



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## City of Tonasket

For the period January 1, 2020 through December 31, 2022

*Published December 19, 2024*

Report No.1036263



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

December 19, 2024

Mayor and City Council  
City of Tonasket  
Tonasket, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## INDEPENDENT AUDITOR'S REPORT

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

#### **City of Tonasket January 1, 2020 through December 31, 2022**

Mayor and City Council  
City of Tonasket  
Tonasket, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Tonasket, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 10, 2024.

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

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

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

We noted certain other matters that we will report to the management of the City in a separate letter dated December 11, 2024.

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

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

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

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

Pat McCarthy, State Auditor

Olympia, WA

December 10, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Tonasket January 1, 2020 through December 31, 2022**

Mayor and City Council  
City of Tonasket  
Tonasket, Washington

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

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Tonasket, as of and for the years ended December 31, 2022, 2021 and 2020, 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 City 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 City of Tonasket, and its changes in cash and investments, for the years ended December 31, 2022, 2021 and 2020, 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 City of Tonasket, as of December 31, 2022, 2021 and 2020, 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 City, 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 City 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 City'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:

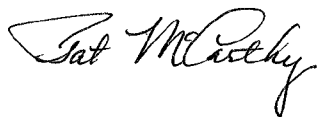
- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 City'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 City'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 City'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 December 10, 2024 on our consideration of the City'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 City'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 City'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

December 10, 2024

## **FINANCIAL SECTION**

### **City of Tonasket January 1, 2020 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2022  
Fund Resources and Uses Arising from Cash Transactions – 2021  
Fund Resources and Uses Arising from Cash Transactions – 2020  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020  
Notes to Financial Statements – 2022  
Notes to Financial Statements – 2021  
Notes to Financial Statements – 2020

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

Schedule of Liabilities – 2022  
Schedule of Liabilities – 2021  
Schedule of Liabilities – 2020

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense Fund</b>	<b>101 City Street Fund</b>	<b>103 Street Fund Perfect Passage Project</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,433,024	994,498	52,739	-
388 / 588	Net Adjustments	253	253	-	-
<b>Revenues</b>					
310	Taxes	952,549	771,160	80,863	-
320	Licenses and Permits	7,630	7,630	-	-
330	Intergovernmental Revenues	336,413	96,964	73,953	-
340	Charges for Goods and Services	1,020,540	21,809	-	-
350	Fines and Penalties	14,336	2,843	-	-
360	Miscellaneous Revenues	61,927	42,039	459	-
Total Revenues:		2,393,395	942,445	155,275	-
<b>Expenditures</b>					
510	General Government	170,257	167,257	-	-
520	Public Safety	380,071	380,071	-	-
530	Utilities	647,299	24,861	-	-
540	Transportation	109,732	8,276	101,456	-
550	Natural/Economic Environment	19,145	3,240	-	-
560	Social Services	288	288	-	-
570	Culture and Recreation	143,948	46,874	-	-
Total Expenditures:		1,470,740	630,867	101,456	-
Excess (Deficiency) Revenues over Expenditures:		922,655	311,578	53,819	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	1,151	-	-	-
397	Transfers-In	39,708	1,656	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		40,859	1,656	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	232,694	25,396	4,038	77,630
591-593, 599	Debt Service	236,894	-	1,480	-
597	Transfers-Out	59,948	29,100	1,500	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		529,536	54,496	7,018	77,630
<b>Increase (Decrease) in Cash and Investments:</b>		<b>433,978</b>	<b>258,738</b>	<b>46,801</b>	<b>(77,630)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	3,500	-	-	-
50831	Restricted	1,536,262	-	-	-
50841	Committed	88,078	38,656	-	-
50851	Assigned	276,185	77,539	99,541	-
50891	Unassigned	963,234	1,137,298	-	(77,630)
<b>Total Ending Cash and Investments</b>		<b>2,867,259</b>	<b>1,253,493</b>	<b>99,541</b>	<b>(77,630)</b>

The accompanying notes are an integral part of this statement.

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

		<b>104 American Rescue Plan</b>	<b>106 Gerhard Operating Fund</b>	<b>108 Hotel/Motel Tax Fund</b>	<b>111 Swim Pool Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	156,661	8,795	16,526	(382)
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	10,794	77,850
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	156,615	-	-	-
340	Charges for Goods and Services	-	-	-	19,045
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	4,300	239	342	8
Total Revenues:		160,915	239	11,136	96,903
<b>Expenditures</b>					
510	General Government	3,000	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	9,425	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	41	-	97,033
Total Expenditures:		3,000	41	9,425	97,033
Excess (Deficiency) Revenues over Expenditures:		157,915	198	1,711	(130)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	1,095	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	1,095	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>157,915</b>	<b>198</b>	<b>616</b>	<b>(130)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	314,576	-	17,142	-
50841	Committed	-	8,993	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	(513)
<b>Total Ending Cash and Investments</b>		<b>314,576</b>	<b>8,993</b>	<b>17,142</b>	<b>(513)</b>

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

		<b>301 City Hall/City Park Fund</b>	<b>304 Cumulative Building Fund</b>	<b>305 CIP (Capital Improvement) Fund</b>	<b>311 Swim Pool Reserve Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	37,745	62,275	108,429	10,435
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	11,882	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	684	1,026	1,807	281
Total Revenues:		684	1,026	13,689	281
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		684	1,026	13,689	281
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,000	25,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		2,000	25,000	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	20,230	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	20,240	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	20,240	20,230	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,684</b>	<b>5,786</b>	<b>(6,541)</b>	<b>281</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	101,888	-
50841	Committed	40,429	-	-	-
50851	Assigned	-	68,061	-	10,716
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>40,429</b>	<b>68,061</b>	<b>101,888</b>	<b>10,716</b>

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

		<b>312 Equipment Fund</b>	<b>313 Police Equipment Fund</b>	<b>401 Water Fund</b>	<b>413 Perfect Passage Water</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	8,356	9,562	371,936	-
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	526,376	-
350	Fines and Penalties	-	-	11,493	-
360	Miscellaneous Revenues	147	122	3,053	-
Total Revenues:		147	122	540,922	-
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	318,340	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	3,240	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	321,580	-
Excess (Deficiency) Revenues over Expenditures:		147	122	219,342	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,000	-	500	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		2,000	-	500	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	(141)	-	21,398
591-593, 599	Debt Service	-	-	127,202	-
597	Transfers-Out	-	-	9,108	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	(141)	136,310	21,398
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,147</b>	<b>263</b>	<b>83,532</b>	<b>(21,398)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	455,470	-
50841	Committed	-	-	-	-
50851	Assigned	10,503	9,825	-	-
50891	Unassigned	-	-	-	(21,398)
<b>Total Ending Cash and Investments</b>		<b>10,503</b>	<b>9,825</b>	<b>455,470</b>	<b>(21,398)</b>

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

		<b>420 Sewer Fund</b>	<b>430 Storm-Water Fund</b>	<b>432 Storm Water Perfect Passage</b>	<b>700 Gerhard Trust Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	562,017	29,932	-	3,500
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	8,881	-	-
340	Charges for Goods and Services	439,127	14,183	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	7,175	245	-	-
Total Revenues:		446,302	23,309	-	-
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	304,098	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	3,240	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		307,338	-	-	-
Excess (Deficiency) Revenues over Expenditures:		138,964	23,309	-	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	1,151	-	-
397	Transfers-In	8,552	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		8,552	1,151	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	8,524	-	74,524	-
591-593, 599	Debt Service	94,765	13,447	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		103,289	13,447	74,524	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>44,227</b>	<b>11,013</b>	<b>(74,524)</b>	<b>-</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	3,500
50831	Restricted	606,242	40,944	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	(74,523)	-
<b>Total Ending Cash and Investments</b>		<b>606,242</b>	<b>40,944</b>	<b>(74,523)</b>	<b>3,500</b>



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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense Fund</b>	<b>101 City Street Fund</b>	<b>104 American Rescue Plan</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,934,527	767,221	33,369	-
388 / 588	Net Adjustments	(866)	(866)	-	-
<b>Revenues</b>					
310	Taxes	928,766	765,875	80,490	-
320	Licenses and Permits	9,168	9,168	-	-
330	Intergovernmental Revenues	359,314	147,631	35,290	156,615
340	Charges for Goods and Services	984,497	20,455	-	-
350	Fines and Penalties	13,782	2,174	-	-
360	Miscellaneous Revenues	100,147	89,507	1,894	46
Total Revenues:		2,395,674	1,034,810	117,674	156,661
<b>Expenditures</b>					
510	General Government	159,077	159,077	-	-
520	Public Safety	351,533	351,533	-	-
530	Utilities	622,367	20,839	-	-
540	Transportation	97,147	8,222	88,925	-
550	Natural/Economic Environment	12,847	3,847	-	-
560	Social Services	331	331	-	-
570	Culture and Recreation	135,267	73,269	-	-
Total Expenditures:		1,378,569	617,118	88,925	-
Excess (Deficiency) Revenues over Expenditures:		1,017,105	417,692	28,749	156,661
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	3,490	-	-	-
397	Transfers-In	18,783	969	2,540	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		22,273	969	2,540	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	135,747	50,721	8,941	-
591-593, 599	Debt Service	385,033	127,772	1,480	-
597	Transfers-Out	19,238	12,025	1,500	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		540,018	190,518	11,921	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>499,360</b>	<b>228,143</b>	<b>19,368</b>	<b>156,661</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,066,247	-	-	156,661
50841	Committed	301,377	39,171	52,739	-
50851	Assigned	190,366	79,911	-	-
50891	Unassigned	875,034	875,416	-	-
<b>Total Ending Cash and Investments</b>		<b>2,433,024</b>	<b>994,498</b>	<b>52,739</b>	<b>156,661</b>

The accompanying notes are an integral part of this statement.

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

		<b>106 Gerhard Operating Fund</b>	<b>108 Hotel/Motel Tax Fund</b>	<b>111 Swim Pool Fund</b>	<b>301 City Hall/City Park Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	8,812	8,710	(164)	35,719
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	9,806	47,102	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	14,650	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	13	6	-	26
Total Revenues:		13	9,812	61,752	26
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	1,996	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	29	-	61,969	-
Total Expenditures:		29	1,996	61,969	-
Excess (Deficiency) Revenues over Expenditures:		(16)	7,816	(217)	26
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	2,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	2,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(16)</b>	<b>7,816</b>	<b>(217)</b>	<b>2,026</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	16,526	-	-
50841	Committed	8,795	-	-	-
50851	Assigned	-	-	-	37,745
50891	Unassigned	-	-	(382)	-
<b>Total Ending Cash and Investments</b>		<b>8,795</b>	<b>16,526</b>	<b>(382)</b>	<b>37,745</b>

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

		<b>304 Cumulative Building Fund</b>	<b>305 CIP (Capital Improvement) Fund</b>	<b>311 Swim Pool Reserve Fund</b>	<b>312 Equipment Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	57,253	82,866	10,274	18,704
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	25,493	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	22	70	161	124
Total Revenues:		22	25,563	161	124
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		22	25,563	161	124
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	5,000	-	-	2,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		5,000	-	-	2,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	12,471
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	12,471
<b>Increase (Decrease) in Cash and Investments:</b>		<b>5,022</b>	<b>25,563</b>	<b>161</b>	<b>(10,347)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	108,429	-	8,356
50851	Assigned	62,275	-	10,435	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>62,275</b>	<b>108,429</b>	<b>10,435</b>	<b>8,356</b>

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

		<b>313 Police Equipment Fund</b>	<b>401 Water Fund</b>	<b>420 Sewer Fund</b>	<b>430 Storm- Water Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	19,927	305,964	577,113	5,259
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	19,778
340	Charges for Goods and Services	-	511,791	423,548	14,053
350	Fines and Penalties	-	11,324	284	-
360	Miscellaneous Revenues	1,398	2,304	4,576	-
Total Revenues:		1,398	525,419	428,408	33,831
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	306,638	294,372	518
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	3,502	3,502	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	310,140	297,874	518
Excess (Deficiency) Revenues over Expenditures:		1,398	215,279	130,534	33,313
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	3,490
397	Transfers-In	-	500	5,774	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	500	5,774	3,490
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	11,764	14,456	25,264	12,130
591-593, 599	Debt Service	-	129,640	126,141	-
597	Transfers-Out	-	5,713	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		11,764	149,809	151,405	12,130
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(10,366)</b>	<b>65,970</b>	<b>(15,097)</b>	<b>24,673</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	371,936	487,692	29,932
50841	Committed	9,562	-	74,325	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>9,562</b>	<b>371,936</b>	<b>562,017</b>	<b>29,932</b>

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

		<b>700 Gerhard Trust Fund</b>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	3,500
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	-
Total Revenues:		-
<b>Expenditures</b>		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		-
Excess (Deficiency) Revenues over Expenditures:		-
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		-
<b>Increase (Decrease) in Cash and Investments:</b>		-
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	3,500
50841	Committed	-
50851	Assigned	-
50891	Unassigned	-
<b>Total Ending Cash and Investments</b>		<b>3,500</b>

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense Fund</b>	<b>101 City Street Fund</b>	<b>106 Gerhard Operating Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,587,167	616,015	32,489	8,734
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	801,091	689,546	73,815	-
320	Licenses and Permits	11,977	11,977	-	-
330	Intergovernmental Revenues	942,822	619,836	242,282	-
340	Charges for Goods and Services	935,192	21,751	-	-
350	Fines and Penalties	10,583	2,513	-	-
360	Miscellaneous Revenues	91,746	39,163	149	78
Total Revenues:		2,793,411	1,384,786	316,246	78
<b>Expenditures</b>					
510	General Government	147,546	147,546	-	-
520	Public Safety	356,099	356,099	-	-
530	Utilities	614,490	17,500	-	-
540	Transportation	99,883	8,591	91,292	-
550	Natural/Economic Environment	15,044	5,078	-	-
560	Social Services	318	318	-	-
570	Culture and Recreation	68,539	65,354	-	-
Total Expenditures:		1,301,919	600,486	91,292	-
Excess (Deficiency) Revenues over Expenditures:		1,491,492	784,300	224,954	78
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	99,169	75,700	-	-
397	Transfers-In	78,411	11,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		177,580	86,700	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	1,008,533	648,711	211,904	-
591-593, 599	Debt Service	235,116	17,832	-	-
597	Transfers-Out	78,410	53,600	12,171	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,322,059	720,143	224,075	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>347,013</b>	<b>150,857</b>	<b>879</b>	<b>78</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	3,500	-	-	-
50831	Restricted	909,546	-	-	-
50841	Committed	172,752	44,222	13,797	8,812
50851	Assigned	179,815	73,657	-	-
50891	Unassigned	668,534	648,962	19,572	-
<b>Total Ending Cash and Investments</b>		<b>1,934,147</b>	<b>766,841</b>	<b>33,369</b>	<b>8,812</b>

The accompanying notes are an integral part of this statement.

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

		<b>108 Hotel/Motel Tax Fund</b>	<b>111 Swim Pool Fund</b>	<b>301 City Hall/City Park Fund</b>	<b>304 Cumulative Building Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	3,319	(89)	21,077	7,204
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	5,384	3,110	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	7	-	12,642	50
Total Revenues:		5,391	3,110	12,642	50
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	3,185	-	-
Total Expenditures:		-	3,185	-	-
Excess (Deficiency) Revenues over Expenditures:		5,391	(75)	12,642	50
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	2,000	50,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	2,000	50,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>5,391</b>	<b>(75)</b>	<b>14,642</b>	<b>50,050</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,710	(164)	-	-
50841	Committed	-	-	35,719	-
50851	Assigned	-	-	-	57,253
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>8,710</b>	<b>(164)</b>	<b>35,719</b>	<b>57,253</b>

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

		<b>305 CIP (Capital Improvement) Fund</b>	<b>311 Swim Pool Reserve Fund</b>	<b>312 Equipment Fund</b>	<b>313 Police Equipment Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	75,033	10,203	6,761	3,174
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	29,236	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	2,500	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	355	71	15,943	16,753
Total Revenues:		32,091	71	15,943	16,753
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		32,091	71	15,943	16,753
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	1,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	1,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	13,259	-	5,000	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	11,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		24,259	-	5,000	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>7,832</b>	<b>71</b>	<b>11,943</b>	<b>16,753</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	82,866	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	10,274	18,704	19,927
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>82,866</b>	<b>10,274</b>	<b>18,704</b>	<b>19,927</b>



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

		<b>401 Water Fund</b>	<b>420 Sewer Fund</b>	<b>430 Storm- Water Fund</b>	<b>700 Gerhard Trust Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	274,132	518,959	6,656	3,500
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	60,808	17,396	-
340	Charges for Goods and Services	484,667	414,707	14,067	-
350	Fines and Penalties	3,675	4,395	-	-
360	Miscellaneous Revenues	3,760	2,775	-	-
Total Revenues:		492,102	482,685	31,463	-
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	311,065	285,925	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	4,983	4,983	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		316,048	290,908	-	-
Excess (Deficiency) Revenues over Expenditures:		176,054	191,777	31,463	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	20,399	3,070	-
397	Transfers-In	500	13,911	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		500	34,310	3,070	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	12,338	81,391	35,930	-
591-593, 599	Debt Service	130,743	86,541	-	-
597	Transfers-Out	1,639	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		144,720	167,932	35,930	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>31,834</b>	<b>58,155</b>	<b>(1,397)</b>	<b>-</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	3,500
50831	Restricted	305,964	506,911	5,259	-
50841	Committed	-	70,202	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>305,964</b>	<b>577,113</b>	<b>5,259</b>	<b>3,500</b>

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	38	38
388 & 588	Net Adjustments	-	-
310-390	Additions	4,824	4,824
510-590	Deductions	4,864	4,864
	Net Increase (Decrease) in Cash and Investments:	(40)	(40)
508	Ending Cash and Investments	-	-

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

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

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	(219)	(219)
388 & 588	Net Adjustments	385	385
310-390	Additions	3,055	3,055
510-590	Deductions	3,183	3,183
	Net Increase (Decrease) in Cash and Investments:	(128)	(128)
508	Ending Cash and Investments	38	38

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

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	354	354
388 & 588	Net Adjustments	-	-
310-390	Additions	2,052	2,052
510-590	Deductions	2,281	2,281
	Net Increase (Decrease) in Cash and Investments:	(229)	(229)
508	Ending Cash and Investments	152	152

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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

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

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

- Financial transactions are recognized on a cash basis of accounting as described below. Component units are required to be disclosed, but are not included in the financial statements (see Note 3- Component Units, Joint Ventures, and related Parties)
- 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.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as 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 City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 4 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

E. Compensated Absences

The maximum number of vacation hours which may be carried over from December 31 of one year to January 1 of the next year is two hundred (240) hours. All vacation hours in excess of two hundred forty hours (240) will be paid out in the first pay period in December. In cases where City operations have made it impractical for an Employee to use vacation time, the Supervisor, with the approval of the Mayor, may authorize additional accruals. Employees will be paid for unused vacation time at separation of employment. Sick leave may be accumulated up to 120 days. Upon giving written notice, employees with ten (10) or more years employment with the City shall upon their retirement be paid a quarter (1/4) of all accumulated sick leave to a maximum of two hundred forty (240) hours. 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 legal restrictions, or by law, or by specific limitations by the government. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

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

**Fund 001 Current Expense Fund**---The committed balance in the Current Expense Fund is from the Cemetery Trust Fund and Cemetery Improvement. Fund. These funds are used strictly for Cemetery expenses. The ending balance in 2022 was \$38,656.39.

**Fund 104 American Rescue Fund**—The committed balance in the American Rescue Fund has been designated by the Council for certain improvements to City Hall. The ending balance in 2022 is \$314,576.29.

**Fund 106 Gerhard Operating Fund**-----The committed balance in the Gerhard Operating Fund is strictly to be used for uses as designated. The ending balance in the Gerhard Operating fund in 2022 was \$8,993.49.

**Fund 108 Hotel/Motel Fund (Stadium Tax)**---The restricted balance in this fund is reserved for uses that can only be used for expenditures allowed by state law for these funds. The ending balance in 2022 was \$17,141.54.

**Fund 301 City Hall/Park** --- The committed balance in the City Hall/Park fund is for use in those two places. Ending Balance in 2022 was \$40,429.32.

**Fund 305 Capital Improvement**---The restricted balance in the Capital Improvement Fund is reserved for Capital Improvement Projects authorized by the City Council. The ending balance in 2022 was \$101,888.08.

**Fund 401 Water Fund**---The restricted balance in Water Fund is from the Water fund 401, Fund 410 Water Reserve Fund 411 Water Bond Redemption, and Fund 412 Water Bond Reserve which are used for the redemption of debt. The ending balance in 2022 was \$455,470.05.

**Fund 420 Sewer Fund**---The restricted balance in Sewer Fund is actually from Fund 420 Sewer Fund, Sewer Reserve

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

Fund 421, Fund 422 Sewer Bond Redemption and Fund 423 Sewer Bond Reserve and Perfect Passage Sewer. The ending balance in 2022 was \$606,242.00.

**Fund 430 Stormwater Fund---** The restricted balance in the Storm-water Fund is to be used for the Storm-water Fund expenses. The ending balance in 2022 was \$40,944.11.

**Fund 630 Municipal Court Fund**—The reserve balance in the Municipal Court Fund is to be remitted to the State of Washington. The ending balance in 2022 was \$0.00.

**Fund 640 Leasehold & Building Fees** – Ending Balance \$ 0.00.

**Fund 700 Gerhard Trust Fund---**The Gerhard Trust Fund reserve balance is a principal held in reserve and the interest accrued is receipted into the Gerhard Operating Fund. The ending balance in 2022 was \$3,500.00, non-spendable funds.

**Note 2 - Budget Compliance**

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

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	1,400,807.67	685,363.00	715,444.67
City Street	141,289.46	108,474.00	32,815.46
Street fund Perfect Passage	1,050,000.00	77,629.78	972,370.22
American Rescue Plan	313,240.34	3,000.00	310,240.34
Gerhard Operating	8,841.58	40.80	8,800.78
Hotel/Motel	21,510.00	10,520.00	10,990.00
Swim Pool	121,405.00	97,033.26	24,371.34
Cumulative Building	87,302.89	20,240.25	67,062.64
Capital Improvement	120,839.97	20,230.25	100,609.72
Pool Reserve	10,492.25	-0-	10,492.25
Equipment Fund	10,374.51	-0-	10,233.51
Police Equipment	21,342.97	-0-	21,342.97
Water	947,409.21	457,890.00	489,519.21
Water Perfect Passage	-0-	21,398.40	-21,398.40
Sewer	1,072,791.77	410,627.00	662,164.77
Storm Water	44,543.89	13,447.56	31,096.33
Storm Water Perfect Pass.	1,352,000.00	74,523.00	1,277,477.00
Total	6,761,949.49	2,000,276.70	4,761,390.79



**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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

**Note 3 – Component Unit(s), Joint Ventures, and Related Parties**

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

The City of Tonasket leases property from the Railroad and subsequently leases it to the Chamber of Commerce for an R. V. Park.

**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	City's own deposits and investments	Deposits and investments held by the City as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	612,843.00	\$	612,843.00
Local Government Investment Pool	2,140,171.00		2,140,171.00
U.S Bank Surplus	4,566.00		4,566.00
Pro Equities	109,679.00		109,679.00
<b>Total</b>	<b>2,867,259.00</b>	<b>\$</b>	<b>2,867,259.00</b>

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

Investments in the State Local Government Investment Pool (LGIP)

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

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City or its agent in the government's name.

**Note 5 — Interfund Loans**

The following table displays interfund loan activity during 2022.

Borrowing Fund	Lending Fund	Balance 1/1/2021	New Loans	Payments	Balance 12/31/2022
City Street (Sweeper)	Water/Sewer Res.	4,180.00		1,000.00	\$ 3,180.00
City Street (Backhoe)	Sewer Fund	2,865.09		500.00	2,365.09
Cemetery (Backhoe)	Sewer Reserve	886.98		200.00	686.98
<b>Totals</b>		<b>\$7,932.07</b>		<b>1,700.00</b>	<b>\$6,232.07</b>

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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

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

The City acquired a new loan through the Department of Ecology in the amount of \$208,200.00. The contract was signed in 2021. It is not included in the loans below because all of the funds have not been used as of yet. It is on the Schedule of Liabilities.

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

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	137,784	85,931	223,715
2024	142,670	81,261	223,932
2025	130,979	76,396	207,375
2026	118,276	72,545	190,821
2027	122,092	68,953	191,046
2028-2032	672,884	285,796	958,680
2033-2037	397,120	205,148	602,268
2038-2042	371,028	163,482	534,510
2043-2047	340,600	116,550	457,150
2048-2052	394,848	62,302	457,150
2053-2054	175,020	7,840	182,860
	<b>3,003,302</b>	<b>1,226,205</b>	<b>4,229,506</b>

**Note 7 – OPEB**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay as you go basis. As of December 31, 2022 the plan had one member, a retiree.

Fiscal 2022:

1 member

Benefits Paid \$3,167.80

OPEB Liability \$364,363.00

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**Note 8 – Pension Plans**

A. State Sponsored Pension Plans

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

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

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

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

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

At June 30, 2022 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	18,671	0.003046%	84,812
PERS 2/3	19,324	0.002405%	(89,196)
PSERS 2			
LEOFF 1		.000943%	(27,051))
LEOFF 2	-0-	-0-	-0-
VFFRPF			
(Other)			

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**LEOFF Plan 1**

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

**B. Local Government Pension Plans - None**

**C. Defined Contribution Pension Plans – City does not contribute.**

If the government does not contribute to the plan (i.e. only employees contribute), no disclosures are required. The government may elect to disclose the plan in the notes, but must clearly state that it does not contribute.

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

The City's regular levy for the year 2022 was \$2.5281251451 per \$1,000 on an assessed valuation of \$64,016,914. for a total regular levy of \$161,842.77.

**Note 10 – Risk Management**

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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 a total of \$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 & WELFARE**

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

("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 – Other Disclosures**

There have not been any significant transactions with related parties.

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

The Storm-Water Project is on-going. The Perfect Passage Project has been gaining momentum. Different funding sources have been acquired. The plan is to go out for bid the fall of 2023 and begin construction the spring of 2024.

The City's LEOFF 1 retiree medical plan is a closed, single employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of the eligible retiree's healthcare costs on a pay as you go basis. As of December 31, 2022, the plan had one member, a retiree. As of December 31, 2022, the City's OPEB liability was \$364,363.00 as calculated using the alternative measurement method prescribed by the Office of the State Actuary and GASB 75 reporting results and required disclosures. For the year ended December 31, 2022, the city paid \$12,077.80 in actual benefits.

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

During the year there were a few vandalism problems at the City's skate park. The city does have cameras at the city shop, although the cameras do not provide a view of the skate park. There is consideration of placing cameras at the park. There have been problems with gasoline being stolen from vehicles at the shop area.

The City has also placed cameras at the upper water reservoir due to problems at the reservoir.

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



**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

For reporting purposes in 2022 the City merged the following funds into the Current Expense Fund 001

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

For reporting purposes in 2022 the City merged the following funds into the City Street Fund:

Fund 102 City Street Reserve Fund

For reporting purposes in 2022 the City merged the following funds into the Water Fund:

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

For reporting purposes in 2022 the City merged the following funds into the Sewer Fund:

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

**Note 13 – Leases**

The City of Tonasket currently leases a piece of land from the railroad and in turn the Tonasket Chamber of Commerce leases the same property from the City for use as a R.V. Park. The lease is minimal each year however it does increase approximately 6% annually. The Chamber of Commerce reimburses the City annually the amount of the lease.

The City leases a copier-scanner. The lease is a 5 year lease and the amount is included on the Schedule of Liabilities.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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

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

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

- Financial transactions are recognized on a cash basis of accounting as described below. Component units are required to be disclosed, but are not included in the financial statements (see Note 3- Component Units, Joint Ventures, and related Parties)
- 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.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

Debt Service Funds

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

Capital Projects Funds

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

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as 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 City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 5 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

E. Compensated Absences

The maximum number of vacation hours which may be carried over from December 31 of one year to January 1 of the next year is two hundred (240) hours. All vacation hours in excess of two hundred forty hours (240) will be paid out in the first pay period in December. In cases where City operations have made it impractical for an Employee to use vacation time, the Supervisor, with the approval of the Mayor, may authorize additional accruals. Employees will be paid for unused vacation time at separation of employment. Sick leave may be accumulated up to 120 days. Upon giving written notice, employees with ten (10) or more years employment with the City shall upon their retirement be paid a quarter (1/4) of all accumulated sick leave to a maximum of two hundred forty (240) hours. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 7 – *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 legal restrictions, or by law, or by specific limitations by the government. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

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

**Fund 001 Current Expense Fund**---The committed balance in the Current Expense Fund is from the Cemetery Trust Fund and Cemetery Improvement. Fund. These funds are used strictly for Cemetery expenses. The ending balance in 2021 was \$39,170.76.

**Fund 101 City Streets Fund**—The Committed ending fund balance in the City Street Fund is \$52,739.00.

**Fund 106 Gerhard Operating Fund**----The committed balance in the Gerhard Operating Fund is strictly to be used for uses as designated. The ending balance in the Gerhard Operating fund in 2021 was \$8,794.93.

**Fund 108 Hotel/Motel Fund (Stadium Tax)**---The restricted balance in this fund is reserved for uses that can only be used for expenditures allowed by state law for these funds. The ending balance in 2021 was \$16,525.53.

**Fund 305 Capital Improvement**---The restricted balance in the Capital Improvement Fund is reserved for Capital Improvement Projects authorized by the City Council. The ending balance in 2021 was \$108,428.63.

**Fund 312 Equipment Fund**—The committed ending Fund Balance in the Equipment fund in 2021 is \$8,356.00.

**Fund 313 Police Equipment Fund**—The committed ending fund balance in the Police Equipment Fund in 2021 is \$9,562.00.

**Fund 401 Water Fund**---The restricted balance in Water Fund is the ending balance in 2021, \$371,936.00.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

**Fund 420 Sewer Fund**---The restricted balance at the end of the year in 420 is \$487,692.00 and the committed balance is \$74,325.00.

**Fund 430 Stormwater Fund**--- The restricted balance in the Storm-water Fund is to be used for the Storm-water Fund expenses. The ending balance in 2021 was \$29,931.68, restricted funds.

**Fund 630 Municipal Court Fund**---The reserve balance in the Municipal Court Fund is to be remitted to the State of Washington. The ending balance in 2021 was \$0.00.

**Fund 640 Leasehold & Building Fees** – Ending Balance \$38.00.

**Fund 700 Gerhard Trust Fund**---The Gerhard Trust Fund reserve balance is a principal held in reserve and the interest accrued is receipted into the Gerhard Operating Fund. The ending balance in 2021 was \$3,500.00, non-spendable funds..

**Note 2 - Budget Compliance**

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

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current		807,636.00	574,489.81
City Street	138,582.89	100,846.00	37,736.89
American Rescue Plan	156,462.00	-0-	156,462.00
Gerhard Operating	8,876.45	29.25	8,847.20
Hotel/Motel	9,972.50	1,995.93	7,976.57
Swim Pool	81,125.00	61,969.65	19,155.35
City Hall/Park Reserve	37,839.72	-0-	37,839.72
Cumulative Building	57,290.00	-0-	57,290.00
Capital Improvement	103,580.81	-0-	103,580.81
Pool Reserve	10,329.64	-0-	10,329.64
Equipment	20,723.58	12,471.42	8,252.16
Police Equipment	18,714.55	11,763.50	6,951.05
Water	912,478.36	459,949.00	452,529.36
Sewer	1,100,399.44	449,279.00	651,120.44
Storm Water	57,932.33	12,648.07	45,284.26
Total	4,096,433.08	1,918,587.82	2,177,845.26

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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

**Note 3 – Component Unit(s), Joint Ventures, and Related Parties**

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

The City of Tonasket leases property from the Railroad and subsequently leases it to the Chamber of Commerce for an R. V. Park.

**Note 4 – 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.

In 2019, the City of Tonasket closed the doors of City Hall to the public immediately and began practicing social distancing of employees. For a period of time work was done at home. The City Council's meetings were done via Zoom. As much as possible, the City was proactive in preventing COVID.

The city continues to hold ZOOM meetings, although in late 2021, the Council doors were open to the public and social distancing and use of masks was encouraged.

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

**Note 5 – Deposits and Investments**

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

Type of deposit or investment	City's own deposits and investments	Deposits and investments held by the City as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$ 515,084.00	\$ 38.00	515,122.00
Local Government Investment Pool	1,803,696.00		1,803,696.00
U.S. Bank surplus	4,565.00		4,565.00
Pro Equities	109,679.00		109,679.0
<b>Total</b>	<b>2,433,024.00</b>	<b>\$ 38.00</b>	<b>2,433,062.00</b>

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

Investments in the State Local Government Investment Pool (LGIP)

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

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City or its agent in the government's name.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

**Note 6 — Interfund Loans**

The following table displays interfund loan activity during 2020.

Borrowing Fund	Lending Fund	Balance 1/1/2021	New Loans	Payments	Balance 12/31/2021
City Street (Sweeper)	Water/Sewer Res.	**\$5,180.00	\$	\$1,000.00	\$ 4,180.00
City Street (Backhoe)	Sewer Fund	**3,365.09		\$ 500.00	2,865.09
Cemetery (Backhoe)	Sewer Reserve	** 986.98		100.00	886.98
<b>Totals</b>		<b>\$9,532.07</b>		<b>\$ 2,000.00</b>	<b>\$7,532.07</b>

\*\*Corrected errors found in ending balances from 2020 Annual report.

**Note 7 – Long-Term Debt** *(formerly Debt Service Requirements)*

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

The city has acquired a new loan through the Department of Ecology in the amount of \$208,200.00. The contract was signed in 2021 however none of the funds have been utilized as of yet. It is not included in the loans below. It is on the Schedule of Liabilities.

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

Year	Principal	Interest	Total
2022	134,414	90,414	224,828
2023	140,361	86,009	226,370
2024	145,266	81,321	226,587
2025	133,593	76,438	210,030
2026	120,908	72,568	193,477
2027-2031	652,877	305,972	958,848
2032-2036	461,635	216,131	677,766
2037-2041	387,652	172,136	559,787
2042-2046	330,679	126,471	457,150
2047-2051	383,348	73,802	457,150
2052-2054	258,726	15,564	274,290
	<b>3,149,458</b>	<b>1,316,825</b>	<b>4,466,283</b>



**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

**Note 8 – OPEB Plans**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay as you go basis. As of December 31, 2021 the plan had one member, a retiree.

Fiscal 2021:

1 member

Benefits Paid \$2,120.17

OPEB Liability \$399,050.00

**Note 9 – Pension Plans**

A. State Sponsored Pension Plans

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

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

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

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

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	19,887	0.002670%	32,607
PERS 2/3	20,191	0.002131%	(212,282)
PSERS 2			
LEOFF 1		.000918%	(31,447)
LEOFF 2	-0-	-0-	-0-
VFFRPF			
(Other)			

**LEOFF Plan 1**

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

**B. Local Government Pension Plans - None**

**C. Defined Contribution Pension Plans – City does not contribute**

If the government does not contribute to the plan (i.e. only employees contribute), no disclosures are required. The government may elect to disclose the plan in the notes, but must clearly state that it does not contribute.

**Note 10 - Property Tax**

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

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

The City's regular levy for the year 2021 was \$2.5575542955 per \$1,000 on an assessed valuation of \$62,653,751 for a total regular levy of \$160,240.37.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

**Note 11 – Risk Management**

The City of Tonasket is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 105 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 \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from 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 2021, 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 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.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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 12 – HEALTH & WELFARE**

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP. The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

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, 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 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.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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 auditors Office.

**Note 13 – Other Disclosures**

There have not been any significant transactions with related parties.

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

The Storm-Water Project is on going. The Perfect Passage Project has been gaining momentum. Different funding sources have been acquired and it is hoped the construction will begin in 2023.

The City's LEOFF 1 retiree medical plan is a closed, single employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. the plan pays for 100% of the eligible retiree's healthcare costs on a pay as you go basis. As of December 31, 2021, the plan had one member, a retiree. As of December 31, 2021, the City's OPEB liability was \$399,050 as calculated using the alternative measurement method prescribed by the Office of the State Actuary and GASB 75 reporting results and required disclosures. For the year ended December 31, 2021, the city paid \$10,630.17 in actual benefits.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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

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

For reporting purposes in 2021 the City merged the following funds into the Current Expense Fund 001

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

For reporting purposes in 2021 the City merged the following funds into the City Street Fund:

- Fund 102 City Street Reserve Fund

For reporting purposes in 2021 the City merged the following funds into the Water Fund:

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

For reporting purposes in 2021 the City merged the following funds into the Sewer Fund:

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

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

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- All funds are presented, rather than a focus on major funds.
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**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

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Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as 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 City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 5 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased



**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

E. Compensated Absences

The maximum number of vacation hours which may be carried over from December 31 of one year to January 1 of the next year is two hundred (240) hours. All vacation hours in excess of two hundred forty hours (240) will be paid out in the first pay period in December. In cases where City operations have made it impractical for an Employee to use vacation time, the Supervisor, with the approval of the Mayor, may authorize additional accruals. Employees will be paid for unused vacation time at separation of employment. Sick leave may be accumulated up to 120 days. Upon giving written notice, employees with ten (10) or more years employment with the City shall upon their retirement be paid a quarter (1/4) of all accumulated sick leave to a maximum of two hundred forty (240) hours. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 7 - *Debt Service Requirements*.

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 legal restrictions, or by law, or by specific limitations by the government.. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

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

**Fund 001 Current Expense Fund**---The committed balance in the Current Expense Fund is from the Cemetery Trust Fund and Cemetery Improvement. Fund. These funds are used strictly for Cemetery expenses. The ending balance in 2020 was \$44,222.28.

**Fund 101 City Street Fund**---the Committed ending balance in the City Street Fund is \$13,797.00.

**Fund 106 Gerhard Operating Fund**----The committed balance in the Gerhard Operating Fund is strictly to be used for uses as designated. The ending balance in the Gerhard Operating fund in 2020 was \$8,811.65.

**Fund 108 Hotel/Motel Fund (Stadium Tax)**---The restricted balance in this fund is reserved for uses that can only be used for expenditures allowed by state law for these funds. The ending balance in 2020 was \$8710.35.

**Fund 111 Swim Pool** --- The restricted balance in the Swim Pool Fund is specifically for the maintenance and operation of the Tonasket Community Swim Pool. Ending Balance In 2020 was -164.40.

**Fund 301 City Hall/Park** --- The committed balance in the City Hall/Park fund is for use in those two places. Ending Balance in 2020 was \$35,719.00.

**Fund 305 Capital Improvement**---The restricted balance in the Capital Improvement Fund is reserved for Capital Improvement Projects authorized by the City Council. The ending balance in 2020 was \$82,865.58.

**Fund 401 Water Fund**---The restricted balance in Water Fund is actually from Fund 411 Water Bond Redemption and Fund 412 Water Bond Reserve which are used for the redemption of debt. The ending

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

balance in 2020 was \$305,964.00.

**Fund 420 Sewer Fund---**The committed balance in Sewer Fund is actually from Fund 422 Sewer Bond Redemption and Fund 423 Sewer Bond Reserve which are used for the redemption of debt. The ending balance in 2020, committed funds were \$70,202.14 and restricted funds were \$506,911.00.

**Fund 430 Stormwater Fund---** The restricted balance in the Storm-water Fund is to be used for the Storm-water Fund expenses. The ending balance in 2020 was \$5,258.96, restricted funds.

**Fund 630 Municipal Court Fund---**The reserve balance in the Municipal Court Fund is to be remitted to the State of Washington. The ending balance in 2020 was \$363.19

**Fund 640 Leasehold & Building Fees –** Ending Balance (518.60)

**Fund 700 Gerhard Trust Fund---**The Gerhard Trust Fund reserve balance is a principal held in reserve and the interest accrued is receipted into the Gerhard Operating Fund. The ending balance in 2020 was \$3,500.00, non-spendable funds..

**Note 2 - Budget Compliance**

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

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	1,721,394.30	1,320,629.00	400,765.30
City Street	499,733.50	315,367.00	183,366.50
Gerhard Operating	8,749.00	-0-	8,749.00
Hotel/Motel	11,018.00	-0-	11,018.00
Swim Pool	69,941.00	3,185.06	66,755.94
City Hall Park Reserve	23,201.00	-0-	23,201.00
Cumulative Building	57,150.00	-0-	67,150.00
Capital Improvement	79,000.00	24,258.55	64,741.45
Pool Reserve	10,359.09	-0-	10,359.09
Equipment fund	6,710.00	5,000.00	1,710.00
Police Equipment	2,164.00	-0-	2,164.00
Water fund	865,831.57	460,768.00	405,063.57
Sewer Fund	1,150,004.67	458,840.00	691,164.67
Storm Water	85,007.57	35,929.98	49,077.59
Total	4,590,263.70	2,623,977.59	1,985,286.11

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

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

**Note 3 – Component Unit(s), Joint Ventures, and Related Parties**

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

The City of Tonasket leases property from the Railroad and subsequently leases it to the Chamber of Commerce for an R. V. Park.

**Note 4 – COVID-19 Pandemic**

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

The City of Tonasket closed the doors of City Hall to the public immediately and began practicing social distancing of employees. For a period of time work was done at home. The City Council's meetings were done via Zoom. As much as possible, the City was proactive in preventing COVID.

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

**Note 5 – Deposits and Investments**

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

Type of deposit or investment	City's own deposits and investments	Deposits and investments held by the City as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	707,220.00	152.00	707,372.00
Court checking acct.	161.00		161.00
Local Government Investment Pool	1,118,365.00		1,118,365.00
U.S. Bank Surplus	4,565.00		4,565.00
Pro Equities	103,836.00		103,836.00
<b>Total</b>	<b>1,934,147.00</b>	<b>152.00</b>	<b>1,934,299.00</b>

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

Investments in the State Local Government Investment Pool (LGIP)

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

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City or its agent in the government's name.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

The following table displays interfund loan activity during 2020.

Borrowing Fund	Lending Fund	Balance 1/1/2020	New Loans	Payments	Balance 12/31/2020
City Street (Sweeper)	Water/Sewer Res.	\$5,930.00	\$	1,000.00	\$ 4,930.00
City Street (Backhoe)	Sewer Fund	3,615.09		0	3,615.09
Cemetery (Backhoe)	Sewer Reserve	1,693.49		100.00	1,593.49
City Street	Sewer Reserve	10,433.18	727.85 int.	11,171.03	-0-
Water	Sewer Reserve	443.18	1196.29 int	1,639.47	-0-
<b>Totals</b>		<b>\$22,124.94</b>	<b>\$1924.14</b>	<b>\$13,910.50</b>	<b>\$ 10,138.58</b>

**Note 7 – Long-Term Debt** *(formerly Debt Service Requirements)*

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

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

Year	Principal	Interest	Total
2021	233,371	95,012	328,383
2022	134,414	90,414	224,828
2023	140,361	86,009	226,370
2024	145,266	81,321	226,587
2025	133,593	76,438	210,030
2026-2030	633,626	325,404	959,030
2031-2035	523,404	229,874	753,277
2036-2040	404,248	180,565	584,813
2041-2045	321,048	136,102	457,150
2046-2050	372,182	84,968	457,150
2051-2054	339,994	25,726	365,720
	<b>3,381,506</b>	<b>1,411,833</b>	<b>4,793,339</b>

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

**Note 8 – OPEB Plans**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay as you go basis. As of December 31, 2020 the plan had one member, a retiree.

Fiscal 2020:

1 member

Benefits Paid \$1,693.19

OPEB Liability \$347,892.00

**Note 9 – Pension Plans**

A. State Sponsored Pension Plans

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

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

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

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

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

At June 30, 2020 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	18,819.09	.002507	91,688.00
PERS 2/3	19,163.09	.002080	26,602.01
PSERS 2			
LEOFF 1		.00896	(16,921.04)
LEOFF 2	-0-	-0-	-0-
VFFRPF			
(Other)			

**LEOFF Plan 1**

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

**B. Local Government Pension Plans - None**

**C. Defined Contribution Pension Plans – City does not contribute**

If the government does not contribute to the plan (i.e. only employees contribute), no disclosures are required. The government may elect to disclose the plan in the notes, but must clearly state that it does not contribute.

**Note 10 - Property Tax**

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

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

The City's regular levy for the year 2020 was \$3.0130163150 per \$1,000 on an assessed valuation of \$52,656,147 for a total regular levy of \$158,653.83.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

**Note 11 – Risk Management**

The City of Tonasket is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2020, 103 municipalities/entities participate in the AWC RMSA pool.

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

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from 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 Lexington Insurance Company and CHUBB in 2020, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, Lexington provides excess insurance up to \$50 million, and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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



**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

**NOTE 12 – HEALTH & WELFARE**

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

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2020, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

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

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, 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 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 ASG Risk Management. 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.

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

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 13 – Other Disclosures**

There have not been any significant transactions with related parties.

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

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

The City also had a CDBG Planning Grant, a Department of Transportation Division of Aeronautics Grant project, a Department of Ecology Storm-water Project and a CERB project all simultaneously in 2019. The Airport Project, the Planning Project and the CERB Project were completed in 2020. The Storm-Water Project is on going.

The City's LEOFF 1 retiree medical plan is a closed, single employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. the plan pays for 100% of the eligible retiree's healthcare costs on a pay as you go basis. As of December 31, 2020, the plan had one member, a retiree. As of December 31, 2020, the City's OPEB liability was \$347,892.00 as calculated using the alternative measurement method prescribed by the Office of the State Actuary and GASB 75 reporting results and required disclosures. For the year ended December 31, 2020, the city paid \$10,603.19 in actual benefits.

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

**City of Tonasket**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

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

In May of 2020, Mayor Dennis Brown resigned and Councilmember Marylou Kriner was voted by the Council into the position to fill out the term which will end 12-31-2021.

For reporting purposes in 2020 the City merged the following funds into the Current Expense Fund 001

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

For reporting purposes in 2020 the City merged the following funds into the City Street Fund:

- Fund 102 City Street Reserve Fund

For reporting purposes in 2020 the City merged the following funds into the Water Fund:

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

For reporting purposes in 2020 the City merged the following funds into the Sewer Fund:

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

**City of Tonasket**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2022**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences	12/31/2022	25,409	30,749	22,274	33,884
264.30	Pension Liabilities	12/31/2022	32,604	52,208	-	84,812
259.12	Tax Liability	12/31/2022	1,944	2,352	1,704	2,592
263.57	Copier Lease	7/17/2025	5,286	-	2,028	3,258
263.82	USDA Sewer Loan	10/1/2032	573,343	-	41,556	531,787
263.84	DOE Sewer/Mill Drive	7/31/2033	35,343	-	2,538	32,805
263.82	USDA Water	2/27/2054	1,898,145	-	34,486	1,863,659
264.40	OPEB Liabilities	12/31/2022	399,050	-	34,687	364,363
263.92	CVB Water Loan	4/5/2025	106,882	-	28,761	78,121
263.84	DOE Sewer Loan Parry's Acres	4/27/2040	448,699	-	21,352	427,347
263.84	DOE Stormwater Loan	4/27/2027	11,917	1,153	13,070	-
263.82	USDA City Shop Loan	4/27/2035	71,314	-	4,430	66,884
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,609,936</b>	<b>86,462</b>	<b>206,886</b>	<b>3,489,512</b>
<b>Total Liabilities:</b>			<b>3,609,936</b>	<b>86,462</b>	<b>206,886</b>	<b>3,489,512</b>

**City of Tonasket**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2021**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.81	Police Car Loan FCI	11/1/2023	30,073	1	30,074	-
<b>Total General Obligation Debt/Liabilities:</b>			<b>30,073</b>	<b>1</b>	<b>30,074</b>	<b>-</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences	12/31/2021	38,636	9,061	22,288	25,409
259.12	Tax Liability	12/31/2020	2,954	693	1,705	1,942
263.57	Copier Lease	7/17/1905	7,314	-	2,028	5,286
263.52	John Deere Financial	4/8/2022	5,937	-	5,937	-
263.82	USDA Car Loan	9/20/2023	16,019	220	16,239	-
263.82	USDA Water	2/27/2054	1,931,626	-	33,481	1,898,145
263.82	USDA City Shop Loan	7/27/1905	75,700	-	4,386	71,314
263.92	City Hall Roof Loan	11/30/2026	84,708	-	84,708	-
264.30	Pension Liabilities	12/31/2020	118,290	-	85,686	32,604
264.40	OPEB Liabilities	12/31/2020	347,892	51,158	-	399,050
263.84	DOE Sewer Loan SRF	6/30/2021	31,132	-	31,132	-
263.82	USDA Sewer Loan	10/1/2032	613,109	-	39,766	573,343
263.84	DOE Sewer/Mill Drive	7/31/2033	37,816	-	2,473	35,343
263.92	CVB Water Loan	4/5/2025	134,311	-	27,429	106,882
263.84	DOE Sewer Loan Parry's Acres	8/1/1905	464,562	7,845	23,708	448,699
263.84	DOE Stormwater Loan	7/19/1905	8,427	3,490	-	11,917
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,918,433</b>	<b>72,467</b>	<b>380,966</b>	<b>3,609,934</b>
<b>Total Liabilities:</b>			<b>3,948,506</b>	<b>72,468</b>	<b>411,040</b>	<b>3,609,934</b>

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.91	Police Car Loan FCI	11/1/2023	40,022	-	9,949	30,073
<b>Total General Obligation Debt/Liabilities:</b>			<b>40,022</b>	<b>-</b>	<b>9,949</b>	<b>30,073</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences	12/31/2020	37,140	22,598	21,103	38,635
263.99	Tax Liability	12/31/2020	2,840	1,729	1,614	2,955
263.57	Copier Lease	12/31/2025	73	10,140	2,899	7,314
263.82	USDA Car Loan	9/20/2023	18,954	-	2,935	16,019
263.92	City Hall Roof Loan	11/30/2026	97,283	-	12,575	84,708
263.84	DOE Sewer Loan SRF	6/30/2021	46,524	-	15,392	31,132
263.82	USDA Sewer Loan	10/1/2032	651,162	-	38,054	613,108
263.84	DOE Sewer Loan Mill Drive	7/31/2033	40,164	-	2,348	37,816
263.82	USDA Water	2/27/2054	1,964,132	-	32,506	1,931,626
264.30	Pension Liabilities	12/31/2020	135,622	-	17,332	118,290
264.40	OPEB Liabilities	12/31/2020	316,866	31,026	-	347,892
263.92	CVB Water Loan	4/5/2025	160,473	-	26,162	134,311
263.84	DOE Sewer Loan Parry's Acres	1/1/2041	440,061	24,501	-	464,562
263.84	DOE Stormwater Loan	12/31/2027	5,357	3,070	-	8,427
263.82	USDA City Shop Loan	11/27/2035	-	75,700	-	75,700
263.52	John Deere Financial	4/8/2022	10,451	-	4,514	5,937
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,927,102</b>	<b>168,764</b>	<b>177,434</b>	<b>3,918,432</b>
<b>Total Liabilities:</b>			<b>3,967,124</b>	<b>168,764</b>	<b>187,383</b>	<b>3,948,505</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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