



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## City of Roslyn

For the period January 1, 2018 through December 31, 2020

*Published July 14, 2022*

Report No. 1030885



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

July 14, 2022

Mayor and City Council  
City of Roslyn  
Roslyn, Washington

**Report on Financial Statements**

Please find attached our report on the City of Roslyn'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

***Americans with Disabilities***

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## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### City of Roslyn January 1, 2018 through December 31, 2020

#### **2020-001    The City's internal controls over preparing financial statements were inadequate for ensuring accurate reporting.**

##### ***Background***

City management, state and federal agencies, and the public rely on the information included in financial statements and reports to make decisions. City management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting.

*Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses as a finding. The Applicable Laws and Regulations section below defines the standards for material weaknesses.

##### ***Description of Condition***

The current audit identified the following deficiencies in internal controls that, when taken together, represent a material weakness:

- City staff lacked technical knowledge and the experience necessary to prepare the financial statements and supplementary schedules accurately and completely in accordance with the *Budgeting, Accounting and Reporting System* (BARS) manual.
- The City did not establish a secondary review process of its financial statements to detect and correct errors before submitting them to our Office.
- The City hired a company to oversee logging activity on City property, and the contract allowed the company to collect logging revenue and pay for services. City staff was not aware that they needed to record the revenue and expense activity in the general ledger, and staff did not perform adequate research over this unique contract.

This issue was reported as a finding in the prior audit.

## ***Cause of Condition***

The City experienced significant turnover in key positions responsible for preparing the financial statements, and staff did not research BARS requirements to ensure it reported financial transactions correctly. Additionally, management did not dedicate the necessary resources to reviewing the financial statements before submitting them for audit.

## ***Effect of Condition***

As a result of the internal control weakness, we identified the following errors:

- In 2020, the City incorrectly classified restricted cash and investments of \$304,737 and assigned cash and investments of \$3,204,845 as unassigned in the following funds: Current Expense, Tourism Support, REET, Capital Improvement, Sewer, Water, Storm Water, and Equipment Rental and Revolving funds.
- The City overreported pension liabilities on the Schedule of Liabilities by \$49,396 in 2018 and \$108,078 in 2020.
- The City did not record its logging activity in its general ledger in 2018. As a result, it underreported its revenues and expenses by \$533,680.

## ***Recommendation***

We recommend the City:

- Establish an effective technical review process for the financial statements, notes and schedules to ensure they are accurate, supported, classified and reported in accordance with the BARS manual
- Perform adequate research on new accounting standards to ensure proper implementation

## ***City's Response***

*The City was understaffed during the audit period identified and was able to hire additional help shortly after these finding were delivered. This did help to address various internal control issues at that time. During this period prior staff was brought back on a temporary basis to assist in training of new staff. While the items identified in the audit were corrected to some degree, the training of new staff by old staff did in hindsight unintentionally carried over other past practices which contributed to identified issues in producing reliable financial statements during the current audit period. Furthermore, a high level of turnover since our last audit has caused additional practices that have contributed to a perpetuation of this*

*unreliability. The City has since redistributed duties and responsibilities amongst long term staff to better address consistent practices that will allow for more reliable financial reporting in the future.*

### ***Auditor's Remarks***

We appreciate the steps the City is taking to resolve this issue and we thank the City for tis cooperation during the audit. We will review the condition during our next audit.

### ***Applicable Laws and Regulations***

*Government Auditing Standards*, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.



**CITY OF ROSLYN**  
National Historic District and Preserve America Community

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### City of Roslyn January 1, 2018 through December 31, 2020

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

<b>Audit Period:</b> January 1, 2015 through December 31, 2017	<b>Report Ref. No.:</b> 1022542	<b>Finding Ref. No.:</b> 2017-001
<b>Finding Caption:</b> The City's internal controls over accounting and financial statement preparation were inadequate to ensure accurate reporting.		
<b>Background:</b> The City's elected officials, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions. City management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the financial reporting reliability. Our audit identified deficiencies in internal controls that hindered the City ability to produce reliable financial statements.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Fully Corrected         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Partially Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>		
<b>Corrective Action Taken:</b> <i>The City was understaffed during the audit period identified and was able to hire additional help shortly after these finding were delivered. This did help to address various internal control issues at that time. During this period prior staff was brought back on a temporary basis to assist in training of new staff. While the items identified in the audit were corrected to some degree, the training of new staff by old staff did in hindsight unintentionally carried over other past practices which contributed to identified issues in producing reliable financial statements during the current audit period. Furthermore, a high level of turnover since our last audit has caused additional practices that have contributed to a perpetuation of this unreliability. The City has since redistributed duties and responsibilities amongst long term staff to better address consistent practices that will allow for more reliable financial reporting in the future.</i>		

## 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 Roslyn January 1, 2018 through December 31, 2020

Mayor and City Council  
City of Roslyn  
Roslyn, 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 Roslyn, as of and for the years ended December 31, 2020, 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 6, 2022.

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 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impacts on the City is unknown.

## 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.



Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the deficiencies, described in the accompanying Schedule of Audit Findings and Responses as Finding 2020-001 to be a material weakness.

## 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*.

## CITY'S RESPONSE TO FINDINGS

The City's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

July 6, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### City of Roslyn January 1, 2018 through December 31, 2020

Mayor and City Council  
City of Roslyn  
Roslyn, Washington

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Roslyn, for the years ended December 31, 2020, 2019 and 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 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 Roslyn 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 Roslyn, and its changes in cash and investments, for the years ended December 31, 2020, 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 Roslyn, as of December 31, 2020, 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 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impacts on the City is unknown. 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 Schedule 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 6, 2022 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 6, 2022

## **FINANCIAL SECTION**

### **City of Roslyn January 1, 2018 through December 31, 2020**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2020  
Fund Resources and Uses Arising from Cash Transactions – 2019  
Fund Resources and Uses Arising from Cash Transactions – 2018  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020  
Notes to Financial Statements – 2020  
Notes to Financial Statements – 2019  
Notes to Financial Statements – 2018

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

Schedule of Liabilities – 2020  
Schedule of Liabilities – 2019  
Schedule of Liabilities – 2018

**City of Roslyn**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	3,252,033	328,746	2,660
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	703,131	646,834	-
320	Licenses and Permits	9,863	9,863	-
330	Intergovernmental Revenues	688,341	157,703	30,702
340	Charges for Goods and Services	1,158,079	53,190	-
350	Fines and Penalties	10,692	8,717	-
360	Miscellaneous Revenues	181,300	11,669	2,256
Total Revenues:		<u>2,751,406</u>	<u>887,976</u>	<u>32,958</u>
<b>Expenditures</b>				
510	General Government	189,695	189,695	-
520	Public Safety	350,715	350,715	-
530	Utilities	616,629	26,664	-
540	Transportation	102,165	5,000	97,165
550	Natural/Economic Environment	64,636	64,584	-
560	Social Services	-	-	-
570	Culture and Recreation	71,408	71,408	-
Total Expenditures:		<u>1,395,248</u>	<u>708,066</u>	<u>97,165</u>
Excess (Deficiency) Revenues over Expenditures:		<u>1,356,158</u>	<u>179,910</u>	<u>(64,207)</u>
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	210,330	70,354	61,548
385	Special or Extraordinary Items	7,705	-	-
381, 382, 389, 395, 398	Other Resources	90,591	1,828	-
Total Other Increases in Fund Resources:		<u>308,626</u>	<u>72,182</u>	<u>61,548</u>
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	467,972	-	-
591-593, 599	Debt Service	232,843	451	-
597	Transfers-Out	198,468	59,048	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	74,943	74,943	-
Total Other Decreases in Fund Resources:		<u>974,226</u>	<u>134,442</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<u><b>690,558</b></u>	<u><b>117,650</b></u>	<u><b>(2,659)</b></u>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	304,737	13,544	-
50841	Committed	-	-	-
50851	Assigned	3,204,845	-	-
50891	Unassigned	432,902	432,902	-
<b>Total Ending Cash and Investments</b>		<u><b>3,942,484</b></u>	<u><b>446,446</b></u>	<u><b>-</b></u>

<b>102 Tourism Support Fund</b>	<b>103 Reet Fund</b>	<b>300 Capital Improvement</b>	<b>401 Sewer Fund</b>	<b>402 Water Fund</b>	<b>403 Storm O &amp; M Fund</b>
30,023	46,306	307,567	1,317,888	1,025,852	130,548
-	-	-	-	-	-
13,794	42,425	78	-	-	-
-	-	-	-	-	-
-	-	442,568	-	30,860	26,508
-	-	-	424,170	636,092	44,627
-	-	-	-	1,975	-
455	705	43,910	21,992	47,630	51,175
<u>14,249</u>	<u>43,130</u>	<u>486,556</u>	<u>446,162</u>	<u>716,557</u>	<u>122,310</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	201,377	268,185	120,403
-	-	-	-	-	-
52	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>52</u>	<u>-</u>	<u>-</u>	<u>201,377</u>	<u>268,185</u>	<u>120,403</u>
<u>14,197</u>	<u>43,130</u>	<u>486,556</u>	<u>244,785</u>	<u>448,372</u>	<u>1,907</u>
-	-	-	-	-	-
-	-	78,428	-	-	-
-	-	-	7,705	-	-
-	-	-	13,369	75,394	-
<u>-</u>	<u>-</u>	<u>78,428</u>	<u>21,074</u>	<u>75,394</u>	<u>-</u>
-	-	353,209	15,851	53,839	45,073
-	-	-	76,028	144,292	12,072
-	66,356	-	24,657	44,907	3,500
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>66,356</u>	<u>353,209</u>	<u>116,536</u>	<u>243,038</u>	<u>60,645</u>
<u>14,197</u>	<u>(23,226)</u>	<u>211,775</u>	<u>149,323</u>	<u>280,728</u>	<u>(58,738)</u>
-	-	-	-	-	-
44,220	23,080	-	76,028	147,865	-
-	-	-	-	-	-
-	-	519,342	1,391,173	1,158,571	71,807
-	-	-	-	-	-
<u>44,220</u>	<u>23,080</u>	<u>519,342</u>	<u>1,467,201</u>	<u>1,306,436</u>	<u>71,807</u>



**500 Equipment  
Rental And  
Reserve**

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62,443

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63,952

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**63,952**

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	175,073	12,504	-
30880	Unreserved	2,537,192	200,102	-
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	690,755	659,934	-
320	Licenses and Permits	13,574	13,574	-
330	Intergovernmental Revenues	483,862	319,477	122,737
340	Charges for Goods and Services	1,232,934	95,620	-
350	Fines and Penalties	12,716	6,832	-
360	Miscellaneous Revenues	152,141	43,755	2,884
Total Revenues:		2,585,982	1,139,192	125,621
<b>Expenditures</b>				
510	General Government	194,083	194,083	-
520	Public Safety	383,613	383,613	-
530	Utilities	673,998	24,465	-
540	Transportation	181,701	-	181,066
550	Natural and Economic Environment	127,757	126,217	-
560	Social Services	-	-	-
570	Culture and Recreation	121,108	121,108	-
Total Expenditures:		1,682,260	849,486	181,066
Excess (Deficiency) Revenues over Expenditures:		903,722	289,706	(55,445)
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	166,324	13,750	58,297
385	Special or Extraordinary Items	7,063	-	-
386 / 389	Custodial Activities	16,528	6,587	-
381, 382, 395, 398	Other Resources	75,394	-	-
Total Other Increases in Fund Resources:		265,309	20,337	58,297
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	161,307	-	190
591-593, 599	Debt Service	220,283	451	-
597	Transfers-Out	166,334	112,498	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	6,116	6,116	-
581, 582	Other Uses	74,943	74,943	-
Total Other Decreases in Fund Resources:		628,983	194,008	190
<b>Increase (Decrease) in Cash and Investments:</b>		<b>540,048</b>	<b>116,035</b>	<b>2,662</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	313,078	12,856	-
5088000	Unreserved	2,938,955	315,890	2,660
<b>Total Ending Cash and Investments</b>		<b>3,252,033</b>	<b>328,746</b>	<b>2,660</b>

<b>102 Tourism Support Fund</b>	<b>103 Reet Fund</b>	<b>300 Capital Improvement</b>	<b>401 Sewer Fund</b>	<b>402 Water Fund</b>	<b>403 Storm O &amp; M Fund</b>
20,699	65,842	-	76,028	-	-
32	126	241,181	1,124,757	784,985	123,272
-	-	-	-	-	-
10,669	20,152	-	-	-	-
-	-	-	-	-	-
-	-	-	-	29,521	12,127
-	-	-	439,975	652,889	44,450
-	-	-	-	5,884	-
162	262	1,660	9,946	39,836	53,295
<u>10,831</u>	<u>20,414</u>	<u>1,660</u>	<u>449,921</u>	<u>728,130</u>	<u>109,872</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	208,379	347,277	93,877
-	-	-	-	-	-
1,540	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,540</u>	<u>-</u>	<u>-</u>	<u>208,379</u>	<u>347,277</u>	<u>93,877</u>
<u>9,291</u>	<u>20,414</u>	<u>1,660</u>	<u>241,542</u>	<u>380,853</u>	<u>15,995</u>
-	-	-	-	-	-
-	-	75,036	-	19,241	-
-	-	-	7,063	-	-
-	-	-	9,941	-	-
-	-	-	-	75,394	-
<u>-</u>	<u>-</u>	<u>75,036</u>	<u>17,004</u>	<u>94,635</u>	<u>-</u>
-	-	10,311	59,501	83,835	7,470
-	-	-	76,028	143,804	-
-	40,076	-	6,250	6,260	1,250
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>40,076</u>	<u>10,311</u>	<u>141,779</u>	<u>233,899</u>	<u>8,720</u>
<b>9,291</b>	<b>(19,662)</b>	<b>66,385</b>	<b>116,767</b>	<b>241,589</b>	<b>7,275</b>
30,023	46,306	-	76,028	147,865	-
-	-	307,567	1,241,860	877,987	130,548
<u>30,023</u>	<u>46,306</u>	<u>307,567</u>	<u>1,317,888</u>	<u>1,025,852</u>	<u>130,548</u>

**500 Equipment  
Rental And  
Reserve**

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-  
62,737

-

-

-

-

-

341

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341

-

-

-

635

-

-

-

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635

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(294)

-

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-

-

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(294)

-

62,443

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**62,443**

**City of Roslyn**  
**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 Current Expense</b>	<b>101 Street Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	269,319	12,104	-
30880	Unreserved	1,993,172	149,153	94,592
388 / 588	Net Adjustments	5,009	229	2
<b>Revenues</b>				
310	Taxes	633,978	594,346	-
320	Licenses and Permits	21,485	21,485	-
330	Intergovernmental Revenues	894,499	42,787	709,752
340	Charges for Goods and Services	1,267,178	135,244	-
350	Fines and Penalties	12,255	6,747	-
360	Miscellaneous Revenues	162,859	32,750	2,078
Total Revenues:		<u>2,992,254</u>	<u>833,358</u>	<u>711,830</u>
<b>Expenditures</b>				
510	General Government	231,991	231,991	-
520	Public Safety	274,082	274,082	-
530	Utilities	492,064	21,925	-
540	Transportation	849,499	22,110	826,720
550	Natural and Economic Environment	105,764	105,764	-
560	Social Services	-	-	-
570	Culture and Recreation	117,413	117,413	-
Total Expenditures:		<u>2,070,812</u>	<u>773,285</u>	<u>826,720</u>
Excess (Deficiency) Revenues over Expenditures:		<u>921,441</u>	<u>60,074</u>	<u>(114,890)</u>
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	77,179	8,287	26,564
385	Special or Extraordinary Items	2,723	-	-
386 / 389	Custodial Activities	18,038	6,423	-
381, 382, 395, 398	Other Resources	562,278	561,661	-
Total Other Increases in Fund Resources:		<u>660,218</u>	<u>576,371</u>	<u>26,564</u>
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	834,415	553,681	6,269
591-593, 599	Debt Service	219,109	-	-
597	Transfers-Out	77,179	25,064	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	6,579	6,579	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>1,137,282</u>	<u>585,324</u>	<u>6,269</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<u><b>444,377</b></u>	<u><b>51,121</b></u>	<u><b>(94,595)</b></u>
<b>Ending Cash and Investments</b>				
5081000	Reserved	296,488	12,504	-
5088000	Unreserved	2,415,390	200,102	-
<b>Total Ending Cash and Investments</b>		<u><b>2,711,878</b></u>	<u><b>212,606</b></u>	<u><b>-</b></u>

<b>102 Tourism Support Fund</b>	<b>103 Reet Fund</b>	<b>200 Debt Service Fund</b>	<b>300 Capital Improvement</b>	<b>401 Sewer Fund</b>	<b>402 Water Fund</b>
14,714	48,881	-	-	76,028	117,592
-	-	8,287	381,900	883,369	458,238
-	-	-	-	5,286	(508)
5,954	33,678	-	-	-	-
-	-	-	-	-	-
-	-	-	9,048	-	-
-	-	-	-	465,042	625,871
-	-	-	-	-	5,509
63	249	-	777	39,660	35,362
<u>6,017</u>	<u>33,927</u>	<u>-</u>	<u>9,824</u>	<u>504,702</u>	<u>666,741</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	160,146	252,493
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,146</u>	<u>252,493</u>
<u>6,017</u>	<u>33,927</u>	<u>-</u>	<u>9,824</u>	<u>344,556</u>	<u>414,249</u>
-	-	-	-	-	-
-	-	-	16,839	-	25,489
-	-	-	-	2,723	-
-	-	-	-	11,615	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,839</u>	<u>14,338</u>	<u>25,489</u>
-	-	-	167,383	46,014	61,068
-	-	-	-	76,028	143,081
-	16,839	8,287	-	750	26,239
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>16,839</u>	<u>8,287</u>	<u>167,383</u>	<u>122,792</u>	<u>230,388</u>
<u>6,017</u>	<u>17,088</u>	<u>(8,287)</u>	<u>(140,719)</u>	<u>236,102</u>	<u>209,350</u>
20,699	65,842	-	-	76,028	121,414
32	126	-	241,181	1,124,757	663,257
<u>20,731</u>	<u>65,968</u>	<u>-</u>	<u>241,181</u>	<u>1,200,785</u>	<u>784,671</u>

<b>403 Storm O &amp; M Fund</b>	<b>500 Equipment Rental And Reserve</b>
-	-
(44,961)	62,593
-	-
-	-
-	-
132,912	-
41,021	-
-	-
51,726	195
<u>225,659</u>	<u>195</u>
-	-
-	-
57,499	-
-	668
-	-
-	-
-	-
<u>57,499</u>	<u>668</u>
<u>168,160</u>	<u>(473)</u>
-	-
-	-
-	-
-	-
-	617
<u>-</u>	<u>617</u>
-	-
-	-
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>
<u>168,160</u>	<u>144</u>
-	-
123,199	62,737
<u>123,199</u>	<u>62,737</u>

**City of Roslyn**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<u>Investment Trust</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	5,158
510-590	Deductions	<u>5,109</u>
	Net Increase (Decrease) in Cash and Investments:	49
508	Ending Cash and Investments	-



## NOTES TO FINANCIAL STATEMENTS JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

### Note 1 - Summary of Significant Accounting Policies

The City of Roslyn was incorporated in 1891 and operates under the laws of the state of Washington applicable to a Mayor-Council form of government. The City is a general purpose local government and provides water, sewer, storm, public safety, fire prevention, street improvement, parks and recreation, and general administrative services

The City of Roslyn 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 *Notes to 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 presented using classifications that are similar to the ending balance classification 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.

##### Internal Service Funds

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

#### FIDUCIARY FUND TYPES:

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

##### Pension (and Other Employee Benefit) Trust Funds

These funds are used to report fiduciary activities for pension and OPEB plans administered through trust.

##### Investment Trust Funds

These funds are used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in trust.

##### Private-Purpose Trust Funds

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

#### 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 4

#### D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 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 30 days and is payable upon separation or retirement. Sick leave may be accumulated 960. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

#### F. Long-Term Debt

See Note 6

#### G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of the following

Fund #	Fund Name	Amount	Description
001	General Fund	\$13,543.99	10% of all cemetery sales are placed in a CD, and the interest earned is used for cemetery maintenance
102	Tourism Fund	\$44,219.57	All hotel/motel tax funds are reserved for tourism support
103	REET Fund	\$23,079.60	All REET funds are reserved for capital improvement projects
407	Sewer Fund (Bond Reserve)	\$76,028.00	One Year's debt payments
408	Water Fund (Bond Reserve)	\$147,864.92	One Year's debt payments

## Note 2 - Budget Compliance

The City adopts annual appropriated budgets for the General, Street, Tourism Support, REET, Debt Service, Capital Improvement, Sewer O&M, Water O&M, Storm O&M, Sewer Bond Reserve, Water Bond Reserve, Sewer Debt Service, Water Debt Service, Sewer Capital, Water Capital, Storm Capital, and ER&R funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriat	Actual Expenditures	Variance
General Fund	\$1,287,236.19	\$847,616.07	\$439,620.12
Street Fund	\$110,272.03	\$97,165.67	\$13,106.36
Tourism Support	\$24,927.64	\$52.43	\$24,875.21
REET	\$74,386.25	\$66,356.40	\$8,029.85
Debt Service	\$0.00	\$0.00	\$0.00
Capital Improvement	\$1,558,388.36	\$353,208.9	\$1,205,179.37
Sewer O&M	\$1,113,255.72	\$317,912.48	\$795,343.24
Water O&M	\$1,195,516.74	\$511,220.68	\$684,296.06
Storm O&M	\$89,881.88	\$96,724.99	(\$6,843.11)
Sewer Bond Reserve	\$76,076.91	\$0	\$76,076.91
Water Bond Reserve	\$147,628.87	\$0	\$147,628.87
Sewer Debt Service	\$76,028.00	\$76,028.00	\$0.00
Water Debt Service	\$146,132.53	\$144,292.51	\$1840.02
Sewer Capital	\$550,566.23		\$550,566.23
Water Capital	\$319,802.32		\$319,802.32
Storm Capital	\$1,157,286.69	\$136,840.9	\$1,020,445.77
ER&R	\$ 61,758.66		\$61,758.66

Budgeted amounts are authorized to be transferred between departments within any fund within; 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.

## Note 3 – 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.

#### Note 4 – Deposits and Investments

Investments are reported at cost for certificates of deposit and original cost. Deposits and investments by type at December 31, 2020 are as follows:

Type of Investment	City's own Investments	Investments held by City as an agent for other local governments, individuals or private organizations	Total
Certificates of Deposit:			
8940184768	\$ 5,440.09		\$ 5,440.09
8958482153	\$ 245,108.38		\$245,108.38
8972853637	\$ 8,760.29		\$ 8,760.29
8884435846	\$ 5,044.53		\$ 5,044.53
8886359184	\$ 5,326.48		\$ 5,326.48
8894837296	\$245,167.14		\$245,167.14
8914464899	\$248,719.12		\$248,719.12
US Government Securities			
912820US4	\$258,746.70		\$258,746.70
912833LB4	\$526,490.39		\$526,490.39
Total:	<b>\$1,548,803.12</b>		<b>\$1,548,803.12</b>

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

#### Note 5- Interfund Loans

The following table displays interfund loan activity during 2020:

Borrowing Fund	Lending Fund	Balance 1/1/2020	New Loans	Repayments	Balance 12/31/2020
----------------	--------------	------------------	-----------	------------	--------------------

001 General	402 Water O&M	\$224,606.04	\$0.00	\$75,393.96	\$149,212.08
433 Storm	300 Capital Facilities	\$ 62,741.61	\$0.00	\$12,072.05	\$ 50,669.56
433 Storm	401 Sewer		\$60,000		\$60,000
TOTALS:		\$287,347.65	\$60,000	\$87,466.01	\$259,881.64

## **Note 6– Long-Term Debt** *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City and summarizes the City debt transactions for year ended December 31, 2020.

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

	Principal	Interest	Total
2021	\$210,465	\$96,895.03	\$307,360.03
2022	\$214,923	\$92,187	\$307,110
2023	\$144,334	\$87,264	\$231,598
2024 – 2028	\$761,349	\$356,969	\$1,118,318
2029 – 2033	\$761,251.48	\$205,996.46	\$967,247.94
2034 – 2038	\$405,639.39	\$104,264.78	\$509,904.17
2039 – 2043	\$160,155.72	\$52,159.28	\$212,315.00
2044 – 2048	\$153,600.32	\$16,251.68	\$169,852.00
TOTALS:	\$2,811,718.24	\$1,012,078	\$3,823,796.24

## **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 (PERS).

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).

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

At June 30, 2020 (the measurement date of the plans), the city 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	\$17,029	0.0000235%	\$82,968
PERS 2/3	\$28,040	0.00003044%	\$38,931
	\$45,069		\$121,899

## **Note 8 - Property Tax**

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

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

The City's regular levy for the year 2020 was \$1.361612 per \$1,000 on an assessed valuation of \$166,824,104 for a total regular levy of \$227,149.70.

## **Note 9 – Risk Management**

The City of Roslyn 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 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.

## **Note 10– Other Disclosures**

The City of Roslyn's City Council consists of seven Councilmembers and one Mayor, each of whom are involved in the community. Some of these Councilmembers are related to members of the various Committees and Commissions. Other Councilmembers may own businesses or belong to organizations



that may be affected by the City's decisions. The following is a list of the Councilmembers, the Mayor, and their significant others:

- Mayor: Brent Hals works for *Comtronics*, and his wife Kathleen Michael owns *From Roslyn with Love*, a retail establishment.
- Council Position #1: Derek Gruber and his wife (Anne Dukelow) own three businesses, *Marko's Place*, *The Hideaway*, and *Green Acre Web Design*, within the City limits.
- Council Position #2: Geoff Scherer is the Operations Manager for Upper Kittitas County Medic One.
- Council Position #3: Leah Hadfield works for *Marko's Place* and *The Hideaway* as a waitress, her significant other (Leah Knight) is a chef.
- Council Position #4: Cathy Cook moved to Roslyn in 2010. Before her retirement, she worked as a curriculum specialist for a small educational software company. She has a BA in history and a BFA in painting. Her husband Glenn Rudolph is a professional photographer.
- Council Position #5: Jeff Adams owns *Adams Construction Management*, and his wife (Amy Adams) works for *McKesson Corporation*.
- Council Position #6: Tom Missel. Owns and operates TCM Investigations Inc.
- Council Position #7: Nolan Weis works for *Inland Networks* which is a local company owned by his relatives. His wife (Andrea McJury) owns *Corks*, a wine shop in Roslyn.

## NOTES TO FINANCIAL STATEMENTS JANUARY 1, 2019 THROUGH DECEMBER 31, 2019

### Note 1 - Summary of Significant Accounting Policies

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- 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.

### 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 Roslyn 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 \$1,000.00 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 30 days and is payable upon separation or retirement. Sick leave may be accumulated 960 hours. Upon separation or retirement employees do not receive payment for unused sick leave. 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 or resolution. 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 #	Fund Name	Amount	Description
001	General Fund	\$12,855.99	10% of all cemetery sales are placed in a CD, and the interest earned is used for cemetery maintenance
102	Tourism Fund	\$30022.68	All hotel/motel tax funds are reserved for tourism support
103	REET Fund	\$46,306.25	All REET funds are reserved for capital improvement projects
407	Sewer Fund (Bond Reserve)	\$76,028.00	One Year's debt payments
408	Water Fund (Bond Reserve)	\$147,864.92	One Year's debt payments

## **Note 2 – Budget Compliance**

### **A. Budgets**

The City adopts annual appropriated budgets for the General, Street, Tourism Support, REET, Debt Service, Capital Improvement, Sewer O&M, Water O&M, Storm O&M, Sewer Bond Reserve, Water Bond Reserve, Sewer Debt Service, Water Debt Service, Sewer Capital, Water Capital, Storm Capital, and ER&R funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	<b>\$1,371,993.20</b>	<b>\$1,043,494.22</b>	<b>\$328,498.98</b>
Street Fund	<b>\$186,757.42</b>	<b>\$181,256.99</b>	<b>\$5,500.43</b>
Tourism Support	<b>\$18,723.88</b>	<b>\$0.00</b>	<b>\$18,723.88</b>
REET	<b>\$88,736.49</b>	<b>\$40,076.24</b>	<b>\$48,660.25</b>
Debt Service	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Capital Improvement	<b>\$716,297.47</b>	<b>\$10,310.56</b>	<b>\$705,986.91</b>
Sewer O&M	<b>\$854,740.68</b>	<b>\$337,881.95</b>	<b>\$516,858.73</b>
Water O&M	<b>\$1,142,159.27</b>	<b>\$665,471.56</b>	<b>\$476,687.71</b>
Storm O&M	<b>\$58,151.91</b>	<b>\$72,271.38</b>	<b>(\$14,119.47)</b>
Sewer Bond Reserve	<b>\$76,076.91</b>	<b>\$0.00</b>	<b>\$76,076.91</b>
Water Bond Reserve	<b>\$147,628.87</b>	<b>\$0.00</b>	<b>\$147,628.87</b>
Sewer Debt Service	<b>\$76,028.00</b>	<b>\$76,028.00</b>	<b>\$0.00</b>
Water Debt Service	<b>\$121,413.85</b>	<b>\$144,522.69</b>	<b>(\$23,108.84)</b>
Sewer Capital	<b>\$568,484.23</b>	<b>\$12,278.44</b>	<b>\$556,205.79</b>
Water Capital	<b>\$314,054.76</b>	<b>\$66,424.67</b>	<b>\$247,630.09</b>
Storm Capital	<b>\$998,141.96</b>	<b>\$51,739.43</b>	<b>\$946,402.53</b>
ER&R	<b>\$ 62,393.22</b>	<b>\$634.56</b>	<b>\$61,758.66</b>

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.

### **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 amortized cost for certificates of deposit and original cost for Securities. Investments by type at December 31, 2019 are as follows:

Type of Investment	City's own Investments	Investments held by City as an agent for other local governments, individuals or private organizations	Total
Certificates of Deposit:			
8940184768	\$ 5,423.75		\$ 5,423.75
8958482153	\$ 240,823.70		\$240,823.70
8972853637	\$ 8,612.33		\$ 8,612.33
8884435846	\$ 5,024.34		\$ 5,024.34
8886359184	\$ 5,263.38		\$ 5,263.38
8894837296	\$243,456.96		\$243,456.96
8914464899	\$242,325.36		\$242,325.36
US Government Securities			
912820US4	\$255,133.65		\$255,133.65
912833LB4	\$499,474.26		\$499,474.26
<b>Total:</b>	<b>\$1,488,854.24</b>		<b>\$1,488,854.24</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 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 \$1.444616 per \$1,000 on an assessed valuation of \$151,127,759 for a total regular levy of \$219,340.04

### **Note 5 - Interfund Loans**

The following table displays interfund loan activity during 2019:

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance 1/1/2018</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance 12/31/2018</b>
001 General	402 Water O&M	\$300,000.00	\$0.00	\$75,393.96	\$224,606.04
433 Storm Capital Facilities	300 Capital Facilities	\$ 62,741.61	\$0.00	\$0.00	\$ 62,741.61
TOTALS:		\$362,741.61	\$0.00	\$0.00	\$287,347.65

### **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, 2019.

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$194,088.76	\$101,519.02	\$295,607.78
2021	\$198,483.51	\$96,895.03	\$295,378.54
2022	\$202,923.37	\$92,114.67	\$295,038.04
2023	\$144,920.60	\$87,304.87	\$232,225.47
2024 – 2028	\$787,866.36	\$357,104.86	\$1,144,971.21
2029 – 2033	\$761,251.48	\$205,996.46	\$967,247.94
2034 – 2038	\$405,639.39	\$104,264.78	\$509,904.17
2039 – 2043	\$160,155.72	\$52,159.28	\$212,315.00
2044 – 2048	\$153,600.32	\$16,251.68	\$169,852.00
TOTALS:	\$3,008,929.51	\$1,113,610.65	\$4,122,540.15

### **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 (PERS).

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).

The City also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.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 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$19,049.89	0.00002657%	\$102,171
PERS 2/3	\$28,027.59	0.00003432%	\$33,336
	\$47,077.48		\$135,507

#### **Note 10 – Risk Management**

The City of Roslyn 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 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.

#### **Note 11 - Other Disclosures**

The City of Roslyn's City Council consists of seven Councilmembers and one Mayor, each of whom are involved in the community. Some of these Councilmembers are related to members of the various Committees and Commissions. Other Councilmembers may own businesses or belong to organizations that may be affected by the City's decisions. The following is a list of the Councilmembers, the Mayor, and their significant others:

Mayor:	Brent Hals works for <i>Comtronics</i> , and his wife Kathleen Michael owns <i>From Roslyn with Love</i> , a retail establishment.
Council Position #1:	Derek Gruber and his wife (Anne Dukelow) own three businesses, <i>Marko's Place</i> , <i>The Hideaway</i> , and <i>Green Acre Web Design</i> , within the City limits.
Council Position #2:	Edmund (Andy) Januszkiewicz served on the Roslyn planning and Historic Preservation Commission and RIDGE (a former local activist group) prior to joining the City Council. His wife (Diane Januszkiewicz) is a prior Councilmember and is a Counselor at <i>Cle Elum/Roslyn High School</i> .
Council Position #3:	Leah Hadfield works for <i>Marko's Place</i> and <i>The Hideaway</i> as a waitress, her significant other (Leah Knight) is a chef.
Council Position #4:	Cordy Cook served on RIDGE prior to joining the City Council, he is employed by <i>Kittitas Valley Hospital</i> as a Registered Nurse. His wife (Peg Bryant) is retired and currently serves on the Roslyn Urban Forest Citizen Advisory Committee.
Council Position #5:	Jeff Adams owns <i>Adams Construction Management</i> , and his wife (Amy Adams) works for <i>McKesson Corporation</i> .
Council Position #6:	Tom Missel. Owns and operates TCM Investigations Inc.
Council Position #7:	Nolan Weis works for <i>Inland Networks</i> which is a local company owned by his relatives. His wife (Andrea McJury) owns <i>Corks</i> , a wine shop in Roslyn.

#### **Note 12 - Subsequent Events**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.



[Include information about actual or potential financial or operational impact on entity, and management's plans to address the situation, to the extent known.]

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

## NOTES TO FINANCIAL STATEMENTS JANUARY 1, 2018 THROUGH DECEMBER 31, 2018

### Note 1 - Summary of Significant Accounting Policies

The City of Roslyn was incorporated in 1891 and operates under the laws of the state of Washington applicable to a code city with a Mayor-Council form of government. The City is a general purpose local government and provides water, sewer, storm, public safety, fire prevention, street improvement, parks and recreation, and general administrative services.

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

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

#### A. Fund Accounting

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

### 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 Roslyn 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 \$1,000.00 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 30 days and is payable upon separation or retirement. Sick leave may be accumulated 960 hours. Upon separation or retirement employees do not receive payment for unused sick leave. 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 or resolution. 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 #	Fund Name	Amount	Description
001	General Fund	\$12,504.49	10% of all cemetery sales are placed in a CD, and the interest earned is used for cemetery maintenance
102	Tourism Fund	\$20,699.41	All hotel/motel tax funds are reserved for tourism support
103	REET Fund	\$65,842.09	All REET funds are reserved for capital improvement projects
407	Sewer Fund (Bond Reserve)	\$76,028.00	One Year's debt payments
408	Water Fund (Bond Reserve)	\$121,413.85	One Year's debt payments

## **Note 2 – Budget Compliance**

### **A. Budgets**

The City adopts annual appropriated budgets for the General, Street, Tourism Support, REET, Debt Service, Capital Improvement, Sewer O&M, Water O&M, Storm O&M, Sewer Bond Reserve, Water Bond Reserve, Sewer Debt Service, Water Debt Service, Sewer Capital, Water Capital, Storm Capital, and ER&R funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$1,502,482.85	\$805,730.09	\$696,752.76
Street Fund	\$913,212.28	\$832,989.36	\$80,222.92
Tourism Support	\$18,723.88	\$0.00	\$18,723.88
REET	\$73,928.89	\$16,838.99	\$57,089.90
Debt Service	\$8,286.99	\$8,286.99	\$0.00
Capital Improvement	\$443,350.26	\$167,383.02	\$275,967.24
Sewer O&M	\$801,920.50	\$307,601.87	\$494,318.63
Water O&M	\$832,723.66	\$429,981.96	\$402,741.70
Storm O&M	\$63,217.23	\$56,459.43	\$6,757.80
Sewer Bond Reserve	\$76,076.91	\$0.00	\$76,076.91
Water Bond Reserve	\$147,628.87	\$0.00	\$147,628.87
Sewer Debt Service	\$76,028.00	\$76,028.00	\$0.00
Water Debt Service	\$148,498.57	\$143,080.67	\$5,417.90
Sewer Capital	\$582,110.43	\$0.00	\$582,110.43
Water Capital	\$420,167.96	\$13,774.90	\$406,393.06
Storm Capital	\$850,506.36	\$1,040.00	\$849,466.36
ER&R	\$63,243.22	\$668.49	\$62,574.73

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.

### **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 amortized cost for certificates of deposit and original cost for Securities. Investments by type at December 31, 2018 are as follows:

Type of Investment	City's own Investments	Investments held by City as an agent for other local governments, individuals or private organizations	Total
Certificates of Deposit:			
8940184768	\$ 5,407.50		\$ 5,407.50
8958482153	\$236,340.77		\$236,340.77
8972853637	\$ 8,467.26		\$ 8,467.26
8884435846	\$ 5,004.29		\$ 5,004.29
8886359184	\$ 5,242.37		\$ 5,242.37
8894837296	\$240,554.38		\$240,554.38
8914464899	\$238,494.10		\$238,494.10
US Government Securities			
912820US4	\$249,869.31		\$249,869.31
912833LB4	\$499,474.26		\$499,474.26
Total:	<b>\$1,488,854.24</b>		<b>\$1,488,854.24</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 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 \$2.276918 per \$1,000 on an assessed valuation of \$92,166,823.00 for a total regular levy of \$209,856.30.

### **Note 5 - Interfund Loans**

The following table displays interfund loan activity during 2018:

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance 1/1/2018</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance 12/31/2018</b>
001 General	402 Water O&M	\$300,000.00	\$0.00	\$0.00	\$300,000.00
433 Storm Capital Facilities	300 Capital Facilities	\$ 62,741.61	\$0.00	\$0.00	\$ 62,741.61
TOTALS:		\$362,741.61	\$0.00	\$0.00	\$362,741.61

### **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 interfund loans are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$190,175.12	\$105,661.92	\$295,837.04
2020	\$194,088.76	\$101,519.02	\$295,607.78
2021	\$198,483.51	\$96,895.03	\$295,378.54
2022	\$202,923.37	\$92,114.67	\$295,038.04
2023	\$144,920.60	\$87,304.87	\$232,225.47
2024 – 2028	\$787,866.36	\$357,104.86	\$1,144,971.21
2029 – 2033	\$761,251.48	\$205,996.46	\$967,247.94
2034 – 2038	\$405,639.39	\$104,264.78	\$509,904.17
2039 – 2043	\$160,155.72	\$52,159.28	\$212,315.00
2044 – 2048	\$153,600.32	\$16,251.68	\$169,852.00
TOTALS:	\$3,199,104.63	\$1,219,272.57	\$4,418,377.19

### **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 (PERS).

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).

The City also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.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	\$18,449.58	0.002760%	\$123,263
PERS 2/3	\$27,230.79	0.003529%	\$60,255
	\$45,680.37		\$183,517

#### **Note 10 – Risk Management**

The City of Roslyn 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.

#### **Note 11 - Other Disclosures**

The City of Roslyn's City Council consists of seven Councilmembers and one Mayor, each of whom are involved in the community. Some of these Councilmembers are related to members of the various Committees and Commissions. Other Councilmembers may own businesses or belong to organizations that may be affected by the City's decisions. The following is a list of the Councilmembers, the Mayor, and their significant others:

Mayor:	Brent Hals works for <i>Comtronics</i> , and his wife Kathleen Michael owns <i>From Roslyn with Love</i> , a retail establishment.
Council Position #1:	Derek Gruber and his wife (Anne Dukelow) own three businesses, <i>Marko's Place</i> , <i>The Hideaway</i> , and <i>Green Acre Web Design</i> , within the City limits.
Council Position #2:	Edmund (Andy) Januszkiewicz served on the Roslyn planning and Historic Preservation Commission and RIDGE (a former local activist group) prior to joining the City Council. His wife (Diane Januszkiewicz) is a prior Councilmember and is a Counselor at <i>Cle Elum/Roslyn High School</i> .
Council Position #3:	Leah Hadfield works for <i>Marko's Place</i> and <i>The Hideaway</i> as a waitress, her significant other (Leah Knight) is a chef.
Council Position #4:	Cordy Cook served on RIDGE prior to joining the City Council, he is employed by <i>Kittitas Valley Hospital</i> as a Registered Nurse. His wife (Peg Bryant) is retired and currently serves on the Roslyn Urban Forest Citizen Advisory Committee.
Council Position #5:	Jeff Adams owns <i>Adams Construction Management</i> , and his wife (Amy Adams) works for <i>McKesson Corporation</i> .
Council Position #6:	Bethany Spurrier works for <i>Mama Vallones</i> as a waitress, and her husband (Dennis Ashurst) is a self-employed woodworker.
Council Position #7:	Nolan Weis works for <i>Inland Networks</i> which is a local company owned by his relatives. His wife (Andrea McJury) owns <i>Corks</i> , a wine shop in Roslyn.



**City of Roslyn**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2020**

<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	USDA RD Sewer Loan 92-10	1/12/2047	697,394	-	13,153	684,241
251.11	USDA RD Sewer Loan 92-12	7/16/2054	412,898	-	22,210	390,688
251.11	USDA RD Water Loan 91-06	1/3/2032	751,154	-	44,412	706,742
251.11	USDA RD Water Loan 91-08	1/28/2038	466,720	-	15,983	450,737
251.11	DOH DWSRF Loan	10/1/2035	368,283	-	23,018	345,265
<b>Total General Obligation Debt/Liabilities:</b>			<b>2,696,449</b>	<b>-</b>	<b>118,776</b>	<b>2,577,673</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
264.30	Pension Liability		184,903	45,074	108,078	121,899
259.12	Vacation and Personal Holiday	12/31/2020	16,131	1,203	-	17,334
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>201,034</b>	<b>46,277</b>	<b>108,078</b>	<b>139,233</b>
<b>Total Liabilities:</b>			<b>2,897,483</b>	<b>46,277</b>	<b>226,854</b>	<b>2,716,906</b>

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

<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>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Accrual Liability (vacation and peronal holiday)		16,131	2,844	-	18,975
264.30	Pension Liability		183,517	1,386	49,396	135,507
252.11	Sewer loan 2005 USDA RD #92-10	1/12/2047	710,547	-	13,153	697,394
252.11	Sewer Loan USDA 2012 #92-12	7/16/2054	434,514	-	21,616	412,898
252.11	Water loan USDA 1992 #91-06	1/3/2032	790,389	-	42,250	748,139
252.11	Water loan USDA 1998 #91-08	1/28/2038	481,419	-	14,699	466,720
252.11	Water loan DWSRF 2013	10/1/2035	391,301	-	23,018	368,283
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,007,818</b>	<b>4,230</b>	<b>164,132</b>	<b>2,847,916</b>
<b>Total Liabilities:</b>			<b>3,007,818</b>	<b>4,230</b>	<b>164,132</b>	<b>2,847,916</b>

**City of Roslyn**  
**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>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Accrual Liability (Vacation & Personal Holiday)		14,421	1,711	-	16,132
252.11	Water Loan - USDA 1992 (#91-06)	1/13/2032	830,583	-	40,194	790,389
252.11	Water Loan - USDA 1998 (#91-08)	1/28/2038	496,040	-	14,622	481,419
264.30	Pension Liability		253,665	-	70,148	183,517
252.11	Sewer Loan - USDA 2005 (#92-10)	1/12/2047	723,179	-	12,632	710,547
252.11	Sewer Loan - USDA 2012 (#92-12)	7/16/2054	455,551	-	21,037	434,514
252.11	Water Loan - DWSRF 2013	10/1/2035	412,663	-	21,362	391,301
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,186,102</b>	<b>1,711</b>	<b>179,995</b>	<b>3,007,818</b>
<b>Total Liabilities:</b>			<b>3,186,102</b>	<b>1,711</b>	<b>179,995</b>	<b>3,007,818</b>

## 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.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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