



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Tonasket

For the period January 1, 2018 through December 31, 2019

Published August 5, 2021

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

August 5, 2021

Mayor and City Council
City of Tonasket
Tonasket, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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 Tonasket January 1, 2018 through December 31, 2019

Mayor and City Council
City of Tonasket
Tonasket, 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 Tonasket, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated July 15, 2021.

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 state law 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.

As discussed in Note 11 to the 2019 financial statements, during the year ended December 31, 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual.

As discussed in Note 12 to the 2019 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Management's plans in response to this matter are also described in Note 12.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, reading "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

July 15, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

City of Tonasket **January 1, 2018 through December 31, 2019**

Mayor and City Council
City of Tonasket
Tonasket, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Tonasket, for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Tonasket has prepared these financial statements to meet the financial reporting requirements of state law 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 Tonasket, and its changes in cash and investments, for the years ended December 31, 2019 and 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 Tonasket, as of December 31, 2019 and 2018, or the changes in financial position or cash flows thereof 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.

Matters of Emphasis

As discussed in Note 11 to the 2019 financial statements, in 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the 2019 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Management's plans in response to this matter are also described in Note 12. Our opinion is not modified with respect to this matter.

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 July 15, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

July 15, 2021

FINANCIAL SECTION

City of Tonasket January 1, 2018 through December 31, 2019

FINANCIAL STATEMENTS

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City of Tonasket
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 City Street Fund	106 Gerhard Operating Fund
Beginning Cash and Investments					
30810	Reserved	247,097	50,440	-	-
30880	Unreserved	1,115,193	425,281	74,779	8,479
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	816,837	664,063	65,500	-
320	Licenses and Permits	8,138	8,138	-	-
330	Intergovernmental Revenues	734,464	97,674	47,739	-
340	Charges for Goods and Services	912,229	17,757	-	-
350	Fines and Penalties	17,190	5,113	-	-
360	Miscellaneous Revenues	50,277	33,245	579	289
Total Revenues:		2,539,135	825,990	113,818	289
Expenditures					
510	General Government	283,967	283,967	-	-
520	Public Safety	367,095	367,095	-	-
530	Utilities	576,773	24,103	-	-
540	Transportation	96,385	8,327	88,058	-
550	Natural and Economic Environment	21,087	4,683	-	-
560	Social Services	302	302	-	-
570	Culture and Recreation	143,173	65,194	-	35
Total Expenditures:		1,488,782	753,671	88,058	35
Excess (Deficiency) Revenues over Expenditures:		1,050,353	72,319	25,760	254
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	543,418	98,000	-	-
397	Transfers-In	241,600	98,000	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	4,572	4,572	-	-
381, 382, 395, 398	Other Resources	11,008	11,008	-	-
Total Other Increases in Fund Resources:		800,598	211,580	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,141,267	23,843	51,548	-
591-593, 599	Debt Service	238,891	13,350	-	-
597	Transfers-Out	241,600	102,100	16,500	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	4,300	4,300	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,626,058	143,593	68,048	-
Increase (Decrease) in Cash and Investments:		224,893	140,306	(42,288)	254
Ending Cash and Investments					
5081000	Reserved	366,235	48,976	-	8,734
5088000	Unreserved	1,220,933	567,039	32,489	-
Total Ending Cash and Investments		1,587,168	616,015	32,489	8,734

The accompanying notes are an integral part of this statement.

City of Tonasket
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		108 Hotel/Motel Tax Fund	111 Swim Pool Fund	301 City Hall/City Park Fund	304 Cumulative Building Fund
Beginning Cash and Investments					
30810	Reserved	-	53	-	-
30880	Unreserved	3,812	-	18,670	7,011
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	7,424	55,490	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	21,685	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	19	629	408	193
Total Revenues:		7,443	77,804	408	193
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	7,728	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	77,944	-	-
Total Expenditures:		7,728	77,944	-	-
Excess (Deficiency) Revenues over Expenditures:		(285)	(140)	408	193
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	2,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	2,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	208	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		208	-	-	-
Increase (Decrease) in Cash and Investments:		(493)	(140)	2,408	193
Ending Cash and Investments					
5081000	Reserved	3,319	(89)	-	-
5088000	Unreserved	-	-	21,077	7,204
Total Ending Cash and Investments		3,319	(89)	21,077	7,204

The accompanying notes are an integral part of this statement.

City of Tonasket
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		305 CIP (Capital Improvement) Fund	311 Swim Pool Reserve Fund	312 Equipment Fund	313 Police Equipment Fund
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	66,418	10,011	9,772	2,078
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	24,360	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	22,500	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,157	193	193	96
Total Revenues:		48,017	193	193	96
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		48,017	193	193	96
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	1,000	1,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	1,000	1,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	39,401	-	4,204	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		39,401	-	4,204	-
Increase (Decrease) in Cash and Investments:		8,616	193	(3,011)	1,096
Ending Cash and Investments					
5081000	Reserved	75,033	-	-	-
5088000	Unreserved	-	10,203	6,761	3,174
Total Ending Cash and Investments		75,033	10,203	6,761	3,174

The accompanying notes are an integral part of this statement.

City of Tonasket
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		401 Water Fund	420 Sewer Fund	430 Storm-Water Fund	700 Gerhard Trust Fund
Beginning Cash and Investments					
30810	Reserved	145,100	44,614	3,390	3,500
30880	Unreserved	95,446	393,436	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	538,553	27,998	-
340	Charges for Goods and Services	466,000	392,819	13,968	-
350	Fines and Penalties	6,038	6,039	-	-
360	Miscellaneous Revenues	1,699	11,577	-	-
Total Revenues:		473,737	948,988	41,966	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	276,339	271,336	4,995	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	4,338	4,338	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		280,677	275,674	4,995	-
Excess (Deficiency) Revenues over Expenditures:		193,060	673,314	36,971	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	440,061	5,357	-
397	Transfers-In	500	139,100	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		500	579,161	5,357	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	9,993	973,008	39,062	-
591-593, 599	Debt Service	124,981	100,560	-	-
597	Transfers-Out	25,000	98,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		159,974	1,171,568	39,062	-
Increase (Decrease) in Cash and Investments:		33,586	80,907	3,266	-
Ending Cash and Investments					
5081000	Reserved	157,733	62,373	6,656	3,500
5088000	Unreserved	116,399	456,587	-	-
Total Ending Cash and Investments		274,132	518,960	6,656	3,500

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 City Street Fund	106 Gerhard Operating Fund
Beginning Cash and Investments					
30810	Reserved	347,056	53,069	-	8,277
30880	Unreserved	849,872	370,221	58,200	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	794,789	646,880	66,337	-
320	Licenses and Permits	12,670	12,670	-	-
330	Intergovernmental Revenues	180,928	94,683	25,864	-
340	Charges for Goods and Services	897,940	32,477	-	-
350	Fines and Penalties	17,794	7,594	-	-
360	Miscellaneous Revenues	102,954	34,137	4,687	233
Total Revenues:		2,007,075	828,441	96,887	233
Expenditures					
510	General Government	129,048	129,048	-	-
520	Public Safety	536,170	536,170	-	-
530	Utilities	584,994	22,626	-	-
540	Transportation	86,271	7,501	78,770	-
550	Natural and Economic Environment	18,637	3,718	-	-
560	Social Services	296	296	-	-
570	Culture and Recreation	108,147	33,113	-	31
Total Expenditures:		1,463,564	732,472	78,770	31
Excess (Deficiency) Revenues over Expenditures:		543,512	95,969	18,118	202
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	22,000	22,000	-	-
397	Transfers-In	6,850	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	7,970	7,970	-	-
381, 382, 395, 398	Other Resources	6,363	6,363	-	-
Total Other Increases in Fund Resources:		43,183	36,333	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	175,517	63,096	38	-
591-593, 599	Debt Service	231,073	3,782	-	-
597	Transfers-Out	6,850	5,100	1,500	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	7,892	7,892	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		421,333	79,871	1,538	-
Increase (Decrease) in Cash and Investments:		165,363	52,431	16,580	202
Ending Cash and Investments					
5081000	Reserved	328,937	53,571	-	8,479
5088000	Unreserved	1,033,352	422,149	74,779	-
Total Ending Cash and Investments		1,362,289	475,721	74,779	8,479

The accompanying notes are an integral part of this statement.

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

		108 Hotel/Motel Tax Fund	111 Swim Pool Fund	301 City Hall/City Park Fund	304 Cumulative Building Fund
Beginning Cash and Investments					
30810	Reserved	3,597	6,219	-	-
30880	Unreserved	-	-	16,359	6,856
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	8,642	55,694	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	17,020	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	16	1,255	311	156
Total Revenues:		8,658	73,969	311	156
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	8,172	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	75,004	-	-
Total Expenditures:		8,172	75,004	-	-
Excess (Deficiency) Revenues over Expenditures:		486	(1,035)	311	156
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	250	2,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	250	2,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	271	5,382	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		271	5,382	-	-
Increase (Decrease) in Cash and Investments:		215	(6,167)	2,311	156
Ending Cash and Investments					
5081000	Reserved	3,812	53	-	-
5088000	Unreserved	-	-	18,670	7,011
Total Ending Cash and Investments		3,812	53	18,670	7,011

The accompanying notes are an integral part of this statement.

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

		305 CIP (Capital Improvement) Fund	311 Swim Pool Reserve Fund	312 Equipment Fund	313 Police Equipment Fund
Beginning Cash and Investments					
30810	Reserved	48,250	-	-	-
30880	Unreserved	-	9,919	8,617	1,000
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	17,235	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	933	342	156	78
Total Revenues:		18,168	342	156	78
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		18,168	342	156	78
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	1,000	1,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	1,000	1,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	250	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	250	-	-
Increase (Decrease) in Cash and Investments:		18,168	92	1,156	1,078
Ending Cash and Investments					
5081000	Reserved	66,418	-	-	-
5088000	Unreserved	-	10,011	9,772	2,078
Total Ending Cash and Investments		66,418	10,011	9,772	2,078

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

		401 Water Fund	420 Sewer Fund	430 Storm-Water Fund	700 Gerhard Trust Fund
Beginning Cash and Investments					
30810	Reserved	133,204	90,940	-	3,500
30880	Unreserved	52,938	325,763	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	60,381	-	-
340	Charges for Goods and Services	456,165	388,889	3,390	-
350	Fines and Penalties	3,719	6,481	-	-
360	Miscellaneous Revenues	12,399	48,252	-	-
Total Revenues:		472,283	504,003	3,390	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	290,024	272,344	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	3,373	3,373	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		293,398	275,717	-	-
Excess (Deficiency) Revenues over Expenditures:		178,885	228,286	3,390	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	500	2,100	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		500	2,100	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	106,731	-	-
591-593, 599	Debt Service	124,982	102,309	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		124,982	209,040	-	-
Increase (Decrease) in Cash and Investments:		54,404	21,346	3,390	-
Ending Cash and Investments					
5081000	Reserved	145,100	44,614	3,390	3,500
5088000	Unreserved	95,446	393,436	-	-
Total Ending Cash and Investments		240,546	438,049	3,390	3,500

The accompanying notes are an integral part of this statement.

City of Tonasket
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		<u>Custodial</u>
308	Beginning Cash and Investments	858
388 & 588	Net Adjustments	-
310-390	Additions	7,559
510-590	Deductions	8,064
	Net Increase (Decrease) in Cash and Investments:	(505)
508	Ending Cash and Investments	354

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	840
388 & 588	Net Adjustments	-
310-390	Additions	14,303
510-590	Deductions	<u>14,285</u>
	Net Increase (Decrease) in Cash and Investments:	18
508	Ending Cash and Investments	858

The accompanying notes are an integral part of this statement.

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

The City of Tonasket was incorporated on December 6, 1927 and operates under the laws of the state of Washington applicable to a non-charter code city. The City is a general purpose local government and provides public safety, fire protection, street maintenance, parks, health services and general administration and owns and operates a water system and sewer system and a cemetery.

The City of Tonasket 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. See note to 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the

acquisition or construction of capital facilities or other capital assets.

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$2000 and an estimated useful life in excess of one year.

Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours in a calendar year plus the monthly accruals, only 240 hours may be carried to a new calendar year. Employees who retire, resign or are laid off due to a reduction in force shall be paid accrued unused vacation as part of their final pay check.

Sick leave shall accrue at the rate of one working day of leave for each month of continuous full time service. Any such leave accrued which is unused in any year shall be accumulated for succeeding years for all regular employees up to a maximum of 120 days. Employees who retire or leave employment from the City shall be paid $\frac{1}{4}$ of the unused sick leave accumulated at the time of separation. Payments are

recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, *Debt Service Requirements*.

G. 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 Ordinance. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following;

Fund 001 Current Expense Fund---The reserve balance in the Current Expense Fund is from the Cemetery Trust Fund and Cemetery Improvement. Fund. These funds are used strictly for Cemetery expenses. The ending balance in 2019 was \$48,976.01.

Fund 106 Gerhard Operating Fund-----The reserve balance in the Gerhard Operating Fund is strictly to be used for uses as designated. The ending balance in the Gerhard Operating fund was \$8,733.63.

Fund 108 Hotel/Motel Fund (Stadium Tax)---The reserve balance in this fund is reserved for uses that can only be used for expenditures allowed by state law for these funds. The ending balance in 2019 was \$3,319.22.

Fund 111 Swim Pool --- The reserve balance in the Swim Pool Fund is specifically for the maintenance and operation of the Tonasket Community Swim Pool. Ending Balance 2019 was \$-88.97

Fund 305 Capital Improvement---The reserve balance in the Capital Improvement Fund is reserved for Capital Improvement Projects authorized by the City Council. The ending balance in 2019 was \$75,032.91.

Fund 401 Water Fund---The reserve balance in Water Fund is actually from Fund 411 Water Bond Redemption and Fund 412 Water Bond Reserve which are used for the redemption of debt. The ending balance in 2019 was \$157,732.82.

Fund 420 Sewer Fund---The reserve balance in Sewer Fund is actually from Fund 422 Sewer Bond Redemption and Fund 423 Sewer Bond Reserve which are used for the redemption of debt. The ending balance in 2019 was \$62,372.17.

Fund 430 Stormwater Fund--- The reserve balance in the Storm-water Fund is to be used for the Storm-water Fund expenses. The ending balance in 2019 was \$6,655.62.

Fund 600 Municipal Court Fund—The reserve balance in the Municipal Court Fund is to be remitted to the State of Washington. The ending balance in 2019 was \$353.67.

Fund 700 Gerhard Trust Fund---The Gerhard Trust Fund reserve balance is a principal held in reserve and the interest accrued is receipted into the Gerhard Operating Fund. The ending balance in 2019 was \$3,500.00.

Note 2 – Budget Compliance

A. Budgets

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

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

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

Fund/Department	2019 Budget	Actual Expenditures	Variance
Current Expense	\$1,246,061.81	873,063.85	372,997.96
Cumulative Police	71,108.03	2,000.00	69,108.03
Cemetery Operating	33,600.00	24,204.63	9,395.37
Cemetery Trust	50,714.68	5,000.00	45,714.68
Cemetery Improvement	3,180.34	-0-	3,180.34
Drug Fund	1,277.76	-0-	1,277.76
City Street	165,100.00	157,106.67	7,993.33
City Street Reserve	21,320.50	-0-	21,320.50
Gerhard Operating	8,500.70	34.86	8,465.84
Hotel/Motel	11,794.00	7,935.93	3,858.07
Swim Pool	78,350.00	77,857.09	492.91
City Hall/Park Reserve	18,786.62	-0-	18,786.62
Cumulative Building	7,059.40	-0-	7,059.40
Capital Improvement	100,421.86	39,400.75	61,021.11
Pool Reserve	10,359.09	-0-	10,359.09
Equipment Fund	9,780.65	4,204.00	5,576.65
Police Equipment	3,086.46	-0-	3,086.46
Water	508,550.00	454,518.29	54,031.71
Water Reserve	13,674.76	-0-	13,674.76
Water Bond Redemption	201,173.21	124,981.54	76,191.67
Water Bond Reserve	80,870.91	-0-	80,870.91
Sewer	442,696.00	390,948.79	51,747.21
Sewer Reserve	296,101.88	98,000.00	198,101.88
Sewer Bond Redemption	120,679.79	100,560.20	20,119.59
Sewer Bond Reserve	69,761.82	-0-	69,761.82
Sewer Project	1, 111,028.21	963,015.06	148,013.15
Stormwater	95,794.24	44,057.19	51,737.05
Totals	4,780,832.72	3,366,888.85	1,413,943.87

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body. There were 5 budget amendments in 2019.

Note 3 – Deposits and Investments

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

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participants withdrawals.

Investments are reported at original cost. Investments by type at December 31, 2019 are as follows:

<u>Type of Investment</u>	<u>City's</u> own investments
L.G.I.P.	\$1,111,273.02
U.S. Bank Surplus	4,565.23
Other: Pro Equities	<u>103,835.58</u>
Total	\$1,219,673.83

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/after) the end of each month.

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

The City's regular levy for the year 2019 was \$3.000253 per \$1,000 on an assessed valuation of \$52,356,568 for a total regular levy of \$157,083.00.

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2019:

<u>Borrowing</u> <u>Fund</u>	<u>Lending</u> <u>Fund</u>	<u>Balance</u> <u>1/1/2019</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2019</u>
#1 101 City Street Sweeper	Water & Sewer Reserve	\$ 6,930.00	\$ - 0-	\$ 1,000.00	\$ 5,930.00
#2 101 City Street Backhoe	Sewer Fund	\$ 4,115.09	\$ - 0-	\$ 500.00	\$ 3,615.09
#2 103 Cemetery Backhoe	Sewer Reserve	\$ 1,793.49	\$ - 0-	\$ 100.00	\$ 1,693.49
#3 101 City Street	421 Sewer Reserve	\$ 25,000.00	\$ 443.18 (int)	\$ 15,000.00	\$ 10,443.18
#3 401 Water	421 Sewer Reserve	\$25,000.00	\$ 443.18 (int)	\$ 25,000.00	\$ 443.18
TOTAL		\$62,838.58	\$ 886.36	\$ 41,600.00	\$ 22,124.94

Note 6 – Long Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2019.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	155,446.91	102,769.48	258,216.39
2021	145,179.95	97,295.54	242,475.49
2022	134,762.41	91,971.89	226,734.30
2023	138,695.68	86,550.99	225,246.67
2024	134,156.72	81,177.59	215,334.31
2025-2029	522,859.94	339,018.79	861,878.73
2030-2034	430,163.46	242,831.75	672,995.21
2035-2039	268,872.48	188,277.52	457,150.00
2040-2044	311,696.88	145,453.12	457,150.00
2045-2049	361,342.11	95,807.89	457,150.00
2050-2054	418,894.55	38,255.45	457,150.00
	<u>\$3,022,071.09</u>	<u>\$1,509,410.01</u>	<u>\$4,531,481.10</u>

Note 7 – Pension Plans

A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans, Public Employees Retirement System or Law Enforcement Officers and Firefighters administered by the State of Washington.

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 that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

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

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2019 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	7051.56	%0.000983	\$ 111,553
PERS 2/3	20,237.86	%0.002478	24,069
PSERS 2			
LEOFF 1		% 0.000876	(17,315)
LEOFF 2	3,743.46	%0.002030	(47,028)
VFFRPF			

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8 – Risk Management

The City of Tonasket 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, 2019, 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 Great American 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 2019, AWC RMSA carried a retention of \$200,000 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 - Other Disclosures

There have not been any significant transactions with related parties.

The Tonasket Police Chief and one Officer were terminated in 2018 leading to the closure of the Tonasket Police Department in 2019.

The City of Tonasket currently contracts with Okanogan County for Law Enforcement Services.

The City of Tonasket had an active construction project in 2018 and 2019. The Project is funded with Community Development Block Grant funds, and Department of Ecology funds. The sewer Project was completed in 2020.

The City also had a CDBG Planning Grant, a Department of Transportation Division of Aeronautics grant project, a Department of Ecology Storm-water Project and a CERB project all simultaneously in 2019.

In 2019 the City had an auction of City property and some of the items were sold to relatives of a city employee. At this time the surplus property policy does not allow this. This policy needs to be updated to allow this type of transaction.

In 2019 a potential lawsuit was brought forward to the City of Tonasket by a former employee of the City. The City's insurance company AWC/RMSA settled the claim. The City of Tonasket paid \$5000 towards the claim which was the amount of the deductible. In 2020, the same person claimed the settlement agreement had not been honored. At this time no lawsuit has been filed.

In 2020 3 law suits have been filed against the City of Tonasket by 3 former Police Department employees. At this time the law suits are pending.

On Schedule 9, the Schedule of Liabilities, the Beginning Balances of the FCI Police Car Loan and the Labor and Industries Penalty payment were not the same as the ending balance of 2018 due to the fact a payment was made in 2018.

For reporting purposes in 2019 the City merged the following funds into the Current Expense Fund 001

- Fund 002 Cumulative Police Fund
- Fund 003 Cemetery Operating Fund
- Fund 004 Cemetery Trust Fund
- Fund 005 Cemetery Improvement Fund

For reporting purposes in 2019 the City merged the following funds into the City Street Fund:

- Fund 102 City Street Reserve Fund

For reporting purposes in 2019 the City merged the following funds into the Water Fund:

- Fund 410 Water Reserve Fund
- Fund 411 Water Bond Redemption Fund
- Fund 412 Water Bond Reserve Fund

For reporting purposes in 2019 the City merged the following funds into the Sewer Fund:

- Fund 421 Sewer Reserve Fund
- Fund 422 Sewer Bond Redemption Fund
- Fund 423 Sewer Bond Reserve Fund
- Fund 424 Sewer Project Fund

Note 5 – Inter-fund Loans---the Water Fund paid back \$25,000 to the Sewer Reserve fund in 2019 and the interest amount due is \$443.18. The City Street Fund paid back \$15,000 in 2019 and still owes the balance of \$10,000.00 and the interest of approximately \$443.18.

Note 10 Component Unit, Joint Ventures, Related parties

The City of Tonasket owns the property next door to the City Hall which houses the Tonasket Visitor and Business Resource Center. The Center is run each year by a non-profit organization. During the winter it is closed and at times we allow different persons/groups to use the facility for a meeting space.

Note 11 Other Post-Employment Benefits

During the year ending 2019, the City adopted guidance for the presentation and disclosure of post-employment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a post-employment benefit liability reported on the Schedule of Liabilities.

The City's LEOFF 1 retiree medical plan is a closed, single employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of the eligible retiree's healthcare costs on a pay as you go basis. As of December 31, 2019, the plan had one member, a retiree. As of December 31, 2019, the City's OPEB liability was \$316,866, as calculated using the alternative measurement method prescribed by the Office of the State Actuary and GASB 75 reporting results and required disclosures. For the year ended December 31, 2019, the city paid \$10,766.18 in actual benefits.

Note 12 COVID – 19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

At the time of this report, the City did not have information on the financial impact of COVID-19. The city practiced social distancing and closed City Hall to minimize the exposure of their employees to the virus.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the City is unknown at this time.

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

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- 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. 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.

City of Tonasket
Notes to the Financial Statements
For the Year Ended December 31, 2018

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours in a calendar year plus the monthly accruals, only 240 hours may be carried to a new calendar year. Employees who retire, resign or are laid off due to a reduction in force shall be paid accrued unused vacation as part of their final pay check.

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

Sick leave shall accrue at the rate of one working day of leave for each month of continuous full time service. Any such leave accrued which is unused in any year shall be accumulated for succeeding years for all regular employees up to a maximum of 120 days. Employees who retire or leave employment from the City after working at least 15 years and are not fired shall be paid $\frac{1}{4}$ of the unused sick leave accumulated at the time of separation. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, *Debt Service Requirements*.

G. 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 Ordinance. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following;

Fund 001 Current Expense Fund---The reserve balance in the Current Expense Fund is from the Cemetery Trust Fund. These funds are used strictly for Cemetery expenses. The ending balance in 2018 was \$53,571.00.

Fund 106 Gerhard Operating Fund-----The reserve balance in the Gerhard Operating Fund is strictly to be used for uses as designated. The ending balance in the Gerhard Operating fund was \$8,479.00.

Fund 108 Hotel/Motel Fund (Stadium Tax)---The reserve balance in this fund is reserved for uses that can only be used for expenditures allowed by state law for these funds. The ending balance in 2018 was \$3,812.00

Fund 111 Swim Pool --- The reserve balance in the Swim Pool Fund is specifically for the maintenance and operation of the Tonasket Community Swim Pool. Ending Balance 2018 was \$53.00

Fund 305 Capital Improvement---The reserve balance in the Capital Improvement Fund is reserved for Capital Improvement Projects authorized by the City Council. The ending balance in 2018 was \$66,418.00.

Fund 401 Water Fund---The reserve balance in Water Fund is actually from Fund 411 Water Bond Redemption and Fund 412 Water Bond Reserve which are used for the redemption of debt. The ending balance in 2018 was \$145,100.00.

Fund 420 Sewer Fund---The reserve balance in Sewer Fund is actually from Fund 422 Sewer Bond Redemption and Fund 423 Sewer Bond Reserve which are used for the redemption of debt. The ending balance in 2018 was \$44,614.00.

Fund 430 Stormwater Fund--- The reserve balance in the Storm-water Fund is to be used for the Storm-water Fund expenses. The ending balance in 2018 was \$3,390.00.

Fund 600 Municipal Court Fund—The reserve balance in the Municipal Court Fund is to be remitted to the State of Washington. The ending balance in 2018 was \$858.00.

Fund 700 Gerhard Trust Fund---The Gerhard Trust Fund reserve balance is a principal held in reserve and the interest accrued is receipted into the Gerhard Operating Fund. The ending balance in 2018 was \$3,500.00.

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 2 – Budget Compliance

A. Budgets

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

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$ 917,888.96	\$ 789,589.05	\$ 128,299.91
Cumulative Police	\$ 71,823.82	\$ 1,416.00	\$ 70,407.82
Cemetery Operating	\$ 20,900.00	\$ 22,726.21	\$ (1,826.21)
Cemetery Trust	\$ 50,114.68	\$ -0-	\$ 50,114.68
Cemetery Improvement	\$ 3,116.08	\$ -0-	\$ 3,116.08
City Street	\$ 125,413.00	\$ 81,308.02	\$ 44,104.98
City Street Reserve	\$ 17,093.16	\$ -0-	\$ 17,093.16
Gerhard Operating	\$ 8,280.00	\$ 31.29	\$ 8,248.71
Hotel/Motel	\$ 11,515.00	\$ 7,703.03	\$ 3,811.97
Swim Pool	\$ 80,438.12	\$ 80,385.36	\$ 52.76
City Hall/Park Reserve	\$ 16,367.55	\$ -0-	\$ 16,367.55
Cumulative Building	\$ 6,859.88	\$ -0-	\$ 6,859.88
Capital Improvement	\$ 79,702.87	\$ -0-	\$ 79,702.87
Pool Reserve	\$ 8,579.20	\$ 250.00	\$ 8,329.20
Equipment Fund	\$ 9,629.34	\$ -0-	\$ 9,629.34
Police Equipment	\$ 2,020.00	\$ -0-	\$ 2,020.00
Water	\$ 495,140.00	\$ 431,808.17	\$ 63,331.83
Water Reserve	\$ 10,963.78	\$ -0-	\$ 10,963.78
Water Bond Redemption	\$ 200,735.49	\$ 124,981.55	\$ 75,753.94
Water Bond Reserve	\$ 67,976.99	\$ -0-	\$ 67,976.99
Sewer	\$ 444,300.00	\$ 344,347.07	\$ 99,952.93
Sewer Reserve	\$ 283,934.82	\$ -0-	\$ 283,934.82
Sewer Bond Redemption	\$ 120,675.79	\$ 104,000.44	\$ 16,675.35
Sewer Bond Reserve	\$ 69,712.57	\$ -0-	\$ 69,712.57
Sewer Project	\$ 975,930.34	\$ 106,730.67	\$ 869,199.67
Stormwater	\$ 87,131.00	\$ -0-	\$ 87,131.00
	\$ 4,186,242.44	\$ 2,095,276.86	\$ 2,090,965.58

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

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 3 – Deposits and Investments

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

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

Investments are reported at original cost. Investments by type at December 31, 2018 are as follows:

<u>Type of Investment</u>	<u>City's</u> own investments
L.G.I.P.	\$825,992.20
U.S. Bank Surplus	4,564.56
Other: Pro Equities	<u>103,835.58</u>
Total	<u>\$934,392.34</u>

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/after) the end of each month.

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

The City's regular levy for the year 2018 was \$2.943925 per \$1,000 on an assessed valuation of \$52,616,147 for a total regular levy of \$154,898.00.

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2018:

	<u>Borrowing</u> <u>Fund</u>	<u>Lending</u> <u>Fund</u>	<u>Balance</u> <u>1/1/2018</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2018</u>
#1 101 City Street Sweeper		Water & Sewer Reserve	\$ 7,930.00	\$ - 0-	\$ 1,000.00	\$ 6,930.00
#2 101 City Street Backhoe		Sewer Fund	\$ 4,615.09	\$ - 0-	\$ 500.00	\$ 4,115.09
#2 103 Cemetery Backhoe		Sewer Reserve	\$ 1,893.49	\$ - 0-	\$ 100.00	\$ 1,793.49
#3 101 City Street		421 Sewer Reserve	\$ 25,000.00	\$ - 0-	\$ -0-	\$ 25,000.00
#3 401 Water		421 Sewer Reserve	\$25,000.00	\$ -0-	\$ -0-	\$ 25,000.00
		TOTAL	\$64,438.58	\$ -0-	\$ 1,600.00	\$62,838.58

Note 6 – Debt Service Requirements

Debt Service

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	138,609.44	103,651.61	\$ 242,261.05
2020	142,871.66	99,391.21	242,262.87
2021	132,124.00	94,397.97	226,521.97
2022	121,217.74	89,563.04	210,780.78
2023	124,644.01	84,649.14	209,293.15
2024-2028	511,223.87	357,458.65	868,682.52
2029-2033	482,956.69	260,838.76	743,795.45
2034-2038	261,041.24	196,108.76	457,150.00
2039-2043	302,618.33	154,531.67	457,150.00
2044-2048	350,817.59	106,332.41	457,150.00
2049-2053	406,693.73	50,456.27	457,150.00
2054	88,803.44	2,626.56	91,430.00
TOTALS	\$3,063,621.74	\$1,600,006.05	\$4,663,627.79

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 7 – Pension Plans

A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans, Public Employees Retirement System or Law Enforcement Officers and Firefighters administered by the State of Washington.

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.

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	18,139.00	%0.002714	\$ 121,208
PERS 2/3	17,883.75	%0.002318	39,577
PSERS 2			
LEOFF 1		% 0.000861	(15,631)
LEOFF 2	8,664.47	%0.004997%	(101,449)
VFFRPF			

LEOFF Plan 1

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

LEOFF Plan 2

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

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 8 – Risk Management

The City of Tonasket 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.

City of Tonasket
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 9 - Other Disclosures

There have not been any significant transactions with related parties.

The Tonasket Police Chief and one Officer were terminated in 2018 leading to the closure of the Tonasket Police Department in 2019.

The City of Tonasket currently contracts with Okanogan County for Law Enforcement Services.

The City of Tonasket had an active construction project in 2018. The Project is funded with Community Development Block Grant funds, and Department of Ecology funds.

The City also has a CDBG Planning Grant, a Department of Transportation Division of Aeronautics grant project, a Department of Ecology Storm-water Project and a CERB project all simultaneously.

At this time no funds have been received from DOE for the Storm-water Project or the CERB Project or the CDBG Planning Only Grant.

The Cemetery Operating Fund #003 ended the year with the expenditures being more than the budgeted amount. A budget amendment should have been adopted to cover the overage.

The ending balance on 2017 Note 4 of the Interfund Loans was incorrect. It should have been \$64,438.58 instead of \$65,438.58. It has been corrected on the 2018 Notes to Financial Statements.

The City of Tonasket is responsible for one retired LEOFF I employee's health insurance and other applicable costs for the LEOFF I retirement system.

For reporting purposes in 2018 the City merged the following funds into the Current Expense Fund 001

- Fund 002 Cumulative Police Fund
- Fund 003 Cemetery Operating Fund
- Fund 004 Cemetery Trust Fund
- Fund 005 Cemetery Improvement Fund

For reporting purposes in 2018 the City merged the following funds into the City Street Fund:

- Fund 102 City Street Reserve Fund

For reporting purposes in 2018 the City merged the following funds into the Water Fund:

- Fund 410 Water Reserve Fund
- Fund 411 Water Bond Redemption Fund
- Fund 412 Water Bond Reserve Fund

For reporting purposes in 2018 the City merged the following funds into the Sewer Fund:

- Fund 421 Sewer Reserve Fund
- Fund 422 Sewer Bond Redemption Fund
- Fund 423 Sewer Bond Reserve Fund
- Fund 424 Sewer Project Fund

Note 5 – Inter-fund Loans---the pay back to Sewer Reserve Fund from the City Street Fund and Water Fund will begin in 2019. I had reported in the 2017 Annual Report that it would start in 2018 but it did not happen. The Water Fund is becoming healthier and the pay back will begin in 2019.

**City of Tonasket
Schedule of Liabilities
For the Year Ended December 31, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Compensated Balances	12/31/2019	37,102	20,843	20,805	37,140
251.11	Tax Liability	12/31/2019	2,838	1,594	1,592	2,840
263.81	USDA Car Loan	6/30/2019	1,142	-	1,142	-
263.51	Copier Lease	9/8/2020	2,937	-	2,864	73
263.81	USDA-RD Police Car Loan	9/20/2023	22,000	-	3,046	18,954
263.91	FCI Police Car Loan	11/1/2023	49,582	-	9,560	40,022
263.51	John Deere Financial	4/8/2022	14,767	-	4,316	10,451
263.83	Labor & Industries Penalty Payment	12/1/2019	7,650	-	7,650	-
263.91	U.S. Bank City Hall Roof Loan Payment	11/30/2026	-	98,000	717	97,283
Total General Obligation Debt/Liabilities:			138,018	120,437	51,692	206,763
Revenue and Other (non G.O.) Debt/Liabilities						
263.84	DOE Sewer Loan	6/30/2021	76,965	-	30,441	46,524
263.82	USDA Sewer Loan	10/1/2032	687,577	-	36,415	651,162
263.84	DOE Sewer Loan/Mill Drive/Bonaparte Creek	7/31/2033	41,345	-	1,182	40,163
263.82	USDA Water Loan	2/27/2054	1,995,691	-	31,559	1,964,132
264.30	Pension Liabilities	6/30/2019	160,785	-	25,163	135,622
263.92	CVB Water Revenue Bond	4/5/2025	185,426	-	24,953	160,473
263.84	DOE Parry's Acres Loan	4/8/2022	-	523,244	-	523,244
263.84	Storm Water Loan	9/20/2023	-	13,070	-	13,070
264.40	OPEB Liabilities	6/30/2019	320,104	-	3,238	316,866
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,467,893	536,314	152,951	3,851,256
Total Liabilities:			3,605,911	656,751	204,643	4,058,019

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Compensated Balances	12/31/2018	46,050	17,078	26,026	37,102
251.11	Tax Liability	12/31/2018	3,523	1,306	1,991	2,838
263.81	USDA Car Loan	6/30/2019	3,854	-	2,712	1,142
263.51	Copier Lease	9/8/2020	5,477	-	2,540	2,937
263.81	USDA Rural Development Car Loan	9/20/2023	-	22,000	-	22,000
263.91	Police Car Loan FCI	11/1/2023	-	51,143	780	50,363
263.51	John Deere Financial	4/8/2022	18,894	-	4,127	14,767
263.83	Labor and Industries	12/1/2019	-	9,250	800	8,450
Total General Obligation Debt/Liabilities:			77,798	100,777	38,976	139,599
Revenue and Other (non G.O.) Debt/Liabilities						
263.84	DOE Sewer Loan	6/30/2021	106,955	-	29,990	76,965
263.82	USDA Sewer Loan	10/1/2032	722,424	-	34,847	687,577
263.84	DOE Sewer/Mill Drive/Bonaparte Creek	7/31/2033	43,663	-	2,318	41,345
263.82	USDA Water	2/27/2054	2,026,331	-	30,640	1,995,691
264.30	Pension Liabilities		238,413	-	77,628	160,785
263.92	CVB Water Revenue Bond	4/5/2025	209,223	-	23,797	185,426
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,347,009	-	199,220	3,147,789
Total Liabilities:			3,424,807	100,777	238,196	3,287,388

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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