CAPITAL PURCH. FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	125,494	53,229	149,269	402,788
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	119,051	507,933	478,605	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	97	14,955	209	264
Total Operating Revenues:		119,148	522,889	478,814	264
Operating Expenditures					
510	General Government	16,190	11,629	2,120	-
520	Public Safety	-	-	-	-
530	Utilities	77,358	-	-	-
540	Transportation	-	565,629	331,813	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Operating Expenditures:		93,547	577,258	333,933	-
Net Operating Increase (Decrease):		25,600	(54,370)	144,881	264
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	41,872	416	25,743
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	70,000	-	170,919
Total Nonoperating Revenues:		-	111,872	416	196,662
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	41,718	-	-
591-593	Debt Service	-	-	-	-
594-595	Capital Expenditures	709	-	-	90,112
597	Transfers-Out	-	-	170,919	-
Total Nonoperating Expenditures:		709	41,718	170,919	90,112
Net Increase (Decrease) in Cash and Investments:		24,891	15,785	(25,622)	106,814
Ending Cash and Investments					
50810	Reserved	-	-	-	-
50880	Unreserved	150,385	69,014	123,646	509,602

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, 2014

		700 INVESTMENT TRUST FUND
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	170,949
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	-
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		
50810	Reserved	-
50880	Unreserved	170,949

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, 2013

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	102 CITY STREET FUND	103 CEMETERY FUND
Beginning Cash and Investments					
30810	Reserved	72,315	-	-	-
30880	Unreserved	4,627,802	1,287,368	430,910	38,426
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	3,431,382	2,854,436	386,315	-
320	Licenses & Permits	139,808	139,808	-	-
330	Intergovernmental Revenues	536,339	127,387	346,845	-
340	Charges for Goods and Services	5,215,835	183,786	217	18,453
350	Fines & Penalties	31,172	31,172	-	-
360	Miscellaneous Revenues	171,802	156,817	467	2,280
Total Operating Revenues:		9,526,338	3,493,407	733,844	20,733
Operating Expenditures					
510	General Government	717,948	412,699	-	2,856
520	Public Safety	1,965,881	1,965,881	-	-
530	Utilities	2,755,652	65,880	-	50,034
540	Transportation	872,992	-	391,787	-
550	Natural and Economic Environment	156,651	62,215	-	-
560	Social Services	5,534	5,534	-	-
570	Culture And Recreation	602,153	602,153	-	-
Total Operating Expenditures:		7,076,810	3,114,362	391,787	52,890
Net Operating Increase (Decrease):		2,449,527	379,045	342,057	(32,157)
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	60,412	27,197	4,000	(0)
391-393	Debt Proceeds	6,072,735	590,000	-	-
397	Transfers-In	298,014	-	-	40,000
Total Nonoperating Revenues:		6,431,161	617,197	4,000	40,000
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	594,623	584,833	-	-
591-593	Debt Service	762,669	150,383	-	-
594-595	Capital Expenditures	5,336,680	33,984	243,176	-
597	Transfers-Out	298,014	111,000	-	-
Total Nonoperating Expenditures:		6,991,987	880,199	243,176	-
Net Increase (Decrease) in Cash and Investments:		1,888,702	116,042	102,881	7,843
Ending Cash and Investments					
50810	Reserved	71,925	-	-	-
50880	Unreserved	6,516,894	1,403,410	533,791	46,269

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, 2013

		105 MOTEL/HOTEL TAX FUND	109 BLOCK GRANT FUND	110 STAMPEDE ARENA REDEVEL.	120 DALTON- KLESSIG PARK FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	134,396	16,793	167,603	29,504
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	155,305	-	12,586	-
320	Licenses & Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	40,000	-
340	Charges for Goods and Services	-	-	-	-
350	Fines & Penalties	-	-	-	-
360	Miscellaneous Revenues	132	16	79	2
Total Operating Revenues:		155,437	16	52,665	2
Operating Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	94,436	-	-	-
560	Social Services	-	-	-	-
570	Culture And Recreation	-	-	-	-
Total Operating Expenditures:		94,436	-	-	-
Net Operating Increase (Decrease):		61,001	16	52,665	2
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	17,035	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	33,000	-
Total Nonoperating Revenues:		-	17,035	33,000	-
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	13,297	-	73,814	-
594-595	Capital Expenditures	-	-	-	28,107
597	Transfers-Out	22,000	-	-	-
Total Nonoperating Expenditures:		35,297	-	73,814	28,107
Net Increase (Decrease) in Cash and Investments:		25,704	17,051	11,851	(28,105)
Ending Cash and Investments					
50810	Reserved	-	-	-	-
50880	Unreserved	160,100	33,843	179,455	1,400

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, 2013

		301 CAPITAL IMPROVEMENT FUND	401 WATER FUND	402 SEWER FUND	403 GARBAGE FUND
Beginning Cash and Investments					
30810	Reserved	-	72,315	-	-
30880	Unreserved	96,993	777,243	881,358	103,661
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	22,740	-	-	-
320	Licenses & Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	1,143,455	2,140,839	977,327
350	Fines & Penalties	-	-	-	-
360	Miscellaneous Revenues	82	1,886	2,237	162
Total Operating Revenues:		22,822	1,145,341	2,143,077	977,489
Operating Expenditures					
510	General Government	-	97,855	120,839	54,579
520	Public Safety	-	-	-	-
530	Utilities	-	587,930	1,042,624	913,712
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture And Recreation	-	-	-	-
Total Operating Expenditures:		-	685,786	1,163,463	968,291
Net Operating Increase (Decrease):		22,822	459,556	979,614	9,198
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	633	-	1,697
391-393	Debt Proceeds	-	-	5,482,735	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		-	633	5,482,735	1,697
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	-	-	46
591-593	Debt Service	25,500	282,604	217,072	-
594-595	Capital Expenditures	-	34,221	4,988,557	-
597	Transfers-Out	11,000	-	-	-
Total Nonoperating Expenditures:		36,500	316,825	5,205,629	46
Net Increase (Decrease) in Cash and Investments:		(13,678)	143,364	1,256,720	10,849
Ending Cash and Investments					
50810	Reserved	-	71,925	-	-
50880	Unreserved	83,315	920,996	2,138,077	114,510

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, 2013

		405 STORM DRAIN UTILITY FUND	406 AIRPORT FUND	501 EQUIPMENT RENTAL FUND	508 EQ. RENTAL CAPITAL PURCH. FUND
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	108,160	42,114	93,811	248,512
388 & 588	Prior Period Adjustments, Net	-	-	-	-
Operating Revenues					
310	Taxes	-	-	-	-
320	Licenses & Permits	-	-	-	-
330	Intergovernmental Revenues	12,952	9,156	-	-
340	Charges for Goods and Services	119,363	124,298	508,096	-
350	Fines & Penalties	-	-	-	-
360	Miscellaneous Revenues	107	4,654	2,619	262
Total Operating Revenues:		132,422	138,108	510,716	262
Operating Expenditures					
510	General Government	15,648	11,393	2,077	-
520	Public Safety	-	-	-	-
530	Utilities	95,472	-	-	-
540	Transportation	-	186,616	294,588	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture And Recreation	-	-	-	-
Total Operating Expenditures:		111,120	198,009	296,665	-
Net Operating Increase (Decrease):		21,302	(59,901)	214,051	262
Nonoperating Revenues					
370-380, 395 & 398	Other Financing Sources	-	9,761	90	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	71,000	-	154,014
Total Nonoperating Revenues:		-	80,761	90	154,014
Nonoperating Expenditures					
580, 596 & 599	Other Financing Uses	-	9,744	-	-
591-593	Debt Service	-	-	-	-
594-595	Capital Expenditures	3,967	-	4,669	-
597	Transfers-Out	-	-	154,014	-
Total Nonoperating Expenditures:		3,967	9,744	158,683	-
Net Increase (Decrease) in Cash and Investments:		17,335	11,116	55,458	154,276
Ending Cash and Investments					
50810	Reserved	-	-	-	-
50880	Unreserved	125,494	53,229	149,269	402,788

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, 2013

		700 INVESTMENT TRUST FUND
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	170,949
388 & 588	Prior Period Adjustments, Net	-
Operating Revenues		
310	Taxes	-
320	Licenses & Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines & 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	-
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		
50810	Reserved	-
50880	Unreserved	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, 2014

		Total for All Funds (Memo Only)	631 STATE BLDNG PERMIT FEES	632 STATE AGENCY DEPOSITS
308	Beginning Cash and Investments	50	36	14
388 & 588	Prior Period Adjustments, Net	-	-	-
310-360	Revenues	-	-	-
380-390	Other Increases and Financing Sources	36,317	281	36,036
510-570	Expenditures	-	-	-
580-590	Other Decreases and Financing Uses	36,229	232	35,997
	Net Increase (Decrease) in Cash and Investments:	88	50	39
508	Ending Cash and Investments	138	86	53

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, 2013

		Total for All Funds (Memo Only)	631 STATE BLDNG PERMIT FEES	632 STATE AGENCY DEPOSITS
308	Beginning Cash and Investments	66	36	30
388 & 588	Prior Period Adjustments, Net	-	-	-
310-360	Revenues	-	-	-
380-390	Other Increases and Financing Sources	36,822	294	36,529
510-570	Expenditures	-	-	-
580-590	Other Decreases and Financing Uses	36,839	294	36,545
	Net Increase (Decrease) in Cash and Investments:	(17)	1	(16)
508	Ending Cash and Investments	50	36	14

The accompanying notes are an integral part of this statement.

City of Omak
Notes to Financial Statements
For the Year Ended December 31, 2014

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. The city is a general purpose local government and provides police, fire protection and prevention, street maintenance and improvement, parks and recreation, land use regulation, building inspection, flood control and general administrative services. In addition the city owns and operates a water utility, a sewer collection and treatment system, an airport and a storm drain utility.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

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 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 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 follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	\$3,799,502.00	\$3,584,871.31	\$214,630.69
City Street Fund:	\$715,026.00	\$688,353.48	\$26,672.52
Cemetery Fund:	\$55,560.00	\$53,084.43	\$2,475.57
Library Fund:	\$155,587.00	\$154,093.32	\$1,493.68
Motel/Hotel Fund:	\$215,000.00	\$170,076.62	\$44,923.38
Stampede Arena Fund:	\$72,694.00	\$72,693.75	\$0.25
Drug Enforcement Fund:	\$4,700.00	\$4,200.00	\$500.00
Dalton-Klessig Park Fund:	\$1,422.45	\$513.48	\$908.97
Capital Improvement Fund:	\$41,000.00	\$38,000.00	\$3,000.00
Water Fund:	\$3,697,320.22	\$1,019,476.39	\$2,677,843.83
Sewer Fund:	\$7,253,723.00	\$5,011,916.56	\$2,241,806.44
Garbage Fund:	\$1,032,326.00	\$1,017,612.86	\$14,713.14
Fund:	\$106,418.00	\$94,256.90	\$12,161.10
Airport Fund:	\$621,207.00	\$618,976.07	\$2,230.93
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
Equipment Rental Fund:	\$529,315.00	\$504,852.35	\$24,462.65
Equipment Capital Fund:	\$93,200.00	\$90,111.85	\$3,088.15
Cemetery Endowment:	\$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 receive payment for unused sick leave at the rate of 25% of the hours available. 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-revenues and non-expenditures such as collection and remittance of sales and excise taxes to the 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 government entities to form together into or join a program or organization for joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management service 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, and 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insurance losses and jointly purchase insurance and administrative services. As of December 1, 2014 there are 223 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, Canfield that is subject to a per-occurrence self-insured retention of \$100,000. The standard member deduction 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 self-insured retention. The program also purchases a Stop Loss Policy, with an attachment point of \$3,259,396, to cap the total claims paid by the program in any one policy term.

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 August 31 terminating participation the following September 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. On July 21, 2014, the Board passed a resolution changing the CIAW's renewal date from September 1, to December 1st beginning with the 2014-2015 policy term. An endorsement was added to the 2013-2014 Memorandum of Coverage, extending the coverage to December 1, 2014. The next full policy

year will begin on December 1, 2014. Premiums were prorated for the extension period. Invoices and certificates were issued.

The program has no employees. Claims are filed by members/brokers with Canfield, who has been contracted to perform program administration, claims adjustment, administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2014 were \$1,817,654.59.

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 a 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 a Bond repayment reserve imposed by the covenants of the 1998 Water Bond. The reserved amount is \$71,925 and is specified in the Bond Ordinance and is equal to the highest remaining annual bond principle and interest payment remaining. The final payment of this bond will be made in 2015 and the reserved balance will be used to discharge the final payment on the bond.

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 2014 was \$2.754157 per \$1,000 on an assessed valuation of \$282,292,176 for a total regular levy of \$777,477.

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 with the following exception. Interest earned by funds in the Water Assessment Fund, and the 1998 Water Bond Fund is deposited in the Water Fund and interest earned on the funds in the Cemetery Endowment Fund are deposited in the Cemetery 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 time of purchase. Investments by type at December 31, 2014 are as follows:

<u>Type of Investment</u>	City's own investments	Investments held by city as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P	\$4,476,490.69	\$0.00	
	<u>\$4,476,490.69</u>		
U.S. Government Securities \$149,999.55	\$149,999.55	\$0.00	
Other: Wells Fargo Business	\$1,000,322.27	\$0.00	
	<u>\$1,000,322.27</u>		
Total	\$5,626,812.51	\$0.00	\$5,626,812.51

Note 4 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2014.

The debt service requirements for general obligation bonds, revenue bonds and intergovernmental loan agreements, including both principle and interest, are as follows:

	<u>General Obligation Debt</u>	<u>Revenue Debt</u>	<u>Other Debt</u>	<u>Total Debt</u>
2015	\$241,987.87	\$71,925.00	\$ 877,690.90	\$1,191,603.77
2016	\$244,287.89		\$ 906,188.10	\$1,150,475.99
2017	\$232,611.27		\$ 899,860.29	\$1,132,471.56
2018	\$233,693.76		\$ 894,879.20	\$1,128,572.96
2019	\$124,092.51		\$ 713,690.92	\$ 837,783.43
2020 – 2024	\$460,382.52		\$3,539,384.97	\$3,999,767.49
2025 – 2029	\$364,845.00		\$3,131,150.83	\$3,495,995.83
2030 – 2034			\$1,532,444.27	\$1,532,444.27
2035 – 2039			\$ 1,215.97	\$ 1,215.97
TOTALS	<u>\$1,901,900.82</u>	<u>\$71,925.00</u>	<u>\$12,496,505.45</u>	<u>\$14,470,331.27</u>

It should be further noted that the City of Omak is in the process of completing two significant public works projects that are being funded by loans from the Department of Ecology Centennial Clean Water Fund, and the Department of Health Drinking Water State Revolving Loan Fund. While the table above indicates the City's debt service requirements to service the debt that has been incurred as of December 31, 2014, the projected amounts that will be required to service the debt that is currently being incurred is shown on the following table:

	<u>General Obligation Debt</u>	<u>Revenue Debt</u>	<u>Other Debt</u>	<u>Total Debt</u>
2015	\$241,987.87	\$71,925.00	\$ 908,351.44	\$1,222,264.31
2016	\$244,287.89		\$1,043,166.68	\$1,287,454.57
2017	\$232,611.27		\$1,115,472.13	\$1,348,083.40
2018	\$233,693.76		\$1,112,243.17	\$1,345,936.93
2019	\$124,092.51		\$ 929,211.87	\$1,053,304.38
2020 – 2024	\$460,382.52		\$4,589,344.32	\$5,049,726.84
2025 – 2029	\$364,845.00		\$4,135,034.51	\$4,499,879.51
2030 – 2034			\$2,490,252.16	\$2,490,252.16
2035 – 2039			\$ 125,927.42	\$ 125,927.42
	<hr/>	<hr/>	<hr/>	<hr/>
TOTALS	<u>\$1,901,900.82</u>	<u>\$71,925.00</u>	<u>\$16,449,003.70</u>	<u>\$18,422,829.52</u>

Note 5 - Pension Plans

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

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

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

Note 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, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

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

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

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with 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 the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze the 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

Significant Commitments or Obligations

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 2014 year and \$62,360.30 was paid out for those benefits during the year.

Construction Commitment

The city has active construction projects as of December 31, 2014. Construction projects include Phase 4B of the Omak Sewer Replacement Project. The city also has three projects in the design phase with consultant agreements in place to provide design services. Those design contracts include Phase 2B of the Sewer Replacement Project a new domestic water well project and a sidewalk project.

At year end the city's commitments with contractors or design consultants are as follows:

Project	Spent To Date	Pending Commitment
Phase 4B Sewer Project.	\$1,371,520	\$202,161.29
Phase 4B Contract Administration	\$ 166,751	\$ 142,249
Phase 2A/2B Project Design	\$ 554,367	\$ 101,633
Julia Maley Well Project Design	\$ 37,630	\$ 32,370
SR155 TAP Sidewalk	\$ 8,464	\$ 36

Funds for the completion of the Phase 4B Sewer Project and the Contract Administration for that Project are available from a Direct Legislative Appropriation Grant number CD14-965-015.

Funds for the Phase 2A/2B Design work are available from a DOE Loan No. L1200026.

Funds for the Julia Maley Well Project Design and construction are available from a DWSRF Loan No. DM11-952-026.

Funds for the SR155 TAP Sidewalk project are available from a Transportation Alternatives Program grant number TAP 0155(019) administered by the Washington State Department of Transportation under Local Agency Agreement number LA 8405.

All necessary funding to complete these contract commitments is currently available.

Extraordinary Events

During the summer of 2014, there was a significant wildfire event in Okanogan County, and after the reporting year closed we discovered that we had double billed and received payment from the Washington Military Department for a delivery of helicopter fuel. The amount of this over billing and overpayment was \$9,420.50. This overpayment was refunded to the Washington Military Department in 2015. This error resulted in an overstatement of revenues in the Airport Fund for the 2014 year, and will result in a refund payment being made from that fund in the 2015 year. This billing error and its subsequent correction was not felt to be material in the overall operation of the city's accounts or the Airport Fund.

Contingencies and Litigations

In late 2014 the Omak Police Department received two Public Records Requests from inmates at the Washington State Penitentiary. The first of these was received on September 29, 2014 and the second was received on October 17, 2014. The City's response to these requests failed to meet the requirements of the Public Records Act, and there were two claims filed against the city as a result. One claim has been settled by means of a cash payment of \$10,000, and the other claim based on the second records request has been settled for a cash payment of \$5,000. In both cases, the City Attorney negotiated the settlement with the claimant and advised that our position was such that further defense of the claims would result in greater costs to the city. The individual that responded to those Public Records Requests has received additional training, and procedures have been put in place to assure that any public records request received by the city receives a timely and appropriate response.

Passage of Initiative 502, and the subsequent adoption of regulations by the Washington State Liquor Control Board has placed the City of Omak in a difficult position. The rules adopted by the Liquor Control Board authorize a recreational marijuana dealer within the city limits of Omak but the Omak Municipal Code prohibits any land use, or issuance of a business registration to any enterprise that is not legal under Federal law. The State Liquor Control

Board has indicated its intent to issue a license for a retail marijuana outlet to The Sage Shop within the Omak City Limits. Actions by the City to defend its municipal code and prevent the sale of marijuana within the city have resulted in claims against the city. As a result, the City of Omak may abandon its efforts to enforce its municipal code regarding Business Registration until the issue of federal pre-emption is decided by the courts.

Timing of Schedule of Federal Assistance Reporting

The City of Omak provided several police officers to assist the Okanogan County Sheriff in notifying residents in areas threatened by the Carlton Complex wildfires in July of 2014. As a result the City became eligible for reimbursement from the Federal Government under the Fire Management Assistance Grant program. The CFDA number for this reimbursement is 97.046. The actual amount of this reimbursement award was transmitted to the City in June of 2015 and the funds were received by the City later in that month, after the deadline for submission of this annual report. The amount received was \$1,323.27 and will be reported in the Schedule 16, Schedule of Federal Awards in the 2015 Annual Report.

City of Omak
Notes to Financial Statements
For the Year Ended December 31, 2013

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. The city is a general purpose local government and provides police, fire protection and prevention, street maintenance and improvement, parks and recreation, land use regulation, building inspection, flood control and general administrative services. In addition the city owns and operates a water utility, a sewer collection and treatment system, an airport and a storm drain utility.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

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 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 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 follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:	\$4,126,239.76	\$3,972,976.19	-\$153,263.57
City Street Fund:	\$716,989.23	\$634,962.81	-\$82,026.42
Cemetery Fund:	\$58,692.00	\$52,890.34	-\$5,801.66
Library Fund:	\$158,535.53	\$157,942.75	-\$592.78
Motel/Hotel Tax Fund:	\$210,449.00	\$129,732.86	-\$80,716.14
Stampede Arena Fund:	\$73,814.00	\$73,813.75	-\$0.25
Drug Enforcement Fund:	\$4,700.00	\$4,200.00	-\$500.00
Park Gift Fund:	\$2,642.42	\$2,642.42	\$0.00
Dalton-Klessig Park Fund:	\$29,300.00	\$28,106.63	-\$1,193.37
Capital Improvement Fund:	\$36,500.00	\$36,500.00	\$0.00
Water Fund:	\$3,595,808.00	\$987,810.36	-\$2,607,997.64
Sewer Fund:	\$9,848,811.96	\$6,369,092.24	-\$3,479,719.72
Garbage Fund:	\$994,860.00	\$968,337.38	-\$26,522.62
Storm Drain Fund:	\$126,969.00	\$115,087.52	-\$11,881.48
Airport Fund:	\$342,167.00	\$207,753.38	-\$134,413.62
Water Assessment Fund:	\$14,800.00	\$14,800.00	\$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
Equipment Rental Fund:	\$500,583.00	\$455,348.18	-\$45,234.82
Equipment Capital Fund:	\$0.00	\$0.00	\$0.00
Cemetery Endowment:	\$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 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement employees receive payment for unused sick leave at the rate of 25% of the hours available. 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-revenues and non-expenditures such as collection and remittance of sales and excise taxes to the 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. 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 September 1, 2013, there are 236 members in the program.

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

The program acquired liability insurance through their Administrator, Canfield that is subject to a per-occurrence self-insured retention of \$100,000. 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 self-insured retention. The program also purchases a Stop Loss Policy, with an attachment point of \$3,247,000 to cap the total claims paid by the program in any one year.

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 (\$10,000 for Pumps and Motors). Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage.

Members contract to remain in the program for a minimum of one year, and must give notice before August 31 terminating participation the following September 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contribution to the program for any unresolved, unreported, and in-progress claims for the period they are 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 with Canfield, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending August 31, 2013 were \$1,423,059.12.

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 a 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 a Bond repayment reserve imposed by the covenants of the 1998 Water Bond. The reserved amount is \$71,925 which is equal to the highest remaining annual bond principle and interest payment remaining.

Note 2 – Deposits and Investments

The city's investments are either insured, registered or held by the city or its agent in the city's name.

Investments are presented at cash value except the value of U.S. Government Securities is listed at par value at maturity.

Investments by type at December 31, 2013 are as follows:

<u>Type of Investment</u>	① City's own investments	② Investments held by city as an agent for other local governments, individuals or private organizations.	③ Total
L.G.I.P.	\$4,272,168.03	\$0.00	\$4,272,168.03
U.S. Government Securities	\$ 227,663.76	\$0.00	\$ 227,663.76
Other: Wells Fargo Business Premium Rate PF	\$1,000,022.22	\$0.00	\$1,000,022.22
Total	<u>\$5,499,854.01</u>	<u>\$0.00</u>	<u>\$5,499,854.01</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 at 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 2013 was \$2.677842 per \$1,000 on an assessed valuation of \$286,659,169 for a total regular levy of \$767,628.

Note 4 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2013.

The debt service requirements for general obligation bonds, revenue bonds and intergovernmental loan agreements, including both principle and interest, are as follows:

	General Obligation <u>Debt</u>	Revenue <u>Debt</u>	Other <u>Debt</u>	Total <u>Debt</u>
2014	\$ 234,059.13	\$70,637.50	\$ 735,924.62	\$1,040,621.25
2015	\$ 241,987.87	\$71,925.00	\$ 764,295.32	\$1,078,208.19
2016	\$ 244,287.89		\$ 787,343.77	\$1,031,631.66
2017	\$ 232,611.27		\$ 780,861.63	\$1,013,472.90
2018	\$ 233,693.76		\$ 775,495.61	\$1,009,189.37
2019 – 2023	\$ 510,941.28		\$2,946,382.48	\$3,457,323.76
2024 – 2028	\$ 366,436.25		\$2,637,077.57	\$3,003,513.82
2029 – 2033	\$ 71,942.50		\$1,677,989.44	\$1,749,931.94
2034 – 2038			\$ 53,895.83	\$53,895.83
TOTALS	<u>\$2,135,959.95</u>	<u>\$142,562.50</u>	<u>\$11,159,266.27</u>	<u>\$13,437,788.72</u>

It should be further noted that the City of Omak is in the process of completing three significant public works projects that are being funded by loans from the Public Works Trust Fund, the Department of Ecology Centennial Clean Water Fund, and the Drinking Water State Revolving Loan Fund. While the table above indicates the City's debt service requirements to service the debt that has been incurred as of December 31, 2013, the projected amount that will be required to service the debt that is currently being incurred is shown on the following table:

Projected Debt Service Costs Based on Current Approved Loans Being Drawn Upon

	General Obligation <u>Debt</u>	Revenue <u>Debt</u>	Other <u>Debt</u>	Total <u>Debt</u>
2014	\$ 234,059.13	\$70,637.50	\$ 767,669.16	\$1,072,365.79
2015	\$ 241,987.87	\$71,925.00	\$ 925,718.62	\$1,239,631.49
2016	\$ 244,287.89		\$1,145,341.58	\$1,389,629.47
2017	\$ 232,611.27		\$1,129,049.95	\$1,361,661.22
2018	\$ 233,693.76		\$1,121,293.20	\$1,354,986.96
2019 – 2023	\$ 510,941.28		\$4,639,509.44	\$5,150,450.72
2024 – 2028	\$ 366,436.25		\$4,270,436.19	\$4,636,872.44
2029 – 2033	\$ 71,942.50		\$3,014,380.98	\$3,086,323.48
2034 – 2038			\$ 65,280.13	\$365,280.13
TOTALS	<u>\$2,135,959.95</u>	<u>\$142,562.50</u>	<u>\$17,378,679.25</u>	<u>\$19,657,201.70</u>

Note 5 - Pension Plans

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

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

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

Note 6 - Other Disclosures

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 2013 year, and \$62,147.82 was paid out for those benefits during the year.

During 2013 the city was the defendant in a lawsuit claiming disability discrimination brought by a former employee. That suit went to trial with the city's defense being provided by the Cities Insurance Association of Washington. The city prevailed on all elements of the suit, and the plaintiff's claims were dismissed. The period for appeal of that court's decision has passed.

During 2012 the city was impacted by an extraordinary rain event necessitating clean-up efforts and street repair. The city received assistance from the Federal Emergency Management Agency for expenditures made during the clean-up. A portion of the repairs necessitated by the storm event were not made until the spring of 2013, and the reimbursements for the expenditures that were made in 2013 are reported on the Federal Schedule 16. In addition, there was the possibility that the State Military Department would provide additional reimbursement for a portion of the local match, but the reimbursement from the State was not known at the time that the 2012 Annual Report was filed and thus was not reported. The State Military Department did receive the authorization to provide matching funds for the repair of the storm damage, and those reimbursements are shown on the State Schedule 16 for 2013, even though most of the expenditures that are being reimbursed occurred in 2012.

During 2013 the City refunded the 1998 City Hall General Obligation Bonds that financed the construction of City Hall. The original bonds had an outstanding balance of \$565,000.00, and were bearing interest for 2013 of 5.15%, and for the years 2014 through 2018 at the rate of 5.30%. We were able to refund these bonds by issuing refunding bonds which bear interest at rates of .90 for the 2013 year, and increasing over the remaining life of the bonds to 2.50% in 2018. The refunding bonds were issued for a total of \$590,000.00 which paid off the original bonds and also covered the cost of issuance of the new bonds. The City will realize a savings in each year of the final years of indebtedness with savings of \$11,423.06 in 2013; \$11,477.50 in 2014; \$2,827.50 in 2015; \$4,357.50 in 2016; \$1,122.50 in 2017 and \$3,080.00 in 2018. The net present value of these savings is estimated to be \$33,946.82. This transaction was accomplished through a Refunding Trustee who received the funds resulting from the sale of the refunding bonds, paid off the original bonds and accrued interest, and the cost of issuance for the new bonds. These transactions were conducted by the Refunding Trustee in accordance with the Refunding Trust Agreement, and only \$623.89 of the funds from the issuance of the refunding bonds was actually deposited as cash in the City's accounts. The balance of the transactions took place outside of the City's bank accounts. As a result, the 2013 Financial Statements show transactions totaling \$589,376.11 more than the total transactions shown on our reconciled bank statements.

After the close of the Fiscal period, the city was served with a Summons and a Complaint arising from an incident that occurred during the 2013 Omak Stampede. The Complaint alleges that a patron was assaulted, battered and unlawfully detained by the security contractor for the Omak Stampede, Inc. The City contracts with the Omak Stampede, Inc. for the management of the property in question, and our contractual agreement requires the Omak Stampede, Inc. to indemnify the City and maintain insurance for these types of exposures which they do. The parties named as defendants are Phoenix Protective Corporation, Omak Stampede, Inc. City of Omak and 5 unnamed employees of Phoenix Protective Corporation. It is our Attorney's belief that the City's exposure in this case is not significant.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	City Hall Refunding Bond	10/1/2018	505,000	-	90,000	415,000
263.96	Stampede Arena	6/1/2029	800,000	-	35,000	765,000
263.96	RV Park Restroom	6/1/2016	37,244	-	11,927	25,317
263.96	Fire Ladder Truck	12/1/2021	328,523	-	36,233	292,290
259.11	Accrued Leave - Current Expense		178,448	-	2,903	175,545
Total General Obligations:			1,849,215	-	176,063	1,673,152
Revenue Obligations						
263.82	PW-98-791-046 Sewer System Improvements	6/1/2018	640,502	-	128,101	512,401
263.82	PW-98-791-045 Water System Improvements	6/1/2018	240,537	-	48,106	192,431
252.11	1998 Water Bond	4/1/2015	135,000	-	65,000	70,000
263.82	PW-05-691-ELP-303 Emergency River Crossing	6/1/2025	145,265	-	12,105	133,160
263.82	04-65104-022 Water Supply Improvements	10/1/2025	868,362	-	72,364	795,998
263.82	PE10-951-001 Dewberry Emergency	6/1/2030	45,782	-	2,693	43,089
263.82	PC08-951-033 Biosolids Improvements	6/1/2028	393,888	-	26,259	367,629
263.82	PC12-951-021 PWWF Phase 1 & 2	6/1/2031	4,485,267	2,491,691	292,941	6,684,017
263.82	DM11-952-026 Water Wells	10/1/2035	23,960	-	-	23,960
263.82	DOE Loan L12000026 Sewer Design	12/31/2035	728,638	76,702	-	805,340
263.82	DOE Loan L1200027 Phase 1 Construction	6/30/2033	1,962,975	-	82,750	1,880,225
259.12	Accrued Leave - Water		32,957	-	7,168	25,789
259.12	Accrued Leave - Sewer		34,762	-	2,985	31,777
259.12	Accrued Leave - Garbage		3,808	9	-	3,817
259.12	Accrued Leave - Storm Drain Fund		2,393	531	-	2,924
259.12	Accrued Leave - Airport Fund		2,554	451	-	3,005
259.12	Accrued Leave - Equipment Rental		7,138	3,317	-	10,455
Total Revenue Obligations:			9,753,788	2,572,701	740,472	11,586,017
Total Liabilities:			11,603,003	2,572,701	916,535	13,259,169

City of Omak
Schedule of Liabilities
For the Year Ended December 31, 2013

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	City Hall Bond	10/1/2018	565,000	-	565,000	-
251.11	City Hall Refunding Bond	10/1/2018	-	590,000	85,000	505,000
263.96	Fire Rescue Vehicle	6/1/2013	4,967	-	4,967	-
263.96	Stampede Arena	6/1/2029	835,000	-	35,000	800,000
263.96	RV Park Restroom	6/1/2016	48,709	-	11,465	37,244
263.96	Fire Ladder Truck	12/1/2021	363,701	-	35,178	328,523
259.11	Accrued Leave - Current Expense		185,518	-	7,070	178,448
Total General Obligations:			2,002,895	590,000	743,680	1,849,215
Revenue Obligations						
263.82	PW-5-93-280-034 Water Meters	7/1/2013	42,876	-	42,868	8
263.82	PW-98-791-046 98 WWTF	7/1/2018	768,603	-	128,101	640,502
263.82	PW-5-93-287-201 OWP	7/1/2013	41,878	-	41,882	(4)
263.82	PW-98-791-045 98 PWTF WATER	7/1/2018	288,643	-	48,106	240,537
252.11	WATER BOND	4/1/2015	195,000	-	60,000	135,000
263.82	PW-05-691-ELP-303	7/1/2025	157,370	-	12,105	145,265
263.82	04-65104-022 WATER IMPRO	10/1/2025	940,726	-	72,364	868,362
263.82	PE10-951-001 DEWBERRY EMERG	7/1/2030	48,475	-	2,693	45,782
263.82	PC08-951-033 Biosolids	7/1/2028	397,647	22,500	26,259	393,888
263.82	PC12-951-021 PWTF PHASE 1&2	6/1/2031	307,102	4,201,207	23,042	4,485,267
263.82	DM11-952-026 Water Wells	10/1/2035	23,960	-	-	23,960
263.82	DOE L1200026 Design	8/31/2034	479,564	249,074	-	728,638
263.82	DOE L1200027 - PHASE 1	6/30/2033	898,010	1,064,965	-	1,962,975
259.12	Accrued Leave - Water Fund		31,740	1,217	-	32,957
259.12	Accrued Leave - Sewer Fund		33,427	1,335	-	34,762
259.12	Accrued Leave - Garbage Fund		3,575	233	-	3,808
259.12	Accrued Leave - Storm Drain Fund		2,253	140	-	2,393
259.12	Accrued Leave - Airport Fund		2,510	44	-	2,554
259.12	Accrued Leave - Equipment Rental		11,328	-	4,190	7,138
Total Revenue Obligations:			4,674,687	5,540,715	461,610	9,753,792
Total Liabilities:			6,677,582	6,130,715	1,205,290	11,603,007

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	
Deputy Director for Communications	Adam Wilson Adam.Wilson@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov