



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
Town of Coulee City

For the period January 1, 2016 through December 31, 2017

Published January 22, 2019

Report No. 1023052





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

January 22, 2019

Mayor and Town Council
Town of Coulee City
Coulee City, Washington

Report on Financial Statements

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

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

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
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.....	40

**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**

**Town of Coulee City
January 1, 2016 through December 31, 2017**

Mayor and Town Council
Town of Coulee City
Coulee City, 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 Town of Coulee City, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated January 2, 2019.

We issued an unmodified opinion on the fair presentation of the Town'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 Town 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 Town'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 Town's financial statements are free from material misstatement, we performed tests of the Town'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 Town'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 Town'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 written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

January 2, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Town of Coulee City January 1, 2016 through December 31, 2017

Mayor and Town Council
Town of Coulee City
Coulee City, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Town of Coulee City, for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Town'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 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 Town'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 Town'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 Town of Coulee City 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 Town of Coulee City, for the years ended December 31, 2017 and 2016, 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 Town 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 Town of Coulee City, as of December 31, 2017 and 2016, 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 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 January 2, 2019 on our consideration of the Town'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 Town's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

January 2, 2019

FINANCIAL SECTION

Town of Coulee City January 1, 2016 through December 31, 2017

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017
Schedule of Liabilities – 2016

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

		Total for All Funds (Memo Only)	001 Current	101 Street	103 Park
Beginning Cash and Investments					
30810	Reserved	481,448	122,460	-	10,054
30880	Unreserved	846,931	470,401	150,928	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	255,345	158,244	72,876	-
320	Licenses and Permits	1,507	1,507	-	-
330	Intergovernmental Revenues	281,730	44,497	95,606	17,800
340	Charges for Goods and Services	308,112	77,025	6,291	1,478
350	Fines and Penalties	372	372	-	-
360	Miscellaneous Revenues	510,619	58,409	1,499	216,545
Total Revenues:		1,357,685	340,055	176,273	235,824
Expenditures					
510	General Government	61,495	61,495	-	-
520	Public Safety	149,685	129,080	-	20,605
530	Utilities	209,119	-	-	-
540	Transportation	113,250	-	113,250	-
550	Natural and Economic Environment	7,536	1,598	-	-
560	Social Services	110	110	-	-
570	Culture and Recreation	142,925	22,764	-	120,161
Total Expenditures:		684,120	215,048	113,250	140,765
Excess (Deficiency) Revenues over Expenditures:		673,565	125,006	63,022	95,058
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	16,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	610	610	-	-
381, 395, 398	Other Resources	22,380	9,808	-	50
Total Other Increases in Fund Resources:		38,990	10,418	-	50
Other Decreases in Fund Resources					
594-595	Capital Expenditures	197,604	27,026	54,032	92,646
591-593, 599	Debt Service	249,225	-	-	-
597	Transfers-Out	16,000	-	3,600	1,200
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	336	336	-	-
581	Other Uses	21,660	-	-	-
Total Other Decreases in Fund Resources:		484,825	27,362	57,632	93,846
Increase (Decrease) in Cash and Investments:		227,730	108,063	5,390	1,261
Ending Cash and Investments					
5081000	Reserved	624,634	150,387	-	11,316
5088000	Unreserved	931,476	550,537	156,318	-
Total Ending Cash and Investments		1,556,110	700,924	156,318	11,316

The accompanying notes are an integral part of this statement.

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

		106 Stadium	201 Go Debt Fund (fire Station)	301 Capital Improvement	310 Equipment Reserve Fund
Beginning Cash and Investments					
30810	Reserved	17,683	12,841	-	6,486
30880	Unreserved	-	-	40,492	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	6,142	15,870	1,842	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	204	1,885	406	9,150
Total Revenues:		6,345	17,754	2,248	9,150
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	5,938	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		5,938	-	-	-
Excess (Deficiency) Revenues over Expenditures:		408	17,755	2,248	9,150
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	12,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	12,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	22,215	-
591-593, 599	Debt Service	-	17,911	-	271
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	21,660
Total Other Decreases in Fund Resources:		-	17,911	22,215	21,931
Increase (Decrease) in Cash and Investments:		408	(156)	(19,967)	(781)
Ending Cash and Investments					
5081000	Reserved	18,090	12,684	-	5,705
5088000	Unreserved	-	-	20,525	-
Total Ending Cash and Investments		18,090	12,684	20,525	5,705

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

		<u>401 Water</u>	<u>402 T.v. Reflector</u>	<u>410 Sewer Fund</u>
Beginning Cash and Investments				
30810	Reserved	177,128	-	134,797
30880	Unreserved	97,253	19,629	68,228
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	371	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	123,826	-	-
340	Charges for Goods and Services	145,301	-	78,017
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	103,255	202	119,066
Total Revenues:		372,381	573	197,083
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	128,933	563	79,622
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		128,933	563	79,622
Excess (Deficiency) Revenues over Expenditures:		243,449	10	117,461
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	4,000
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	12,522	-	-
Total Other Increases in Fund Resources:		12,522	-	4,000
Other Decreases in Fund Resources				
594-595	Capital Expenditures	1,684	-	-
591-593, 599	Debt Service	114,124	-	116,918
597	Transfers-Out	8,800	-	2,400
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		124,609	-	119,318
Increase (Decrease) in Cash and Investments:		131,363	10	2,143
Ending Cash and Investments				
5081000	Reserved	283,156	-	143,297
5088000	Unreserved	122,587	19,639	61,870
Total Ending Cash and Investments		405,743	19,639	205,167

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

		Total for All Funds (Memo Only)	001 Current	101 Street	103 Park
Beginning Cash and Investments					
30810	Reserved	480,321	85,680	-	9,221
30880	Unreserved	859,679	441,154	99,650	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	254,606	151,728	72,895	-
320	Licenses and Permits	1,884	1,884	-	-
330	Intergovernmental Revenues	381,264	42,784	38,702	-
340	Charges for Goods and Services	303,996	86,584	790	1,508
350	Fines and Penalties	1,001	1,001	-	-
360	Miscellaneous Revenues	399,470	42,193	1,552	120,901
Total Revenues:		1,342,220	326,175	113,939	122,409
Expenditures					
510	General Government	78,511	65,422	-	1,503
520	Public Safety	153,558	133,258	-	20,300
530	Utilities	274,505	-	-	-
540	Transportation	60,553	-	60,553	-
550	Natural and Economic Environment	11,247	5,585	-	-
560	Social Services	125	125	-	-
570	Culture and Recreation	122,047	22,976	-	99,071
Total Expenditures:		700,544	227,365	60,553	120,874
Excess (Deficiency) Revenues over Expenditures:		641,675	98,809	53,386	1,535
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	11,027	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	1,246	1,246	-	-
381, 395, 398	Other Resources	78,189	3,031	-	-
Total Other Increases in Fund Resources:		90,462	4,277	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	493,405	6,853	-	-
591-593, 599	Debt Service	167,085	-	-	-
597	Transfers-Out	11,027	-	2,108	703
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	1,006	1,006	-	-
581	Other Uses	71,235	29,200	-	-
Total Other Decreases in Fund Resources:		743,759	37,060	2,108	703
Increase (Decrease) in Cash and Investments:		(11,621)	66,025	51,278	832
Ending Cash and Investments					
5081000	Reserved	481,088	122,460	-	10,054
5088000	Unreserved	847,291	470,401	150,928	-
Total Ending Cash and Investments		1,328,379	592,860	150,928	10,054

The accompanying notes are an integral part of this statement.

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

		106 Stadium	201 Go Debt Fund (fire Station)	301 Capital Improvement	310 Equipment Reserve Fund
Beginning Cash and Investments					
30810	Reserved	17,971	13,322	-	24,013
30880	Unreserved	-	-	32,800	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	5,134	17,231	7,223	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	240	199	470	9,102
Total Revenues:		5,374	17,430	7,693	9,102
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	5,662	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		5,662	-	-	-
Excess (Deficiency) Revenues over Expenditures:		(288)	17,430	7,693	9,102
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	7,027
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	65,253
Total Other Increases in Fund Resources:		-	-	-	72,279
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	85,778
591-593, 599	Debt Service	-	17,911	-	294
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	12,835
Total Other Decreases in Fund Resources:		-	17,911	-	98,908
Increase (Decrease) in Cash and Investments:		(288)	(481)	7,693	(17,526)
Ending Cash and Investments					
5081000	Reserved	17,683	12,841	-	6,486
5088000	Unreserved	-	-	40,492	-
Total Ending Cash and Investments		17,683	12,841	40,492	6,486

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

		401 Water	402 T.v. Reflector	410 Sewer Fund
Beginning Cash and Investments				
30810	Reserved	203,819	-	126,297
30880	Unreserved	196,320	19,362	70,394
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	394	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	299,778	-	-
340	Charges for Goods and Services	140,191	-	74,922
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	104,617	248	119,948
Total Revenues:		544,586	642	194,871
Expenditures				
510	General Government	9,782	-	1,804
520	Public Safety	-	-	-
530	Utilities	205,720	375	68,410
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		215,502	375	70,213
Excess (Deficiency) Revenues over Expenditures:		329,084	267	124,657
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	4,000
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	9,906	-	-
Total Other Increases in Fund Resources:		9,906	-	4,000
Other Decreases in Fund Resources				
594-595	Capital Expenditures	396,774	-	3,999
591-593, 599	Debt Service	31,962	-	116,918
597	Transfers-Out	6,811	-	1,405
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	29,200	-	-
Total Other Decreases in Fund Resources:		464,747	-	122,323
Increase (Decrease) in Cash and Investments:		(125,757)	267	6,333
Ending Cash and Investments				
5081000	Reserved	176,768	-	134,797
5088000	Unreserved	97,613	19,629	68,228
Total Ending Cash and Investments		274,381	19,629	203,025

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

		Investment Trust
308	Beginning Cash and Investments	5,553
388 & 588	Prior Period Adjustment, Net	-
310-390	Additions	2,122
510-590	Deductions	2,646
	Net Increase (Decrease) in Cash and Investments:	(524)
508	Ending Cash and Investments	5,029

The accompanying notes are an integral part of this statement.

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

		607 Water Deposits
		<hr/>
308	Beginning Cash and Investments	4,953
388 & 588	Prior Period Adjustments, Net	-
310-360	Revenues	-
380-390	Other Increases and Financing Sources	2,250
510-570	Expenditures	-
580-590	Other Decreases and Financing Uses	1,650
		<hr/>
	Net Increase (Decrease) in Cash and Investments:	600
508	Ending Cash and Investments	5,553

The accompanying notes are an integral part of this statement.

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

Note 1 - Summary of Significant Accounting Policies

The Town of Coulee City was incorporated on 1907 and operates under the laws of the state of Washington applicable to a town with a mayor/council form of government. The Town of Coulee City is a general purpose local government and provides police, fire, and ambulance services, street improvements, park, recreation, library services, general administrative services, a TV translator, and a city-owned water and sewer utility.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

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

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - Current			
Current	271,509.00	215,383.52	56,125.48
Police Vehicle Replacement			
Ambulance Replacement			
Rodeo Fund			
Fire Equipment Replacement	6,596.00	9,866.68	-3,270.68
Ambulance Reserve Fund	20,000.00	17,159.34	2,840.66
Total 001 - Current	298,105.00	242,409.54	55,695.46
101 - Street			
Street	873,892.40	170,882.10	703,010.30
Street Reserve Fund			
Total 101 - Street	873,892.40	170,882.10	703,010.30
103 - Park			
Park	173,554.19	141,965.47	20,588.72
Park Reserve Fund	102,450.00	92,645.91	9,804.09
Total 103 - Park	265,004.19	234,611.38	30,392.81
106 - Stadium	7,600.00	5,938.37	1,661.63
201 - Go Debt Fund (fire Station)	17,911.00	17,910.96	0.04
301 - Capital Improvement	22,215.30	22,215.30	
310 - Equipment Reserve Fund	20,825.00	21,931.37	-1,106.37
401 - Water			
Water	125,430.45	117,172.57	8,257.88
Water Improvement Redemption	37,700.00	37,646.05	53.95
DWSRF Fund	93,481.75	82,162.45	11,319.30
Water Reserve Fund	20,000.00	16,560.03	3,439.97
Total 401 - Water	276,612.20	253,541.10	23,071.10
402 - T.v. Reflector	1,450.00	563.42	886.58
410 - Sewer Fund			
Sewer Fund	91,153.05	82,022.49	9,130.56
Sewer Improvement	121,430.00	121,418.30	11.7
Total 410 - Sewer Fund	208,083.05	198,940.79	9,142.26
607 - Water Deposits		2,646.20	-2,646.20

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 Town of Coulee City legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

The Town of Coulee City does not currently have a policy to establish a capital threshold. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to two (2) times the annual rate and is payable upon separation or retirement. Sick leave may be accumulated up to 1,000 hours. Upon separation or retirement on good terms, employees are eligible to receive payment for 25% of unused sick leave. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 5, *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 town legislative body. When expenditures that meet restrictions are incurred, the town intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following:

Fund Name	Fund No.	Amount Reserved	Reason for Restriction
Current	001	\$ 150,386.59	Fire Equipment Replacement
Park and Park Reserved	103	\$ 11,315.66	Per Agreement with USBR
Stadium Fund	106	\$ 18,089.97	Lodging Tax
GO Debt Fund	201	\$ 12,683.92	Fire Station Construction
Equipment Reserve	310	\$ 5,704.70	Private Grant/Public Works Equipment
Water Improvement Fund	405 into 401	\$ 75,895.09	Loan Repayment and Water System Improvement
DWSRF Fund	406 into 401	\$ 207,261.00	Repayment of DWSRF Fund Loan
Sewer Improvement Reserve	461 into 410	\$ 143,297.00	Reserves required by USDA and DOE

Note 2 – Deposits and Investments

It is the town'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 town or its agent in the town's name.

Investments are reported at fair market value. Investments by type at December 31, 2017 are as follows:

Type of Investment	Town's Investments
Grant County Investments	\$1,172,212.07

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

The Town of Coulee City regular levy for the year 2017 was \$2.6543925215 per \$1,000 on an assessed valuation of \$31,346,596 for a total regular levy of \$83,206.17.

The town also has an excess levy for the Fire Station. The excess levy for 2017 was \$0.5665613974 per \$1,000 on an assessed valuation of \$30,888,091 for a total additional levy of \$17,500.00.

Note 4 - Interfund Loans

The following table displays interfund loan activity during 2017:

Borrowing Fund	Lending Fund	Balance 1/1/2017	New Loans 4/27/2017	Repayment of Principal	Payment of Interest	Balance 12/31/2017
310	001	\$26,270.38	\$0	\$9,797.83	\$133.54	\$16,472.55
310	408	\$19,294.28	\$0	\$11,862.15	\$137.85	\$7,432.13
	TOTALS	\$45,564.66	\$0	\$21,659.98	\$271.39	\$23,904.68

Note 5 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Town of Coulee City and summarizes the Town of Coulee City debt transactions for year ended

December 31, 2017.

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

Year	Principal	Interest	Total Debt Service
2018	193,030	47,438	240,468
2019	194,160	45,689	239,849
2020	195,343	43,886	239,229
2021	196,582	42,028	238,610
2022	197,879	40,112	237,991
2023-2027	636,933	170,401	807,334
2028-2032	524,815	130,562	655,377
2033-2037	372,715	92,198	464,913
2038-2042	153,075	57,995	211,070
2043-2047	186,867	23,708	210,575
2048-2052			-
2053-2057			-
Totals	\$ 2,851,401	\$ 694,016	\$ 3,545,417

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all Town of Coulee 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:

Public Employees' Retirement System PERS Plan 2 (PERS 2)

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 Town of Coulee 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 Town of Coulee City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan Type	Employer Contribution	Responsibility Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	5387.56	0.00089600%	4,745,078,000	42,516	
PERS 2/3	7036.38	0.00115200%	3,474,522,000	40,026	
VFFRPF	360	0.168209%	(37,100,000)		(62,405)
				\$ 82,542	\$ (62,405)

Note 7 – Health and Welfare

The Town of Coulee City 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, 2017, 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, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and 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. In 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. 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 8 – Risk Management

The Town of Coulee City is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2017, 99 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime) and pollution liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Allied World National Assurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The excess property coverage is purchased through Lexington Insurance Company and in 2017, AWC RMSA carried a retention of \$100,000 and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

Note 9 – Joint Ventures

The Town of Coulee City, along with 28 Grant County entities, entered into an Interlocal Cooperative Agreement under the authority of RCW Chapter 39.34 in order to provide for the joint operation of a consolidated E911 emergency dispatch facility known as the Multi Agency Communications Center (MACC). MACC serves as the Public Safety Answering Point for all law enforcement and emergency response agencies in Grant County. The property acquired by MACC is shared by the participants in the Agreement to the same extent as they have made financial contributions to MACC. Grant County accounts for MACC as an Agency Fund and financial reports can be obtained for MACC at the Grant County Auditor's Office, 37 C Street NW, Ephrata, WA 98823.

Note 10 - Other Disclosures

The Town of Coulee City no longer has a police department and has contracted with the Grant County Sheriff's office for law enforcement.

Throughout 2016 the Town of Coulee City was working on the completion of a new water reservoir. As

the contractor's "estimates/charges" were received, a check was written and approved by council for the payments of the contractor and for the retainage being held for the contractor. The final payment was issued in 2016, but the final loan monies in the amount of \$123,826.00 were not received until 2017 so that made a difference in the ending balance for the Water Utility Fund. The retainage funds were deposited in an escrow account with Banner Bank held for the contractor. At the end of 2016 there was a balance held of \$59,552.03 and an additional \$4,213.75 was deposited in January of 2017 for a total retainage of \$63,765.78. The Town has received a Notice of Claim from a subcontractor (A & D Electrical HVAC-R LLC) stating that Paso Robles Tank (the prime contractor) still owes them \$3,394.95. We also received a telephone call from the painting subcontractor that they are still owed \$3,580.00. This matter was completed in 2017.

The town has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:

- General Fund includes the funds of 001, 104, 105, 107, 108, and 109
- Street Fund includes the funds of 101 and 102
- Park (USBR) Fund includes the funds of 103 and 111
- Water Utility Fund includes the funds of 401, 405, 406, and 408
- Sewer Utility fund includes the funds of 410, 460, 461

No pending lawsuits as of December 31, 2017.

There were two employee terminations in the first quarter of 2018.

Councilmember Travis Liening also holds a position on the Grant County Port District No. 4 Board of Commissioners.

News & Standard Publications is owned by Councilmember and Mayor Pro Tem, ShirleyRae Maes, which is utilized for publication of public notices and advertisements, however total payments were below expenditure threshold.

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

Note 1 - Summary of Significant Accounting Policies

The Town of Coulee City was incorporated in 1907 and operates under the laws of the State of Washington applicable to a town with a mayor/council form of government. The Town of Coulee City is a general purpose local government and provides police, fire, and ambulance services, street improvements, park, recreation, library services, general administrative services, a TV translator, and a city-owned water and sewer utility.

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- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

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General Fund (001)

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 (100-199)

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

Debt Service Funds (200-299)

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

Capital Projects Funds (300-399)

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 (400-499)

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

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

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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
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Street Fund	\$82,616.03	\$62,660.97	\$19,955.06
Street Reserve Fund			
Park Fund	\$143,250.68	\$121,576.32	\$21,674.36
Police Vehicle Fund			
Ambulance Replacement			
Stadium (Hotel/Motel/ Fund	\$7,000.00	\$5,662.00	\$1,338.00
Rodeo Fund			
Fire Equipment Replacement			
Ambulance Reserve	\$10,000.00		\$10,000.00
Equipment Reserve	\$103,340.00	\$98,907.74	\$4,432.26
Park Reserve	\$4,000.00	\$4,000.00	
GO Debt Fund	\$17,911.00	\$17,910.96	\$0.04
Capital Improvement Fund			
Water Operating Fund	\$142,758.70	\$133,746.00	\$9,012.70
TV Reflector Fund	\$1,450.00	\$375.00	\$1,075.00
Water Improvement Fund	\$596,000.00	\$428,737.10	\$167,262.90
DWSRF Fund			
Water Reserve Fund	\$149,400.00	\$117,766.13	\$31,633.87
Sewer Operating Fund	\$84,938.35	\$75,618.03	\$9,320.32
Sewer Improvement Fund	\$121,430.00	\$121,418.30	\$11.70
Sewer Reserve Fund			

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 town's legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

The Town of Coulee City does not currently have a policy to establish a capital threshold. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to two (2) times the annual rate and is payable upon separation or retirement. Sick leave may be accumulated up to 1,000 hours. Upon separation or retirement on good terms, employees are eligible to receive payment for 25% of unused sick leave. Payments are recognized as expenditures when paid.

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See Note 5, *Debt Service Requirements*.

H. Risk Management

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Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. For the \$9 million in excess liability coverage limits, an excess liability policy is purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Allied World National Assurance Company. The excess property coverage is purchased through Lexington Insurance Company using the Pool's broker, Arthur J. Gallagher Risk Management Services. In 2016, AWC RMSA carried a retention of \$100,000 and limits up to \$250 million. Since AWC RMSA is a cooperative program, there is joint liability among the participating members.

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

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

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is

comprised of elected officials of participating members.

I. 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 town legislative body. When expenditures that meet restrictions are incurred, the town intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following:

Fund No.	Fund Name	Reserved Amount	Nature of Restriction
001	Current	\$122,459.54	Fire Equipment Replacement
103	Park and Park Reserved	\$10,053.51	Per Agreement with USBR
106	Stadium Fund	\$17,683.02	Lodging Tax
201	GO Debt Fund	\$12,840.52	Fire Station Construction
310	Equipment Reserve	\$6,486.39	Private Grant/Public Works Equipment
405 into 401	Water Improvement Fund	(52,389.30)	Loan Repayment and Water System Improvement
406 into 401	DWSRF Fund	\$229,157.25	Repayment of DWSRF Fund Loan
461 into 410	Sewer Improvement Reserve	\$134,797.00	Reserves required by USDA and DOE

Note 2 – Deposits and Investments

It is the town'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 town or its agent in the town's name.

Investments are reported at fair market value. Investments by type at December 31, 2016 are as follows:

Type of Investment	Town's Investments
Grant County Investments	\$956,670.52

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

The town's regular levy for the year 2016 was \$2.7858415967 per \$1,000 on an assessed valuation of \$29,511,520 for a total regular levy of \$82,214.42.

The town also has an excess levy for the Fire Station. The excess levy for 2016 was \$0.6012300479 per \$1,000 on an assessed valuation of \$29,106,995 for a total additional levy of \$17,500.00.

Note 4 - Interfund Loans

The following table displays interfund loan activity during 2016:

Borrowing Fund	Lending Fund	Balance 1/1/2016	New Loans 4/27/2016	Repayment of Principal	Payment of Interest	Balance 12/31/2016
310	001		\$29,200.00	\$2,929.62	\$121.70	\$26,270.38
310	408		\$29,200.00	\$9,905.72	\$172.36	\$19,294.28
	TOTALS		\$58,400.00	\$12,835.34	\$294.06	\$45,564.66

Note 5 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the Town of Coulee City and summarizes the town's debt transactions for year ended December 31, 2016.

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

	Principal	Interest	Total
2017	\$191,949.51	\$57,004.18	\$248,953.69
2018	\$193,029.51	\$47,438.21	\$240,467.72
2019	\$194,160.02	\$45,688.58	\$239,848.60
2020	\$195,343.43	\$43,886.00	\$239,229.43
2021	\$196,582.32	\$42,028.01	\$238,610.33
2022-2026	\$717,135.78	\$180,179.88	\$897,315.66
2027-2031	\$558,458.54	\$137,705.54	\$696,164.08
2032-2036	\$429,673.97	\$100,247.93	\$529,921.90
2037-2041	\$147,011.26	\$64,058.74	\$211,070.00
2042-2046	\$179,939.15	\$31,130.85	\$211,070.00
2047-2049	\$40,066.60	\$1,652.75	\$41,719.35
Totals	\$3,043,350.08	\$751,020.68	\$3,794,370.76

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all Town of Coulee 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:

Public Employees' Retirement System PERS Plan 2 (PERS 2)

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 Town of Coulee 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, 2016 (the measurement date of the plans), The Town of Coulee City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	0.000911%	\$48,925
PERS 2/3	0.001167%	\$58,758
VFFRPF	0.160000%	(\$27,133)

Note 7 – Health and Welfare

The Town of Coulee City 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, 2016, 258 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, dental and vision insurance through the following carriers: Group Health Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and 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. In 2016, the AWC Trust HCP purchased 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 8 – Joint Ventures

The Town of Coulee City, along with 28 Grant County entities, entered into an Interlocal Cooperative Agreement under the authority of RCW Chapter 39.34 in order to provide for the joint operation of a consolidated E911 emergency dispatch facility known as the Multi Agency Communications Center (MACC). MACC serves as the Public Safety Answering Point for all law enforcement and emergency response agencies in Grant County. The property acquired by MACC is shared by the participants in the Agreement to the same extent as they have made financial contributions to MACC. Grant County accounts for MACC as an Agency Fund and financial reports can be obtained for MACC at the Grant County Auditor's Office, 37 C Street NW, Ephrata WA 98823.

Note 9 -- Other Disclosures

The Town of Coulee City no longer has a police department and has contracted with the Grant County Sheriff's office for law enforcement.

Throughout 2016 the Town of Coulee City was working on the completion of a new water reservoir. As the contractor's "estimates/charges" were received, a check was written and approved by council for the payments of the contractor and for the retainage being held for the contractor. The final payment was issued in 2016, but the final loan monies in the amount of \$123,826.00 were not received until 2017 so that made a difference in the ending balance for the Water Utility Fund. The retainage funds were deposited in an escrow account with Banner Bank held for the contractor. At the end of 2016 there was a balance held of \$59,552.03 and an additional \$4,213.75 was deposited in January of 2017 for a total retainage of \$63,765.78. The Town has received a Notice of Claim from a subcontractor (A & D Electrical HVAC-R LLC) stating that Paso Robles Tank (the prime contractor) still owes them \$3,394.95. We also received a telephone call from the painting subcontractor that they are still owed \$3,580.00.

The town has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:

- General Fund includes the funds of 001, 104, 105, 107, 108, and 109
- Street Fund includes the funds of 101 and 102
- Park (USBR) Fund includes the funds of 103 and 111
- Water Utility Fund includes the funds of 401, 405, 406, and 408
- Sewer Utility fund includes the funds of 410, 460, 461

**Town of Coulee City
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						
251.12	Fire Station GO Bonds 04	12/20/2028	132,712	-	11,321	121,391
263.51	Copy Machine	4/15/2019	4,619	-	1,980	2,640
Total General Obligation Debt/Liabilities:			137,332	-	13,301	124,031
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	USDA-Water/Wastewater 07	5/15/2047	730,930	-	12,063	718,866
263.82	DOE-Wastewater 2003	8/3/2022	413,852	-	68,975	344,877
263.82	DOE-Water/Wastewater 09	4/30/2027	527,673	-	37,691	489,982
263.82	DWSRF-Water 2013	10/1/2036	1,102,174	136,086	61,913	1,176,347
259.12	Compensated Absences	12/31/2017	10,357	-	2,631	7,726
264.30	Net Pension Liability		107,683	-	25,141	82,542
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,892,669	136,086	208,414	2,820,341
Total Liabilities:			3,030,001	136,086	221,716	2,944,371

**Town of Coulee City
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						
251.12	Fire Station GO Bonds 04	12/20/2028	143,388	-	10,676	132,712
263.51	Copy Machine	4/15/2019	6,599	-	1,980	4,619
Total General Obligation Debt/Liabilities:			149,987	-	12,656	137,331
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	USDA-Water/Wastewater 07	5/15/2047	742,515	-	11,585	730,930
263.82	DOE-Wastewater 2003	8/3/2022	482,827	-	68,975	413,852
263.82	DOE-Water/Wastewater 2009	4/30/2027	565,364	-	37,691	527,673
263.82	DWSRF-Water 2013	10/1/2036	827,396	274,778	-	1,102,174
259.12	Compensated Absences	12/31/2016	10,114	243	-	10,357
264.30	Net Pension Liability		90,041	17,642	-	107,683
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,718,257	292,663	118,251	2,892,669
Total Liabilities:			2,868,244	292,663	130,907	3,030,000

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	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov