



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Town of Winthrop

For the period January 1, 2021 through December 31, 2022

*Published January 29, 2024*

Report No. 1034051



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

January 29, 2024

Mayor and Town Council  
Town of Winthrop  
Winthrop, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Town of Winthrop January 1, 2021 through December 31, 2022**

Mayor and Town Council  
Town of Winthrop  
Winthrop, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Town of Winthrop, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated January 8, 2024.

We issued an unmodified opinion on the fair presentation of the Town's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Town using accounting practices prescribed by 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.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

January 8, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Town of Winthrop January 1, 2021 through December 31, 2022**

Mayor and Town Council  
Town of Winthrop  
Winthrop, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the Town of Winthrop, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

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

As described in Note 1, the Town has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Town of Winthrop, and its changes in cash and investments, for the years ended December 31, 2022 and 2021, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of Winthrop, as of December 31, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

## **Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the Town in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management 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 BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and



*Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2024 on our consideration of the Town's internal control over financial reporting and on the 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

January 8, 2024

## **FINANCIAL SECTION**

### **Town of Winthrop January 1, 2021 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2022  
Fund Resources and Uses Arising from Cash Transactions – 2021  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022  
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#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2022  
Schedule of Liabilities – 2021

**Town of Winthrop**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

|   |                                | <b>Total for All<br/>Funds<br/>(Memo Only)</b> | <b>001 Current<br/>Expense</b> | <b>101 Street</b> | <b>103 Parking<br/>Mitigation Fee<br/>Fund</b> |
|---|--------------------------------|--|--------------------------------|-------------------|--|
| <b>Beginning Cash and Investments</b>               |                                |  |                                |                   |  |
| 308   | Beginning Cash and Investments | 3,763,537                                      | 1,270,026                      | 56,671            | 14,951   |
| 388 / 588   | Net Adjustments                | -  | -                              | -                 | -  |
| <b>Revenues</b>                                     |                                |  |                                |                   |  |
| 310   | Taxes                          | 1,775,941                                      | 1,070,926                      | 177,250           | -  |
| 320   | Licenses and Permits           | 86,472   | 86,472                         | -                 | -  |
| 330   | Intergovernmental Revenues     | 103,116  | 92,269                         | 10,847            | -  |
| 340   | Charges for Goods and Services | 873,709  | 991                            | 1,330             | -  |
| 350   | Fines and Penalties            | 9,271  | 4,201                          | -                 | -  |
| 360   | Miscellaneous Revenues         | 63,176   | 40,669                         | -                 | -  |
| Total Revenues:                                     |                                | 2,911,685                                      | 1,295,528                      | 189,427           | -  |
| <b>Expenditures</b>                                 |                                |  |                                |                   |  |
| 510   | General Government             | 239,437  | 239,437                        | -                 | -  |
| 520   | Public Safety                  | 513,585  | 509,162                        | 885               | -  |
| 530   | Utilities                      | 512,692  | -                              | -                 | -  |
| 540   | Transportation                 | 188,933  | -                              | 188,933           | -  |
| 550   | Natural/Economic Environment   | 232,593  | 72,124                         | 2,573             | -  |
| 560   | Social Services                | 160  | 160                            | -                 | -  |
| 570   | Culture and Recreation         | 262,298  | 75,403                         | -                 | -  |
| Total Expenditures:                                 |                                | 1,949,698                                      | 896,286                        | 192,391           | -  |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 961,987  | 399,242                        | (2,964)           | -  |
| <b>Other Increases in Fund Resources</b>            |                                |  |                                |                   |  |
| 391-393, 596  | Debt Proceeds                  | -  | -                              | -                 | -  |
| 397   | Transfers-In                   | 12,000   | -                              | 12,000            | -  |
| 385   | Special or Extraordinary Items | -  | -                              | -                 | -  |
| 381, 382, 389,<br>395, 398                          | Other Resources                | 26,130   | 4,000                          | -                 | -  |
| Total Other Increases in Fund Resources:            |                                | 38,130   | 4,000                          | 12,000            | -  |
| <b>Other Decreases in Fund Resources</b>            |                                |  |                                |                   |  |
| 594-595   | Capital Expenditures           | 223,098  | 54,336                         | 30,743            | 5,423  |
| 591-593, 599  | Debt Service                   | 115,315  | -                              | 216               | -  |
| 597   | Transfers-Out                  | 12,000   | -                              | 4,000             | -  |
| 585   | Special or Extraordinary Items | -  | -                              | -                 | -  |
| 581, 582, 589                                       | Other Uses                     | 18,650   | -                              | 10,000            | -  |
| Total Other Decreases in Fund Resources:            |                                | 369,063  | 54,336                         | 44,959            | 5,423  |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>631,054</b>                                 | <b>348,906</b>                 | <b>(35,923)</b>   | <b>(5,423)</b>                                 |
| <b>Ending Cash and Investments</b>                  |                                |  |                                |                   |  |
| 50821   | Nonspendable                   | -  | -                              | -                 | -  |
| 50831   | Restricted                     | 833,354  | -                              | -                 | -  |
| 50841   | Committed                      | 1,153,434                                      | -                              | -                 | 9,528  |
| 50851   | Assigned                       | 796,876  | 8,000                          | 20,752            | -  |
| 50891   | Unassigned                     | 1,610,934                                      | 1,610,934                      | -                 | -  |
| <b>Total Ending Cash and Investments</b>            |                                | <b>4,394,598</b>                               | <b>1,618,934</b>               | <b>20,752</b>     | <b>9,528</b>                                   |

The accompanying notes are an integral part of this statement.

**Town of Winthrop**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

|   |                                | <b>104 Stadium</b> | <b>105 Criminal<br/>Justice Drug<br/>Enforcement</b> | <b>108 Affordable<br/>Housing Sales<br/>Tax Fund</b> | <b>113 Parking<br/>Improvement<br/>Fund</b> |
|---|--------------------------------|--------------------|--|--|---|
| <b>Beginning Cash and Investments</b>               |                                |                    |  |  |   |
| 308   | Beginning Cash and Investments | 654,998            | 7,290  | 6,002  | 31,949                                      |
| 388 / 588   | Net Adjustments                | -                  | -  | -  | -   |
| <b>Revenues</b>                                     |                                |                    |  |  |   |
| 310   | Taxes                          | 521,564            | -  | 4,071  | 2,110                                       |
| 320   | Licenses and Permits           | -                  | -  | -  | -   |
| 330   | Intergovernmental Revenues     | -                  | -  | -  | -   |
| 340   | Charges for Goods and Services | 350                | -  | -  | -   |
| 350   | Fines and Penalties            | -                  | -  | -  | -   |
| 360   | Miscellaneous Revenues         | 21,577             | -  | -  | -   |
| Total Revenues:                                     |                                | 543,491            | -  | 4,071  | 2,110                                       |
| <b>Expenditures</b>                                 |                                |                    |  |  |   |
| 510   | General Government             | -                  | -  | -  | -   |
| 520   | Public Safety                  | -                  | -  | -  | -   |
| 530   | Utilities                      | -                  | -  | -  | -   |
| 540   | Transportation                 | -                  | -  | -  | -   |
| 550   | Natural/Economic Environment   | 147,605            | -  | -  | -   |
| 560   | Social Services                | -                  | -  | -  | -   |
| 570   | Culture and Recreation         | 186,895            | -  | -  | -   |
| Total Expenditures:                                 |                                | 334,500            | -  | -  | -   |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 208,991            | -  | 4,071  | 2,110                                       |
| <b>Other Increases in Fund Resources</b>            |                                |                    |  |  |   |
| 391-393, 596  | Debt Proceeds                  | -                  | -  | -  | -   |
| 397   | Transfers-In                   | -                  | -  | -  | -   |
| 385   | Special or Extraordinary Items | -                  | -  | -  | -   |
| 381, 382, 389,<br>395, 398                          | Other Resources                | 10,400             | -  | -  | -   |
| Total Other Increases in Fund Resources:            |                                | 10,400             | -  | -  | -   |
| <b>Other Decreases in Fund Resources</b>            |                                |                    |  |  |   |
| 594-595   | Capital Expenditures           | 38,653             | -  | -  | -   |
| 591-593, 599  | Debt Service                   | 11,097             | -  | -  | -   |
| 597   | Transfers-Out                  | -                  | -  | -  | -   |
| 585   | Special or Extraordinary Items | -                  | -  | -  | -   |
| 581, 582, 589                                       | Other Uses                     | 8,650              | -  | -  | -   |
| Total Other Decreases in Fund Resources:            |                                | 58,400             | -  | -  | -   |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>160,991</b>     | <b>-</b>   | <b>4,071</b>   | <b>2,110</b>                                |
| <b>Ending Cash and Investments</b>                  |                                |                    |  |  |   |
| 50821   | Nonspendable                   | -                  | -  | -  | -   |
| 50831   | Restricted                     | 815,990            | 7,290  | 10,074   | -   |
| 50841   | Committed                      | -                  | -  | -  | -   |
| 50851   | Assigned                       | -                  | -  | -  | 34,059                                      |
| 50891   | Unassigned                     | -                  | -  | -  | -   |
| <b>Total Ending Cash and Investments</b>            |                                | <b>815,990</b>     | <b>7,290</b>   | <b>10,074</b>  | <b>34,059</b>                               |

The accompanying notes are an integral part of this statement.

**Town of Winthrop**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

|   |                                | <b>205 Fire Truck<br/>G/O Bond</b> | <b>401 Water</b> | <b>402 Sewer</b> |
|---|--------------------------------|------------------------------------|------------------|------------------|
| <b>Beginning Cash and Investments</b>               |                                |                                    |                  |                  |
| 308   | Beginning Cash and Investments | 12,101                             | 978,490          | 731,059          |
| 388 / 588   | Net Adjustments                | -                                  | -                | -                |
| <b>Revenues</b>                                     |                                |                                    |                  |                  |
| 310   | Taxes                          | 20                                 | -                | -                |
| 320   | Licenses and Permits           | -                                  | -                | -                |
| 330   | Intergovernmental Revenues     | -                                  | -                | -                |
| 340   | Charges for Goods and Services | -                                  | 514,636          | 356,402          |
| 350   | Fines and Penalties            | -                                  | 2,541            | 2,529            |
| 360   | Miscellaneous Revenues         | -                                  | 425              | 505              |
| Total Revenues:                                     |                                | 20                                 | 517,602          | 359,436          |
| <b>Expenditures</b>                                 |                                |                                    |                  |                  |
| 510   | General Government             | -                                  | -                | -                |
| 520   | Public Safety                  | -                                  | 1,769            | 1,769            |
| 530   | Utilities                      | -                                  | 270,950          | 241,742          |
| 540   | Transportation                 | -                                  | -                | -                |
| 550   | Natural/Economic Environment   | -                                  | 5,146            | 5,145            |
| 560   | Social Services                | -                                  | -                | -                |
| 570   | Culture and Recreation         | -                                  | -                | -                |
| Total Expenditures:                                 |                                | -                                  | 277,865          | 248,656          |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 20                                 | 239,737          | 110,780          |
| <b>Other Increases in Fund Resources</b>            |                                |                                    |                  |                  |
| 391-393, 596  | Debt Proceeds                  | -                                  | -                | -                |
| 397   | Transfers-In                   | -                                  | -                | -                |
| 385   | Special or Extraordinary Items | -                                  | -                | -                |
| 381, 382, 389,<br>395, 398                          | Other Resources                | -                                  | 1,730            | 10,000           |
| Total Other Increases in Fund Resources:            |                                | -                                  | 1,730            | 10,000           |
| <b>Other Decreases in Fund Resources</b>            |                                |                                    |                  |                  |
| 594-595   | Capital Expenditures           | -                                  | 7,460            | 86,483           |
| 591-593, 599  | Debt Service                   | -                                  | 104,002          | -                |
| 597   | Transfers-Out                  | -                                  | 4,000            | 4,000            |
| 585   | Special or Extraordinary Items | -                                  | -                | -                |
| 581, 582, 589                                       | Other Uses                     | -                                  | -                | -                |
| Total Other Decreases in Fund Resources:            |                                | -                                  | 115,462          | 90,483           |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>20</b>                          | <b>126,005</b>   | <b>30,297</b>    |
| <b>Ending Cash and Investments</b>                  |                                |                                    |                  |                  |
| 50821   | Nonspendable                   | -                                  | -                | -                |
| 50831   | Restricted                     | -                                  | -                | -                |
| 50841   | Committed                      | 12,121                             | 461,310          | 670,475          |
| 50851   | Assigned                       | -                                  | 643,186          | 90,879           |
| 50891   | Unassigned                     | -                                  | -                | -                |
| <b>Total Ending Cash and Investments</b>            |                                | <b>12,121</b>                      | <b>1,104,496</b> | <b>761,354</b>   |

The accompanying notes are an integral part of this statement.

**Town of Winthrop**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

|   |                                | <b>Total for All<br/>Funds<br/>(Memo Only)</b> | <b>001 Current<br/>Expense</b> | <b>101 Street</b> | <b>103 Parking<br/>Mitigation Fee<br/>Fund</b> |
|---|--------------------------------|--|--------------------------------|-------------------|--|
| <b>Beginning Cash and Investments</b>               |                                |  |                                |                   |  |
| 308   | Beginning Cash and Investments | 3,274,428                                      | 964,613                        | 68,952            | 11,951   |
| 388 / 588   | Net Adjustments                | -  | -                              | -                 | -  |
| <b>Revenues</b>                                     |                                |  |                                |                   |  |
| 310   | Taxes                          | 1,536,569                                      | 935,562                        | 168,867           | -  |
| 320   | Licenses and Permits           | 94,944   | 94,944                         | -                 | -  |
| 330   | Intergovernmental Revenues     | 595,878  | 576,453                        | 19,425            | -  |
| 340   | Charges for Goods and Services | 739,362  | 318                            | 6,516             | 3,000  |
| 350   | Fines and Penalties            | 4,592  | 4,246                          | -                 | -  |
| 360   | Miscellaneous Revenues         | 50,064   | 15,194                         | 3,711             | -  |
| Total Revenues:                                     |                                | 3,021,409                                      | 1,626,717                      | 198,519           | 3,000  |
| <b>Expenditures</b>                                 |                                |  |                                |                   |  |
| 510   | General Government             | 238,441  | 237,742                        | -                 | -  |
| 520   | Public Safety                  | 475,932  | 471,659                        | 776               | -  |
| 530   | Utilities                      | 509,053  | -                              | -                 | -  |
| 540   | Transportation                 | 178,885  | -                              | 178,885           | -  |
| 550   | Natural/Economic Environment   | 209,735  | 64,948                         | 2,454             | -  |
| 560   | Social Services                | (391)  | (391)                          | -                 | -  |
| 570   | Culture and Recreation         | 211,774  | 43,523                         | -                 | -  |
| Total Expenditures:                                 |                                | 1,823,429                                      | 817,481                        | 182,115           | -  |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 1,197,980                                      | 809,236                        | 16,404            | 3,000  |
| <b>Other Increases in Fund Resources</b>            |                                |  |                                |                   |  |
| 391-393, 596  | Debt Proceeds                  | 12,957   | -                              | -                 | -  |
| 397   | Transfers-In                   | 4,500  | -                              | 4,500             | -  |
| 385   | Special or Extraordinary Items | -  | -                              | -                 | -  |
| 381, 382, 389, 395, 398                             | Other Resources                | 15,500   | -                              | 1,000             | -  |
| Total Other Increases in Fund Resources:            |                                | 32,957   | -                              | 5,500             | -  |
| <b>Other Decreases in Fund Resources</b>            |                                |  |                                |                   |  |
| 594-595   | Capital Expenditures           | 607,437  | 503,824                        | 22,420            | -  |
| 591-593, 599  | Debt Service                   | 117,395  | -                              | 266               | -  |
| 597   | Transfers-Out                  | 4,500  | -                              | 1,500             | -  |
| 585   | Special or Extraordinary Items | -  | -                              | -                 | -  |
| 581, 582, 589                                       | Other Uses                     | 12,500   | -                              | 10,000            | -  |
| Total Other Decreases in Fund Resources:            |                                | 741,832  | 503,824                        | 34,186            | -  |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>489,105</b>                                 | <b>305,412</b>                 | <b>(12,282)</b>   | <b>3,000</b>                                   |
| <b>Ending Cash and Investments</b>                  |                                |  |                                |                   |  |
| 50821   | Nonspendable                   | -  | -                              | -                 | -  |
| 50831   | Restricted                     | 668,290  | -                              | -                 | -  |
| 50841   | Committed                      | 1,103,168                                      | -                              | -                 | 14,951   |
| 50851   | Assigned                       | 726,053  | 4,000                          | 56,671            | -  |
| 50891   | Unassigned                     | 1,266,026                                      | 1,266,026                      | -                 | -  |
| <b>Total Ending Cash and Investments</b>            |                                | <b>3,763,537</b>                               | <b>1,270,026</b>               | <b>56,671</b>     | <b>14,951</b>                                  |

The accompanying notes are an integral part of this statement.

**Town of Winthrop**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

|   |                                | <b>104 Stadium</b> | <b>105 Criminal<br/>Justice Drug<br/>Enforcement</b> | <b>108 Affordable<br/>Housing Sales<br/>Tax Fund</b> | <b>113 Parking<br/>Improvement<br/>Fund</b> |
|---|--------------------------------|--------------------|--|--|---|
| <b>Beginning Cash and Investments</b>               |                                |                    |  |  |   |
| 308   | Beginning Cash and Investments | 536,481            | 6,695  | 1,317  | 29,939                                      |
| 388 / 588   | Net Adjustments                | -                  | -  | -  | -   |
| <b>Revenues</b>                                     |                                |                    |  |  |   |
| 310   | Taxes                          | 425,133            | -  | 4,685  | 2,010                                       |
| 320   | Licenses and Permits           | -                  | -  | -  | -   |
| 330   | Intergovernmental Revenues     | -                  | -  | -  | -   |
| 340   | Charges for Goods and Services | -                  | -  | -  | -   |
| 350   | Fines and Penalties            | -                  | -  | -  | -   |
| 360   | Miscellaneous Revenues         | 29,228             | 990  | -  | -   |
| Total Revenues:                                     |                                | 454,361            | 990  | 4,685  | 2,010                                       |
| <b>Expenditures</b>                                 |                                |                    |  |  |   |
| 510   | General Government             | 699                | -  | -  | -   |
| 520   | Public Safety                  | -                  | 395  | -  | -   |
| 530   | Utilities                      | -                  | -  | -  | -   |
| 540   | Transportation                 | -                  | -  | -  | -   |
| 550   | Natural/Economic Environment   | 132,515            | -  | -  | -   |
| 560   | Social Services                | -                  | -  | -  | -   |
| 570   | Culture and Recreation         | 168,251            | -  | -  | -   |
| Total Expenditures:                                 |                                | 301,465            | 395  | -  | -   |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 152,896            | 595  | 4,685  | 2,010                                       |
| <b>Other Increases in Fund Resources</b>            |                                |                    |  |  |   |
| 391-393, 596  | Debt Proceeds                  | -                  | -  | -  | -   |
| 397   | Transfers-In                   | -                  | -  | -  | -   |
| 385   | Special or Extraordinary Items | -                  | -  | -  | -   |
| 381, 382, 389,<br>395, 398                          | Other Resources                | 4,500              | -  | -  | -   |
| Total Other Increases in Fund Resources:            |                                | 4,500              | -  | -  | -   |
| <b>Other Decreases in Fund Resources</b>            |                                |                    |  |  |   |
| 594-595   | Capital Expenditures           | 24,150             | -  | -  | -   |
| 591-593, 599  | Debt Service                   | 12,230             | -  | -  | -   |
| 597   | Transfers-Out                  | -                  | -  | -  | -   |
| 585   | Special or Extraordinary Items | -                  | -  | -  | -   |
| 581, 582, 589                                       | Other Uses                     | 2,500              | -  | -  | -   |
| Total Other Decreases in Fund Resources:            |                                | 38,880             | -  | -  | -   |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>118,516</b>     | <b>595</b>   | <b>4,685</b>   | <b>2,010</b>                                |
| <b>Ending Cash and Investments</b>                  |                                |                    |  |  |   |
| 50821   | Nonspendable                   | -                  | -  | -  | -   |
| 50831   | Restricted                     | 654,998            | 7,290  | 6,002  | -   |
| 50841   | Committed                      | -                  | -  | -  | -   |
| 50851   | Assigned                       | -                  | -  | -  | 31,949                                      |
| 50891   | Unassigned                     | -                  | -  | -  | -   |
| <b>Total Ending Cash and Investments</b>            |                                | <b>654,998</b>     | <b>7,290</b>   | <b>6,002</b>   | <b>31,949</b>                               |

The accompanying notes are an integral part of this statement.



**Town of Winthrop**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

|   |                                | <b>205 Fire Truck<br/>G/O Bond</b> | <b>401 Water</b> | <b>402 Sewer</b> |
|---|--------------------------------|------------------------------------|------------------|------------------|
| <b>Beginning Cash and Investments</b>               |                                |                                    |                  |                  |
| 308   | Beginning Cash and Investments | 11,789                             | 939,199          | 703,492          |
| 388 / 588   | Net Adjustments                | -                                  | -                | -                |
| <b>Revenues</b>                                     |                                |                                    |                  |                  |
| 310   | Taxes                          | 312                                | -                | -                |
| 320   | Licenses and Permits           | -                                  | -                | -                |
| 330   | Intergovernmental Revenues     | -                                  | -                | -                |
| 340   | Charges for Goods and Services | -                                  | 444,326          | 285,202          |
| 350   | Fines and Penalties            | -                                  | 169              | 177              |
| 360   | Miscellaneous Revenues         | -                                  | 358              | 583              |
| Total Revenues:                                     |                                | 312                                | 444,853          | 285,962          |
| <b>Expenditures</b>                                 |                                |                                    |                  |                  |
| 510   | General Government             | -                                  | -                | -                |
| 520   | Public Safety                  | -                                  | 1,551            | 1,551            |
| 530   | Utilities                      | -                                  | 282,600          | 226,453          |
| 540   | Transportation                 | -                                  | -                | -                |
| 550   | Natural/Economic Environment   | -                                  | 4,909            | 4,909            |
| 560   | Social Services                | -                                  | -                | -                |
| 570   | Culture and Recreation         | -                                  | -                | -                |
| Total Expenditures:                                 |                                | -                                  | 289,060          | 232,913          |
| Excess (Deficiency) Revenues over Expenditures:     |                                | 312                                | 155,793          | 53,049           |
| <b>Other Increases in Fund Resources</b>            |                                |                                    |                  |                  |
| 391-393, 596  | Debt Proceeds                  | -                                  | 12,957           | -                |
| 397   | Transfers-In                   | -                                  | -                | -                |
| 385   | Special or Extraordinary Items | -                                  | -                | -                |
| 381, 382, 389,<br>395, 398                          | Other Resources                | -                                  | -                | 10,000           |
| Total Other Increases in Fund Resources:            |                                | -                                  | 12,957           | 10,000           |
| <b>Other Decreases in Fund Resources</b>            |                                |                                    |                  |                  |
| 594-595   | Capital Expenditures           | -                                  | 23,060           | 33,983           |
| 591-593, 599  | Debt Service                   | -                                  | 104,899          | -                |
| 597   | Transfers-Out                  | -                                  | 1,500            | 1,500            |
| 585   | Special or Extraordinary Items | -                                  | -                | -                |
| 581, 582, 589                                       | Other Uses                     | -                                  | -                | -                |
| Total Other Decreases in Fund Resources:            |                                | -                                  | 129,459          | 35,483           |
| <b>Increase (Decrease) in Cash and Investments:</b> |                                | <b>312</b>                         | <b>39,291</b>    | <b>27,566</b>    |
| <b>Ending Cash and Investments</b>                  |                                |                                    |                  |                  |
| 50821   | Nonspendable                   | -                                  | -                | -                |
| 50831   | Restricted                     | -                                  | -                | -                |
| 50841   | Committed                      | 12,101                             | 426,725          | 649,391          |
| 50851   | Assigned                       | -                                  | 551,765          | 81,668           |
| 50891   | Unassigned                     | -                                  | -                | -                |
| <b>Total Ending Cash and Investments</b>            |                                | <b>12,101</b>                      | <b>978,490</b>   | <b>731,059</b>   |

The accompanying notes are an integral part of this statement.

**Town of Winthrop**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

|           |  | <u>Custodial</u> |
|-----------|--|------------------|
| 308       | Beginning Cash and Investments                   | 217              |
| 388 & 588 | Net Adjustments                                  | -                |
| 310-390   | Additions  | 3,952            |
| 510-590   | Deductions                                       | <u>3,747</u>     |
|           | Net Increase (Decrease) in Cash and Investments: | 205              |
| 508       | Ending Cash and Investments                      | 422              |

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

**Town of Winthrop**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

|           |  | <u>Custodial</u> |
|-----------|--|------------------|
| 308       | Beginning Cash and Investments                   | 354              |
| 388 & 588 | Net Adjustments                                  | -                |
| 310-390   | Additions  | 5,226            |
| 510-590   | Deductions                                       | 5,363            |
|           | Net Increase (Decrease) in Cash and Investments: | (137)            |
| 508       | Ending Cash and Investments                      | 217              |

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

**Town of Winthrop**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

**Note 1 - Summary of Significant Accounting Policies**

The Town of Winthrop was incorporated on March 12, 1924 and operates under the laws of the state of Washington applicable to a town with a Mayor-Council form of government. The Town of Winthrop is a general purpose local government and provides public safety, street improvements, parks and recreation and general administration services. In addition, the Town of Winthrop operates a water system and sewer system.

The Town of Winthrop 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications 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.

## PROPRIETARY FUND TYPES:

### Enterprise Funds

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

## FIDUCIARY FUND TYPES:

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

### Custodial Funds

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

## B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the Town of Winthrop 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, Deposits and Investments.

## D. Capital Assets

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

## E. Compensated Absences

Vacation leave may be accumulated up to 240 days and is payable upon separation or retirement. Sick leave may be accumulated 480 hours. Upon separation or retirement employees who have worked for at least three years will be paid for any unused sick leave at a rate of three to one. Payments are recognized as expenditures when paid.

## F. Long-Term Debt

See Note 6, Long Term Debt.

#### 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 of the Winthrop Town Council. When expenditures that meet restrictions are incurred, the Town of Winthrop intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments for 2022 consist of \$1,986,788. The internally committed portion of ending cash and investment reservations are as follows: \$303,484 reserved for the cost to expand the capacities of the water system (FUND 401), \$346,686 reserved for the cost to expand the capacities of the sewer system (FUND 402), \$157,826 reserved to pay for the cost of capital improvements for the water system (FUND 401), \$323,789 reserved to pay for the cost of capital improvements for the sewer system (FUND 402), \$9,528 reserved to fund and maintain parking facilities used to mitigate the loss of off-street parking for a use or development (FUND 103) and \$12,121 reserved to pay for a voted general obligation bond used to purchase a fire truck (FUND 205). The restricted portion of the ending cash and investment reservations in the amount of \$815,990 are for lodging tax revenues collected that must be used in accordance with RCW 67.28.1816 (FUND 104 and 114), \$7,290 for the Criminal Justice Drug Fund (FUND 105), \$10,074 for affordable housing (RCW 82.14.540) (FUND 108) and \$422 in custodial funds (FUND 630).

#### Note 2 – Budget Compliance

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

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

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

| <b>Fund</b>                        | <b>Final Appropriated Amount</b> | <b>Actual Expenditures</b> | <b>Variance</b>       |
|------------------------------------|----------------------------------|----------------------------|-----------------------|
| 001 - Current Expense              | \$1,847,965.00                   | \$950,620.00               | \$897,345.00          |
| 101 - Streets                      | \$1,000,560.00                   | \$212,197.77               | \$788,362.23          |
| 103 - Parking Mitigation Fee       | \$13,350.00                      | \$5,423.36                 | \$7,926.64            |
| 104 - Stadium                      | \$223,925.00                     | \$165,924.74               | \$58,000.26           |
| 105 - Criminal Justice Drug Fund   | \$7,400.00                       | \$0.00                     | \$7,400.00            |
| 108 - Affordable Housing Sales Tax | \$1,500.00                       | \$0.00                     | \$1,500.00            |
| 112 - Vehicle Replacement          | \$25,420.00                      | \$25,149.20                | \$270.80              |
| 113 - Parking Improvement          | \$34,065.00                      | \$0.00                     | \$34,065.00           |
| 114 - Hotel-Motel 3%               | \$313,550.00                     | \$226,974.00               | \$86,576.00           |
| 401 - Water                        | \$420,085.00                     | \$382,108.68               | \$37,976.32           |
| 402 - Sewer                        | \$275,965.00                     | \$257,656.35               | \$18,308.65           |
| 406 - Water System Development     | \$135,000.00                     | \$5,463.00                 | \$129,537.00          |
| 407 - Sewer System Development     | \$110,000.00                     | \$86,482.85                | \$23,517.15           |
| 409 - Water Cumulative Reserve     | \$26,000.00                      | \$15,752.91                | \$10,247.09           |
| 630 - Custodial Funds              | \$8,625.00                       | \$3,745.83                 | \$4,879.17            |
| <b>Grand Total</b>                 | <b>\$4,443,410.00</b>            | <b>\$2,337,498.69</b>      | <b>\$2,105,911.31</b> |

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town of Winthrop'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 COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021 and 2022. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Town of Winthrop took over management of the Winthrop Barn, a tourism facility, July 1, 2021. The non-profit organization managing the facility could not meet its financial commitments due to COVID-19 restrictions and terminated its long-term lease with the Town of Winthrop. The Town of Winthrop hired a Barn Manager in May of 2022. The full extent of the direct or indirect financial impact on the Town of Winthrop is unknown at this time.

### **Note 4 – Deposits and Investments**

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

| Type of Deposit or Investment | Town of Winthrop's own Deposit and Investments | Deposits and Investments held by the Town of Winthrop as Custodian for Other Local Government | Total                 |
|-------------------------------|--|---|-----------------------|
| Bank Cash Deposits            | \$1,893,449.81                                 | \$422.00  | \$1,893,871.81        |
| Bank Investment Deposits      | \$1,681,014.42                                 | \$0.00  | \$1,681,014.42        |
| Bank Investment Deposits      | \$820,132.67                                   | \$0.00  | \$820,132.67          |
| <b>TOTAL</b>                  | <b>\$4,394,596.90</b>                          | <b>\$422.00</b>   | <b>\$4,395,018.90</b> |

It is the Town of Winthrop's policy to invest all temporary cash surpluses. The interest on these investments are swept into the Current Expense Fund.

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

The following table displays interfund loan activity during 2022:

| Borrowing Fund | Lending Fund     | Balance<br>01/01/2022 | New Loans   | Re-Payment          | Balance<br>12/31/2022 |
|----------------|------------------|-----------------------|-------------|---------------------|-----------------------|
| Streets        | Sewer Cumulative | \$ 43,148.63          | \$ -        | \$ 10,000.00        | \$ 33,148.63          |
|                | <b>TOTALS</b>    | <b>\$ 43,148.63</b>   | <b>\$ -</b> | <b>\$ 10,000.00</b> | <b>\$ 33,148.63</b>   |

#### **Note 6 – Leases**

The Town of Winthrop began leasing a copy machine at the end of fiscal year 2022 from Kelly Connect for \$194.30 per month under a five year lease agreement that can be cancelled with thirty days' notice.

The total amount paid for leases in 2022 was \$194.30. As of December 31, 2022, the future lease payments are as follows:

| Year Ended December 31 | Total       |
|------------------------|-------------|
| 2023                   | \$2,331.60  |
| 2024                   | \$2,331.60  |
| 2025                   | \$2,331.60  |
| 2026                   | \$2,331.60  |
| 2027                   | \$2,137.30  |
| TOTAL                  | \$11,463.70 |

#### **Note 7 – Long Term Debt**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Town of Winthrop and summarizes the Town's debt transactions for year ended December 31, 2022.

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

| YEAR      | PRINCIPAL       | INTEREST      | TOTAL DEBT      |
|-----------|-----------------|---------------|-----------------|
| 2023      | \$ 99,156.76    | \$ 13,915.56  | \$ 113,072.32   |
| 2024      | \$ 99,156.76    | \$ 12,924.07  | \$ 112,080.83   |
| 2025      | \$ 99,156.76    | \$ 11,932.46  | \$ 111,089.22   |
| 2026      | \$ 99,156.76    | \$ 10,940.86  | \$ 110,097.62   |
| 2027      | \$ 98,365.09    | \$ 9,949.36   | \$ 108,314.45   |
| 2028-2032 | \$ 448,283.80   | \$ 35,862.70  | \$ 484,146.50   |
| 2033-2037 | \$ 447,919.72   | \$ 13,439.63  | \$ 461,359.35   |
| TOTALS    | \$ 1,391,195.65 | \$ 108,964.64 | \$ 1,500,160.29 |

#### **Note 8 – Pension Plans**

##### **A. State Sponsored Pension Plans**

Substantially all Town of Winthrop 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 Public Employee's Retirement System (PERS) and Laws Enforcement Officers and Firefighters Retirement System (LEOFF) retirement plans.

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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

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

At June 30, 2022 (the measurement date of the plans), the Town of Winthrop's proportionate share of the collective net pension liabilities (assets), was as follows:

|             | Allocation % | Liability (Asset) |
|-------------|--------------|-------------------|
| PERS 1 UUAL | .002927%     | \$ 81,498         |
| PERS 2/3    | .003810%     | \$ (141,305)      |
| LEOFF 2     | .005145%     | \$ (139,826)      |

Only the net pension liabilities are reported on the Schedule of Liabilities.

#### LEOFF Plan 2

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

#### **Note 9 - Property Tax**

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

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

The Town of Winthrop's regular levy for the year 2022 was \$1.540 per \$1,000 on an assessed valuation of \$137,446,807 for a total regular levy of \$211,704.

The Town of Winthrop's special levy for emergency medical services for the year 2022 was \$.447 per \$1,000 on an assessed valuation of \$137,446,807 for a total special levy of \$61,516.

#### **Note 10 – Risk Management**

The Town of Winthrop 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, 2022, 106 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. Pollution, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA allows members with airports to group purchase airport liability coverage, and members with drones to group purchase property and 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 \$500,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$500,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from National League of Cities Mutual Insurance Company (NLC MIC). The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company, and CHUBB in 2022, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides the remaining 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 – Health and Welfare**

The Town of Winthrop is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

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As of December 31, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the

AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

#### **Note 12 – Winthrop Barn Operations**

The Town of Winthrop took over management of the Winthrop Barn, a tourism facility, July 1, 2021. The facility was previously managed by a non-profit organization. The organization could not meet its financial commitments due to COVID-19 restrictions and terminated its long-term lease with the Town of Winthrop. Additional staff was hired in May of 2022 to manage this town-owned facility and the full financial impact are unknown at this time.

**Town of Winthrop**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

**Note 1 - Summary of Significant Accounting Policies**

The Town of Winthrop was incorporated on March 12, 1924 and operates under the laws of the state of Washington applicable to a town with a Mayor-Council form of government. The Town of Winthrop is a general purpose local government and provides public safety, street improvements, parks and recreation and general administration services. In addition, the Town of Winthrop operates a water system and sewer system.

The Town of Winthrop 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications 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.

### PROPRIETARY FUND TYPES:

#### Enterprise Funds

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

### FIDUCIARY FUND TYPES:

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

#### Custodial Funds

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

### B. Basis of Accounting and Measurement Focus

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

In accordance with state law, the Town of Winthrop 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, Deposits and Investments.

### D. Capital Assets

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

### E. Compensated Absences

Vacation leave may be accumulated up to 240 days and is payable upon separation or retirement. Sick leave may be accumulated 480 hours. Upon separation or retirement employees who have worked for at least three years will be paid for any unused sick leave at a rate of three to one. Payments are recognized as expenditures when paid.

### F. Long-Term Debt

See Note 6, Long Term Debt.

#### 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 of the Winthrop Town Council. When expenditures that meet restrictions are incurred, the Town of Winthrop intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments for 2021 consist of \$1,771,675. The internally committed portion of ending cash and investment reservations are as follows: \$263,227 reserved for the cost to expand the capacities of the water system (FUND 401), \$340,967 reserved for the cost to expand the capacities of the sewer system (FUND 402), \$163,498 reserved to pay for the cost of capital improvements for the water system (FUND 401), \$308,424 reserved to pay for the cost of capital improvements for the sewer system (FUND 402), \$14,951 reserved to fund and maintain parking facilities used to mitigate the loss of off-street parking for a use or development (FUND 103) and \$12,101 reserved to pay for a voted general obligation bond used to purchase a fire truck (FUND 205). The restricted portion of the ending cash and investment reservations in the amount of \$654,998 are for lodging tax revenues collected that must be used in accordance with RCW 67.28.1816 (FUND 104 and 114), \$7,290 for the Criminal Justice Drug Fund (FUND 105), \$6,002 for affordable housing (RCW 82.14.540) (FUND 108) and \$217 in custodial funds (FUND 630).

#### Note 2 – Budget Compliance

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

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

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

| <b>Fund</b>                        | <b>Final Appropriated Amounts</b> | <b>Actual Expenditures</b> | <b>Variance</b>       |
|------------------------------------|-----------------------------------|----------------------------|-----------------------|
| 001 - Current Expense              | \$2,017,265.00                    | \$1,321,303.35             | \$695,961.65          |
| 101 - Streets                      | \$982,895.00                      | \$216,300.86               | \$766,594.14          |
| 103 - Parking Mitigation Fee       | \$14,950.00                       | \$0.00                     | \$14,950.00           |
| 104 - Stadium                      | \$145,760.00                      | \$137,152.75               | \$8,607.25            |
| 105 - Criminal Justice Drug Fund   | \$6,695.00                        | \$395.00                   | \$6,300.00            |
| 108 - Affordable Housing Sales Tax | \$500.00                          | \$0.00                     | \$500.00              |
| 112 - Vehicle Replacement          | \$12,920.00                       | \$0.00                     | \$12,920.00           |
| 113 - Parking Improvement          | \$31,750.00                       | \$0.00                     | \$31,750.00           |
| 114 - Hotel-Motel 3%               | \$290,450.00                      | \$203,191.68               | \$87,258.32           |
| 401 - Water                        | \$417,095.00                      | \$387,527.94               | \$9,567.06            |
| 402 - Sewer                        | \$259,770.00                      | \$235,155.47               | \$14,614.53           |
| 406 - Water System Development     | \$16,400.00                       | \$11,200.00                | \$5,200.00            |
| 407 - Sewer System Development     | \$195,000.00                      | \$22,538.74                | \$172,461.26          |
| 408 - Sewer Cumulative Reserve     | \$15,000.00                       | \$10,700.00                | \$4,300.00            |
| 409 - Water Cumulative Reserve     | \$30,500.00                       | \$19,790.68                | \$10,709.32           |
| 630 - Custodial Funds              | \$8,375.00                        | \$5,362.63                 | \$3,012.37            |
| <b>Grand Total</b>                 | <b>\$4,445,325.00</b>             | <b>\$2,570,619.10</b>      | <b>\$1,844,705.90</b> |

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town of Winthrop'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 COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Town of Winthrop relies heavily on tourism. The Town has been monitoring revenues closely. The Town remained economically stable in 2021 and continues to adapt to the changing conditions. Most travel and training for Town Staff was suspended in 2021. Capital expenditures in all departments were restricted in 2021.

The Town of Winthrop took over management of the Winthrop Barn, a tourism facility, July 1, 2021. The non-profit organization managing the facility could not meet its financial commitments due to COVID-19 restrictions and terminated its long-term lease with the Town of Winthrop.

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

### **Note 4 – Deposits and Investments**

Investments are reported at original cost. Deposits and investments by type at December 31, 2021 are as follows:

| Type of Deposit or Investment | Town of Winthrop's own Deposit and Investments | Deposits and Investments held by the Town of Winthrop as Custodian for Other Local Government | Total                 |
|-------------------------------|--|---|-----------------------|
| Bank Cash Deposits            | \$2,038,418.64                                 | \$216.90  | \$2,038,635.54        |
| Bank Investment Deposits      | \$1,505,178.74                                 | \$0.00  | \$1,505,178.74        |
| Bank Investment Deposits      | \$219,937.30                                   | \$0.00  | \$219,937.30          |
| <b>TOTAL</b>                  | <b>\$3,763,534.68</b>                          | <b>\$216.90</b>   | <b>\$3,763,751.58</b> |

It is the Town of Winthrop's policy to invest all temporary cash surpluses. The interest on these investments are swept into the Current Expense Fund.



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

The following table displays interfund loan activity during 2021:

| <b>Borrowing Fund</b> | <b>Lending Fund</b> | <b>Balance<br/>01/01/2021</b> | <b>New Loans</b> | <b>Re-Payment</b> | <b>Balance<br/>12/31/2021</b> |
|-----------------------|---------------------|-------------------------------|------------------|-------------------|-------------------------------|
| Streets               | Sewer Cumulative    | \$ 53,148.63                  | \$ -             | \$ 10,000.00      | \$ 43,148.63                  |
|                       | <b>TOTALS</b>       | \$ 53,148.63                  | \$ -             | \$ 10,000.00      | \$ 43,148.63                  |

### **Note 6 – Long Term Debt**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Town of Winthrop and summarizes the Town's debt transactions for year ended December 31, 2021.

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

| <b>YEAR</b>   | <b>PRINCIPAL</b>       | <b>INTEREST</b>      | <b>TOTAL DEBT</b>      |
|---------------|------------------------|----------------------|------------------------|
| 2022          | \$ 100,181.77          | \$ 14,917.42         | \$ 115,099.19          |
| 2023          | \$ 99,156.75           | \$ 13,915.56         | \$ 113,072.31          |
| 2024          | \$ 99,156.79           | \$ 12,924.07         | \$ 112,080.86          |
| 2025          | \$ 99,156.79           | \$ 11,932.46         | \$ 111,089.25          |
| 2026          | \$ 99,156.76           | \$ 10,940.86         | \$ 110,097.62          |
| 2027-2031     | \$ 456,992.17          | \$ 40,432.66         | \$ 497,424.83          |
| 2032-2036     | \$ 448,283.80          | \$ 17,931.34         | \$ 466,215.14          |
| 2037-2041     | \$ 89,656.68           | \$ 887.69            | \$ 90,544.37           |
| <b>TOTALS</b> | <b>\$ 1,491,741.51</b> | <b>\$ 123,882.06</b> | <b>\$ 1,615,623.57</b> |

### **Note 7 – Pension Plans**

#### **A. State Sponsored Pension Plans**

Substantially all Town of Winthrop 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 Public Employee's Retirement System (PERS) and Laws Enforcement Officers and Firefighters Retirement System (LEOFF) retirement plans.

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

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

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

At June 30, 2021 (the measurement date of the plans), the Town of Winthrop's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

|             | Allocation % | Liability (Asset) |
|-------------|--------------|-------------------|
| PERS 1 UUAL | .002732%     | \$ 33,364         |
| PERS 2/3    | .003513%     | \$ (349,951)      |
| LEOFF 2     | .003978%     | \$ (231,059)      |

#### LEOFF Plan 2

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

#### **Note 8 - Property Tax**

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

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

The Town of Winthrop's regular levy for the year 2021 was \$1.532 per \$1,000 on an assessed valuation of \$130,692,098 for a total regular levy of \$200,259.

The Town of Winthrop's special levy for emergency medical services for the year 2021 was \$.445 per \$1,000 on an assessed valuation of \$130,692,098 for a total special levy of \$58,191.

#### **Note 9 – Risk Management**

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Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through Intermediary Insurance Services. The aggregate policy is for 200% of expected medical claims.

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**Town of Winthrop  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

| <b>ID. No.</b>  | <b>Description</b>            | <b>Due Date</b> | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending Balance</b> |
|---|-------------------------------|-----------------|------------------------------|------------------|-------------------|-----------------------|
| <b>General Obligation Debt/Liabilities</b>                      |                               |                 |                              |                  |                   |                       |
| 263.61  | Barn Improvement Loan         | 6/1/2022        | 1,025                        | -                | 1,025             | -                     |
| 263.61  | Barn Septic Upgrade           | 11/1/2027       | 56,208                       | -                | 9,500             | 46,708                |
| 263.56  | Copy Machine Lease            |                 | -                            | 2,517            | 194               | 2,323                 |
| <b>Total General Obligation Debt/Liabilities:</b>               |                               |                 | <b>57,233</b>                | <b>2,517</b>     | <b>10,719</b>     | <b>49,031</b>         |
| <b>Revenue and Other (non G.O.) Debt/Liabilities</b>            |                               |                 |                              |                  |                   |                       |
| 263.84  | Drinking Water Revolving Loan | 11/1/2037       | 1,434,508                    | -                | 89,657            | 1,344,851             |
| 259.12  | Compensated Absence           |                 | 91,113                       | -                | 3,757             | 87,356                |
| 264.30  | Net Pension Liability         |                 | 33,364                       | 48,134           | -                 | 81,498                |
| <b>Total Revenue and Other (non G.O.)<br/>Debt/Liabilities:</b> |                               |                 | <b>1,558,985</b>             | <b>48,134</b>    | <b>93,414</b>     | <b>1,513,705</b>      |
| <b>Total Liabilities:</b>                                       |                               |                 | <b>1,616,218</b>             | <b>50,651</b>    | <b>104,133</b>    | <b>1,562,736</b>      |

**Town of Winthrop  
Schedule of Liabilities  
For the Year Ended December 31, 2021**

| <b>ID. No.</b>  | <b>Description</b>            | <b>Due Date</b> | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending Balance</b> |
|---|-------------------------------|-----------------|------------------------------|------------------|-------------------|-----------------------|
| <b>General Obligation Debt/Liabilities</b>                      |                               |                 |                              |                  |                   |                       |
| 263.61  | Barn Improvement Loan         | 6/1/2022        | 3,075                        | -                | 2,050             | 1,025                 |
| 263.61  | Barn Septic Upgrade           | 11/1/2027       | 65,708                       | -                | 9,500             | 56,208                |
| <b>Total General Obligation Debt/Liabilities:</b>               |                               |                 | <b>68,783</b>                | <b>-</b>         | <b>11,550</b>     | <b>57,233</b>         |
| <b>Revenue and Other (non G.O.) Debt/Liabilities</b>            |                               |                 |                              |                  |                   |                       |
| 263.84  | Drinking Water Revolving Loan | 11/1/2037       | 1,511,207                    | 12,957           | 89,657            | 1,434,507             |
| 259.12  | Compensated Absence           |                 | 79,857                       | 11,256           | -                 | 91,113                |
| 264.30  | Net Pension Liability         |                 | 135,532                      | -                | 102,168           | 33,364                |
| <b>Total Revenue and Other (non G.O.)<br/>Debt/Liabilities:</b> |                               |                 | <b>1,726,596</b>             | <b>24,213</b>    | <b>191,825</b>    | <b>1,558,984</b>      |
| <b>Total Liabilities:</b>                                       |                               |                 | <b>1,795,379</b>             | <b>24,213</b>    | <b>203,375</b>    | <b>1,616,217</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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