

NORTH BONNEVILLE PUBLIC DEVELOPMENT AUTHORITY
Fund Resources and Uses Arising From Cash Transactions
For the year ended December 31, 2018

	2018
Revenues:	
Retail sales	\$ 648,699
Miscellaneous revenue	744
Total revenues	<u>649,443</u>
Expenditures:	
Salaries and wages	221,552
Employee benefits	47,333
Professional fees	61,233
Office expense	21,860
Rent	98,487
Taxes	3,934
Inventory cost	226,443
Total expenditures	<u>680,842</u>
Excess (deficiency) of revenues	
Over (under) expenditures	(31,399)
Other Financing Sources (Uses):	
Proceeds from loan	85,000
Debt service principal	(58,109)
Interest/fiscal charges	(23,091)
Capital outlay	(16,322)
Sales and excise tax received	269,254
Excise and sales taxes paid	(275,905)
Total other financing sources and uses	<u>(19,173)</u>
Net change in fund balances	(50,572)
Cash balance at beginning of year	130,719
Cash balance at end of year	<u><u>\$ 80,147</u></u>

North Bonneville Public Development Authority
Notes to the Financial Statements
Year Ending December 31, 2018

Note 1 - Summary of Significant Accounting Policies

The North Bonneville Public Development Authority is a special purpose government created by the City of North Bonneville for the express purpose of administering sales of marijuana and related goods to the public, while supporting public health and safety efforts inside the City. The Authority was incorporated in 2013 in accordance with RCW 35.21 and operates under the laws of the State of Washington applicable to a special purpose quasi-municipal corporation. The Authority uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

Bonneville Events, LLC (the LLC) is a single-member LLC, for whom the Authority is the sole member. The LLC was created in 2018 in order to facilitate marketing for the Authority. Activity of the LLC includes sales of merchandise and banking cost. The activity of the LLC has been blended in the financial statement of the Authority for 2018. Total revenues and expenditures of the LLC in 2018 were \$723 and \$476, respectively.

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

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

A. Fund Accounting

The accounts of cash basis entities are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The Authority's is a single purpose government which accounts for its resources in one individual fund.

The North Bonneville Public Development Authority reports using an enterprise fund, which is a proprietary fund, to account for operations that provide goods or services to the general public and are supported primarily through user charges.

B. Basis of Accounting and Measurement Focus

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

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

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Vacation leave may be accumulated up to 160 hours and is payable upon separation or retirement.

Sick leave may be accumulated up to 240 hours. Upon voluntary separation employees receive payment for unused sick leave earned during the current year at 25%; employees terminated for cause will not be eligible for payout of unused sick leave.

The compensated absence liability at December 31, 2018 was \$1,383. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

I. Risk Management

The North Bonneville Public Development Authority was covered under a property, product liability and general liability insurance policy from a private insurer at December 31, 2018. The limit of insurance is \$2 million, with a deductible of \$2,500 per claim.

NOTE 2- BUDGET

The North Bonneville Public Development Authority adopts annually appropriated budgets for its enterprise fund, 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. In 2018, the appropriated expenditures for the legally adopted budgets were \$1,170,578 and actual expenditures were \$1,053,793. An additional \$476 expenditures in the financial statement is from activity of the LLC.

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 Authority's legislative body.

NOTE 3- DEPOSITS

The North Bonneville Public Development Authority's deposits are covered by the Federal Deposit Insurance Corporation. Deposits at December 31, 2018 consist of:

Bank deposits	\$62,494
Cash on hand	<u>17,653</u>
Total cash	\$80,147

NOTE 4 - DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the North Bonneville Public Development Authority and summarizes the Authority's debt transactions for year ended December 31, 2018.

The debt service requirements for general obligation debt (consisting of notes payable with private parties) including both principle and interest, are as follows:

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	Principal	Interest	Total Payments
2019	101,237	31,031	132,268
2020	33,715	15,459	49,174
2021	37,246	11,929	49,175
2022	38,141	8,028	46,169
2023	7,766	5,714	13,480
2024-2028	52,867	14,529	67,396
	\$ 270,972	\$ 86,690	\$ 357,662

NOTE 5- PENSION PLANS

State Sponsored Pension Plans

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

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2018 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 9, Schedule of Liabilities, was as follows:

Plan	Employer Contributions	PERS liability	Allocation Percentage
PERS 1	\$ 10,454	\$ 76,146	0.001705%
PERS 2/3	\$ 15,507	\$ 37,239	0.002181%

NOTE 6 - OTHER DISCLOSURES

Related Parties

The Authority has created a limited liability company, 484 Evergreen Drive, LLC. The Authority is the sole member of 484 Evergreen Drive, LLC, which was created for the purpose of remodeling the store building for retail use, and to act on behalf of the Authority as treasurer. 484 Evergreen Drive, LLC did not have any activity in 2018.

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The Authority has also created a limited liability company, Bonneville Events, LLC. The Authority is the sole member of the LLC. The LLC was created for the purpose of marketing and advertising for the retail store. There were no cash transactions between Bonneville Events, LLC and the Authority in 2018.