



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

**Financial Statements Audit Report**  
**City of Yelm**

**For the period January 1, 2018 through December 31, 2018**

**Published November 18, 2019**

**Report No. 1024943**





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

November 18, 2019

Mayor and City Council  
City of Yelm  
Yelm, Washington

**Report on Financial Statements**

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

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy  
State Auditor  
Olympia, WA

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**City of Yelm**  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### City of Yelm January 1, 2018 through December 31, 2018

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2016 – December 31, 2017	<b>Report Ref. No.:</b> 1023432	<b>Finding Ref. No.:</b> 2017-001
<b>Finding Caption:</b> The City’s internal controls over financial statement preparation were inadequate to ensure accurate and complete reporting.		
<b>Background:</b> In prior audits, the Washington State Auditor’s Office (SAO) identified weaknesses in controls over financial reporting, including deficiencies in controls over financial statement reporting that hindered the City of Yelm’s ability to produce reliable financial statements. Since that time, the City of Yelm has created and enacted formal processes, procedures and policies that establish effective controls over financial statement preparation and the preparation of accurate and complete financial statements.		
<b>Status of Corrective Action: (check one)</b> <div><input checked="" type="checkbox"/> Fully Corrected</div> <div><input type="checkbox"/> Partially Corrected</div> <div><input type="checkbox"/> Not Corrected</div> <div><input type="checkbox"/> Finding is considered no longer valid</div>		

**Corrective Action Taken:**

*The City of Yelm has made it a high priority to address the historic issues identified by the State Auditor's Office.*

*The City has taken the following actions to address these issues:*

- In Q1 2017, the secondary review of journal entries began immediately with the review and sign off of the City Administrator.*
- In Q4 2017, the Finance Department hired a Senior Accountant with extensive governmental and non-profit accounting experience to administer Accounts Payable, Payroll and all other accounting functions within the City.*
- In Q4 2017, journal entry preparation was consolidated with the Senior Accountant and Accounting Assistant. Secondary review was transitioned to the new Finance Director at that time, and has continued to be performed within the Finance Department since.*
- In Q4 2017, the Finance Department initiated a program of ongoing financial training. Since that time, all Finance Department Staff have received sufficient technical training to effectively use the BARS Manual when preparing journal entries, budget status reports, and the City's annual financial report.*
- In Q4 2017, the City created and formally adopted written financial policies that have proven to be effective in other comparable cities like DuPont, WA and incorporate the recommended best practices and guidance from the Governmental Finance Officers Association (GFOA), Municipal Research Services Center (MRSC) and Association of Washington Cities (AWC). These policies provide guidance on our processes and procedures, and reasonable assurance that information entered into the general ledger is accurate, amounts reported on the financial statements agree to supporting accounting records, and that journal entries are allowable, accurate, and supported. These policies include Accounting Policies, Revenue Policies, Debt Policies, Expenditure Policies, Communication Policies, Operating Budget Policies, Compliance Policies, Capital Management Policies, Investment & Cash Management Policies, and Reserve Policies. The Yelm City Council initially adopted these Washington State Auditor's Office Page 7 policies on October 10, 2017 as part of the 2018 Annual Budget. The financial policies were subsequently refined by the City Council Finance Committee, at which time a contracting policy was added. The updated policies were adopted on December 11, 2018 as part of the 2019-2020 Biennial Budget.*
- In Q3 2018, the Finance Department, in conjunction with the State Auditor's Office, performed an intensive review of accounting data for fiscal years 2014 – 2017 to determine the origin and extent of general ledger inaccuracies. This work, completed in Q1 2019, resulted in full reconciliation with all City of Yelm banking statements for fiscal years 2016 and 2017.*
- In Q4 2018, the City upgraded financial management software. The new Software, the*

*BARS Integrated Accounting Software, features functionality that will enhance the Finance Department's ability to accurately account for expenditures, perform regular bank reconciliations, and produce accurate Annual Financial Statements.*

- *In Q1 2019, the City reorganized the Finance Department, moving front counter customer service staff to a dedicated Customer Service Department. This creates an additional layer of accountability and separation of duties that improves internal controls over cash management and revenue accounting.*
- *In Q1 2019, the Finance Department hired an Accounting Assistant with extensive cash handling and internal control experience to assist with the administration of revenues and expenditures.*
- *In Q3 2019, the City of Yelm applied for the Government Finance Officers Association's Distinguished Budget Presentation Award Program, which we received for the first time in the City's history in 2018 and expect to receive again. This national recognition reflects our accomplishments to date to incorporate the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting. It also reflects the City's culture and commitment to continuous improvement to implement financial management, accounting, reporting, internal control and auditing best practices.*

**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 Yelm  
January 1, 2018 through December 31, 2018**

Mayor and City Council  
City of Yelm  
Yelm, 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 Yelm, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated November 1, 2019.

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

November 1, 2019

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## City of Yelm January 1, 2018 through December 31, 2018

Mayor and City Council  
City of Yelm  
Yelm, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Yelm, for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 14.

#### 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the City of Yelm 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 cash and investments of the City of Yelm, and its changes in cash and investments, for the year ended December 31, 2018, 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 Yelm, as of December 31, 2018, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## **Other Matters**

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is 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 November 1, 2019 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.

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

November 1, 2019

## **FINANCIAL SECTION**

### **City of Yelm January 1, 2018 through December 31, 2018**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2018  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018  
Notes to Financial Statements – 2018

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2018

**City of Yelm**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>101 CITY STREET</b>	<b>102 ARTERIAL STREETS</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	2,105,491	-	-	-
30880	Unreserved	19,154,036	3,309,916	109,714	101,325
388 / 588	Prior Period Adjustments, Net	(353,171)	(368,853)	(1,756)	-
<b>Revenues</b>					
310	Taxes	5,913,964	5,342,721	-	-
320	Licenses and Permits	278,145	278,145	-	-
330	Intergovernmental Revenues	688,983	226,149	144,865	62,590
340	Charges for Goods and Services	7,162,270	173,446	-	-
350	Fines and Penalties	79,174	79,174	-	-
360	Miscellaneous Revenues	2,560,477	208,855	12,041	5,851
Total Revenues:		16,683,013	6,308,490	156,906	68,441
<b>Expenditures</b>					
510	General Government	1,764,863	1,613,930	-	-
520	Public Safety	2,194,991	2,134,785	-	-
530	Utilities	3,630,704	122,008	-	-
540	Transportation	600,829	-	542,741	54,970
550	Natural and Economic Environment	617,221	617,221	-	-
560	Social Services	12,294	12,294	-	-
570	Culture and Recreation	461,749	461,749	-	-
Total Expenditures:		9,282,651	4,961,987	542,741	54,970
Excess (Deficiency) Revenues over Expenditures:		7,400,362	1,346,503	(385,835)	13,471
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	5,191,410	-	-	-
397	Transfers-In	6,338,887	1,395,318	300,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	305,203	300,393	-	-
381, 395, 398	Other Resources	102,978	5,652	-	-
Total Other Increases in Fund Resources:		11,938,479	1,701,363	300,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	4,206,480	123,386	-	1,733
591-593, 599	Debt Service	9,498,042	31,884	-	-
597	Transfers-Out	6,338,887	3,995,623	7,407	27,243
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	280,825	270,706	-	-
581	Other Uses	97,326	-	-	-
Total Other Decreases in Fund Resources:		20,421,560	4,421,598	7,407	28,976
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(1,082,720)</b>	<b>(1,373,732)</b>	<b>(93,242)</b>	<b>(15,505)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,641,036	-	-	-
5088000	Unreserved	18,182,601	1,567,333	14,716	85,820
<b>Total Ending Cash and Investments</b>		<b>19,823,637</b>	<b>1,567,333</b>	<b>14,716</b>	<b>85,820</b>

The accompanying notes are an integral part of this statement.

**City of Yelm**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>107 TOURISM PROMOTION</b>	<b>109 YPD SCHOOL RESOURCE</b>	<b>120 TRANSPORTATI ON FAC</b>	<b>200 LTGO BOND REDEMPTION</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	236,634	10,719	147,195	22,952
388 / 588	Prior Period Adjustments, Net	-	15	-	-
<b>Revenues</b>					
310	Taxes	24,258	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	86,768	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	16,932	61,069	9,604	23,218
Total Revenues:		41,190	61,069	96,372	23,218
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	60,206	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	60,206	-	-
Excess (Deficiency) Revenues over Expenditures:		41,190	863	96,372	23,218
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	2,624,000
397	Transfers-In	-	-	-	483,260
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	3,107,260
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	22,224	-
591-593, 599	Debt Service	-	-	-	3,091,442
597	Transfers-Out	-	-	10,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	97,326	-
Total Other Decreases in Fund Resources:		-	-	129,550	3,091,442
<b>Increase (Decrease) in Cash and Investments:</b>		<b>41,190</b>	<b>863</b>	<b>(33,178)</b>	<b>39,036</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	-	-	-
5088000	Unreserved	277,824	11,596	114,017	61,988
<b>Total Ending Cash and Investments</b>		<b>277,824</b>	<b>11,596</b>	<b>114,017</b>	<b>61,988</b>



**City of Yelm**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>202 KILLION RD LID 2 REPMT</b>	<b>302 MUNICIPAL BUILDING FUND</b>	<b>316 ROAD/STREET CONSTRUCTIO</b>	<b>400 STORMWATER UTILITY</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	721,755	-	-	-
30880	Unreserved	571,044	815,607	105,984	101,079
388 / 588	Prior Period Adjustments, Net	(721)	-	-	(146)
<b>Revenues</b>					
310	Taxes	-	273,493	273,493	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	255,379	-
340	Charges for Goods and Services	-	-	-	259,175
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,141,902	3,382	28,275	5,396
Total Revenues:		2,141,902	276,875	557,146	264,572
<b>Expenditures</b>					
510	General Government	-	-	9,300	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	184,839
540	Transportation	3,118	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,118	-	9,300	184,839
Excess (Deficiency) Revenues over Expenditures:		2,138,784	276,875	547,847	79,732
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	2,567,410	-	-	-
397	Transfers-In	-	484,053	37,243	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		2,567,410	484,053	37,243	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	1,084,827	214,061	-
591-593, 599	Debt Service	5,153,964	-	-	19,097
597	Transfers-Out	-	-	10,000	27,696
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		5,153,964	1,084,827	224,061	46,793
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(447,770)</b>	<b>(323,899)</b>	<b>361,029</b>	<b>32,939</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	257,300	-	-	-
5088000	Unreserved	587,008	491,708	467,012	133,873
<b>Total Ending Cash and Investments</b>		<b>844,308</b>	<b>491,708</b>	<b>467,012</b>	<b>133,873</b>

**City of Yelm**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>401 WATER UTILITY</b>	<b>412 SEWER/REUSE UTILITY</b>	<b>501 INFORMATION TECHNOLOGY</b>	<b>502 EQUIP RENTAL AND RESERVE</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	921,410	462,326	-	-
30880	Unreserved	8,091,242	5,530,625	-	-
388 / 588	Prior Period Adjustments, Net	9,695	8,594	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	3,677,072	2,965,808	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	(3,182)	46,172	-	961
Total Revenues:		3,673,891	3,011,980	-	961
<b>Expenditures</b>					
510	General Government	-	-	141,633	-
520	Public Safety	-	-	-	-
530	Utilities	1,459,436	1,864,422	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,459,436	1,864,422	141,633	-
Excess (Deficiency) Revenues over Expenditures:		2,214,454	1,147,558	(141,633)	961
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,505,869	270,127	582,358	1,280,659
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	4,810	-	-	-
381, 395, 398	Other Resources	-	97,326	-	-
Total Other Increases in Fund Resources:		1,510,679	367,453	582,358	1,280,659
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	1,054,414	1,101,445	-	604,391
591-593, 599	Debt Service	931,529	270,127	-	-
597	Transfers-Out	1,657,667	603,251	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	10,119	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		3,653,729	1,974,822	-	604,391
<b>Increase (Decrease) in Cash and Investments:</b>		<b>71,404</b>	<b>(459,811)</b>	<b>440,725</b>	<b>677,229</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	921,410	462,326	-	-
5088000	Unreserved	8,172,341	5,079,409	440,725	677,230
<b>Total Ending Cash and Investments</b>		<b>9,093,751</b>	<b>5,541,735</b>	<b>440,725</b>	<b>677,230</b>

**City of Yelm**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2018**

		<b>Private-Purpose Trust</b>
		<hr/>
308	Beginning Cash and Investments	-
388 & 588	Prior Period Adjustment, Net	-
310-390	Additions	11,079
510-590	Deductions	<hr/> -
	Net Increase (Decrease) in Cash and Investments:	11,079
508	Ending Cash and Investments	11,079

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

**City of Yelm**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Yelm was incorporated on December 24, 1924. In December of 1989, the Municipality of Yelm became a Non-charter Code City with a mayor-council form of government and operates under the laws of the state of Washington applicable to an optional code city. The City of Yelm is a general purpose local government and provides public safety, street improvements, library services, parks and recreation, water services, and general administrative services. In addition, the City of Yelm owns and operates a sewer system.

The City of Yelm 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. The total column is presented as "memo only" because any interfund activities are not eliminated. 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.

#### 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.

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

### **C. Cash And Investments**

See Note 3, *Deposits and Investments*.

### **D. Capital Assets**

Capital assets are assets with an initial individual cost of more than \$5,000 and are long lived assets. Capital assets and inventory are recorded as capital expenditures when purchased.

### **E. Compensated Absences**

Vacation leave may be accumulated up to 30 days (240 hours) and is payable upon separation or

retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees receive payment for 25% of unused sick leave, not to exceed one month's salary. Payments are recognized as expenditures when paid.

**F. Long-Term Debt**

See Note 6, *Debt Service Requirements*.

**G. Risk Management**

The City of Yelm 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, 2018, 100 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, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime), pollution liability, and cyber 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 2018, 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.

## **H. Health And Welfare**

The 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, 2018, 257 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 2018, 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"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. 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.

#### **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 law, ordinance and bond and financing contracts. When expenditures that meet restrictions are incurred, the City of Yelm intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of \$1,641,036.



<b>Requestor / Purpose</b>	<b>Amount of Reserve</b>	<b>Original Fund</b>	<b>Reserve Fund</b>
Thurston First Bank, Bank Loan Guarantee	\$ 257,300	202*	202
USBANK - 2003 Water Rev Bonds	\$ 192,016	401	406
USBANK - 2010 Water Rev Bonds	\$ 677,534	401	406
WAST - DOE - 2005 Reclaimed Water	\$ 51,860	401	406
WAST - DOE - 1998 Wtr Reuse Design	\$ 93,255	412	204
USDA -1999 Sewer Revenue Bond	\$ 271,970	412	204
WAST - DOE - 2003 Sewer Bond Refi	\$ 97,101	412	415
<b>Total:</b>	<b>\$1,641,036</b>		

\*Reserve money is held by Thurston First Bank in a guarantee fund, separate from other City funds

## **NOTE 2 – BUDGET COMPLIANCE**

The City of Yelm adopts an annual appropriated budget for 16 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.

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Yelm legislative body.

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance	Revenue
General Fund: 001	\$ 10,592,009	\$ 9,383,585.00	\$ 1,208,424	\$ 8,009,853
101	\$ 580,670	\$ 550,148.00	\$ 30,522	\$ 456,906
102	\$ 215,986	\$ 83,946.00	\$ 132,040	\$ 68,441
107	\$ 260,084	\$ -	\$ 260,084	\$ 41,190
109	\$ 70,554	\$ 60,206.00	\$ 10,348	\$ 61,069
120	\$ 360,893	\$ 129,550.00	\$ 231,343	\$ 96,372
200	\$ 3,130,212	\$ 3,091,442.00	\$ 38,770	\$ 3,130,478
202	\$ 6,161,681	\$ 5,157,082.00	\$ 1,004,599	\$ 4,709,312
302	\$ 2,108,269	\$ 1,084,827.00	\$ 1,023,442	\$ 760,928
316	\$ 1,341,302	\$ 233,361.00	\$ 1,107,941	\$ 594,389
400	\$ 739,815	\$ 231,632.00	\$ 508,183	\$ 264,572
401	\$ 14,184,126	\$ 5,113,165.00	\$ 9,070,961	\$ 5,184,570
412	\$ 11,474,100	\$ 3,839,244.00	\$ 7,634,856	\$ 3,379,433
501	\$ 582,358	\$ 141,633.00	\$ 440,725	\$ 582,358
502	\$ 1,281,659	\$ 604,391.00	\$ 677,268	\$ 1,281,620
620	\$ -	\$ -	\$ -	\$ 11,079
<b>TOTAL</b>	<b>\$ 53,088,113</b>	<b>\$ 29,704,212</b>	<b>\$ 23,379,507</b>	<b>\$ 28,632,570</b>

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

It is the City of Yelm's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

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

Investments are reported at fair value. Investments by type at December 31, 2018 are as follows:

Type of Investment	City of Yelm's Total Own Investments	Investments held by City of Olympia as an agent for other local governments, individual or private organizations	TOTAL
LGIP	\$ 1,821,476		\$ 1,821,476
LERMS		\$ 3,764	\$ 3,764
TVI	\$ 17,071,510		\$ 17,071,510
<b>Total</b>	<b>\$ 18,892,986</b>	<b>\$ 3,764</b>	<b>\$ 18,896,750</b>

#### **NOTE 4 - 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 of Yelm. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Yelm's regular levy for the year 2018 was \$1.717849 per \$1,000 on an assessed valuation of \$827,148,177 for a total regular levy of \$1,420,916.

#### **NOTE 5 - INTERFUND LOANS**

The following table displays interfund loan activity during 2018:

Borrowing Fund	Lending Fund	Balance as of January 1, 2018	New Loans	Debt Service Repayments	Balance as of December 31, 2018
316	120	\$ 369,552.00			\$ 369,552.00
*120	413	\$ 290,306.00		\$ 97,326.00	\$ 192,980.00
*202	120	\$ 429,601.00			\$ 429,601.00
*202	302	\$ 85,027.00			\$ 85,027.00

\*202-THURSTON FIRST GUARANTEE FUND

\*120 -Original Borrower was Fund 310. Fund 310 is no longer active; as a result the interfund payments are being made from The Transportation Facility Charge Fund (120) regarding the same project.

#### **NOTE 6 – DEBT SERVICE REQUIREMENTS**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Yelm and summarizes the City of Yelm debt transactions for year ended December 31, 2018.

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

Fiscal Year(s)	General Obligation Debt	Revenue Debt	Other Debt	Total Debt
2020	\$ 466,070	\$ 1,195,115	\$ 476,161	\$ 2,137,346
2021	\$ 467,923	\$ 1,196,144	\$ 427,657	\$ 2,091,724
2022	\$ 464,445	\$ 1,995,519	\$ 412,436	\$ 2,872,400
2023-2027	\$ 1,995,795	\$ 4,305,088	\$ 779,209	\$ 7,080,092
2028-2032	\$ 541,116	\$ 4,312,543		\$ 4,853,659
2033-2038		\$ 5,186,836		\$ 5,186,836
2039-2041		\$ 3,074,382		\$ 3,074,382
<b>Totals:</b>	<b>\$ 3,935,349</b>	<b>\$ 21,265,627</b>	<b>\$ 2,095,463</b>	<b>\$ 27,296,439</b>

Included in the Other Debt category is an interest only loan for the Killion Road LID #2, which was refunded in April 2018. Per contract the City is only required to make interest payments each September until the loan has to come due in 2026. The City had been making additional principal payments each year to pay off the loan prior to 2026.

### **Debt Refunding**

The City of Yelm issued \$2,627,000 of general obligation refunding bonds to retire \$2,627,000 of existing 2006 LTGO series bonds. This refunding was undertaken to reduce total debt service payments over the next eight years by \$171,783.

The City of Yelm issued \$2,567,410 in Bonds to refunding the Killion Road LID #2. This refunding generated a savings of \$158,644 during fiscal year 2018, with total savings of \$474,647 over the remaining term of the loan.

### **NOTE 7 – PENSION PLANS**

#### **State Sponsored Pension Plans**

Substantially all City of Yelm's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2/3, and LEOFF2.

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2018 (the measurement date of the plans), the City of Yelm's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	Allocation %	Liability (Asset)
PERS 1	0.018555%	\$828,673
PERS 2/3	0.021512%	\$367,298
LEOFF 2	0.035458%	(719,875)

### **LEOFF Plan 2**

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

### **NOTE 8 - JOINT VENTURES**

#### **Law Enforcement Records Management Systems (LERMS)**

The LERMS is a joint venture providing accurate and timely criminal justice data sharing to the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The goal of this joint venture is to share public safety information, increase operational efficiency via a reduction in data entry, and ease the process of accessing information. These goals will improve officer and citizen safety, facilitate coordination and information sharing to both internal and external agencies, and improve data quality and timeliness of data accessibility. It is governed through an interlocal agreement by the LERMS Consortium, which is a five member board composed of each City's Chief of Police (or their designee).

An equity interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. As of December 31, 2018, the City of Yelm has a 5% share of the equity. Net Assets as of December 31, 2018, were \$75,284. The City of Yelm reports its share of equity interest as an investment in joint venture.

An ongoing financial interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The agreement specifies a funding formula that annually assesses member cities based on current year population as determined by the Thurston Regional Planning Council (unless otherwise adjusted by the Consortium). All property is considered to be jointly owned. Parties will be reimbursed based on their contribution upon sale of property upon the dissolution of LERMS. Any member may withdraw from the agreement at the end of any calendar year, providing a notice to the Consortium no less than six months prior to the date of withdrawal. Withdrawal of a party will not terminate the agreement of the remaining parties.

The City of Olympia accounts for the joint venture in a separate agency fund. Completed Financial Statements can be obtained from the City of Olympia Administrative Services Department, PO Box 1967, Olympia, WA 98507

## **NOTE 9 - OTHER DISCLOSURES**

Managerial Funds that are used for City purposes were rolled up to main funds as noted below:

### **Funds Rolled up to 001**

104, 105, 119, 430

### **Funds Rolled up to 401**

402, 404, 405, 406, 431

### **Funds Rolled up to 412**

203, 204, 413, 415

### **Prior Period Adjustment**

Prior Period Adjustments totaling \$353,171 were made for the following reasons:

- During the preparation of the C4 and C5 it was noted that Fund Balances were not fully reconciled to the Cash Balances in 2014, 2015, 2016, and 2017.
- In December 2017 the City opened an investment account with Time Value Investments. That investment was initially recognized at face value, in 2018 an adjustment was made to reflect fair market value.

The following is a breakdown of the prior period adjustment.

36,653	2014 Correction to Fund Balances
103,939	2015 Correction to Fund Balances
82,872	2016 Correction to Fund Balances
72,519	2017 Correction to Fund Balances
57,505	2018 Adjustment to recognize TVI Investment at Fair Market Value
(317)	2018 Other miscellaneous adjustments
<u>353,171</u>	

**City of Yelm**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2018**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	2006 Public Safety Bond	12/1/2026	2,555,000	-	2,555,000	-
251.11	2018 Public Safety Refunding	12/1/2026	-	2,624,000	280,000	2,344,000
251.11	2012 2000 PW Refi/Library	12/1/2031	1,525,000	-	90,000	1,435,000
263.96	2017 Patrol Car (2)	6/1/2020	91,409	-	28,013	63,396
<b>Total General Obligation Debt/Liabilities:</b>			<b>4,171,409</b>	<b>2,624,000</b>	<b>2,953,013</b>	<b>3,842,396</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	1999 Sewer Rev Bonds	12/1/2039	2,701,565	-	85,923	2,615,642
252.11	2013 Water Revenue Refunding Bonds	12/1/2022	805,000	-	155,000	650,000
252.11	2010 Water Rev Bonds	12/1/2040	9,915,000	-	280,000	9,635,000
259.12	Compensated Absences		404,424	31,532	-	435,956
263.82	1994 DOE SRL-SWR Bond Refi	10/25/2022	466,003	-	90,428	375,575
263.82	2004 DWSRF - PWTF Well #1	10/1/2023	52,024	-	8,741	43,283
263.82	2006 DOE SRL-Reclaimed Water	11/30/2025	389,479	-	46,169	343,310
263.82	2017 DOE SRL - Comp Plan	4/29/2036	18,500	-	18,500	-
264.30	Net Pension Liability		1,440,896	-	244,925	1,195,971
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>16,192,891</b>	<b>31,532</b>	<b>929,686</b>	<b>15,294,737</b>
<b>Assessment Debt/Liabilities (with commitments)</b>						
253.11	2018 LID 2 - Killion Rd	9/1/2024	-	2,567,410	368,869	2,198,541
253.11	LID 2 - Killion Rd	9/1/2026	4,515,569	-	4,515,569	-
<b>Total Assessment Debt/Liabilities (with commitments):</b>			<b>4,515,569</b>	<b>2,567,410</b>	<b>4,884,438</b>	<b>2,198,541</b>
<b>Total Liabilities:</b>			<b>24,879,869</b>	<b>5,222,942</b>	<b>8,767,137</b>	<b>21,335,674</b>

## 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	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>