

ANNUAL REPORT CERTIFICATION

Town of Friday Harbor
(Official Name of Government)

0626
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2024

GOVERNMENT INFORMATION:

Official Mailing Address	<u>PO Box 219</u>
	<u>Friday Harbor, WA 98250</u>
Official Website Address	<u>www.fridayharbor.org</u>
Official E-mail Address	<u>bethanyb@fridayharbor.org</u>
Official Phone Number	<u>3606222038</u>

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title	<u>Bethany Berry Finance Director</u>
Contact Phone Number	<u>3606222038</u>
Contact E-mail Address	<u>bethanyb@fridayharbor.org</u>

I certify 30th day of May, 2025, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Bethany Berry (bethanyb@fridayharbor.org)

Town of Friday Harbor
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		Total for All Funds (Memo Only)	001 General	101 Street	125 Special Revenue
Beginning Cash and Investments					
308	Beginning Cash and Investments	31,741,282	7,479,581	3,535,111	2,165,353
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	4,884,046	3,180,614	1,000,236	555,488
320	Licenses and Permits	136,826	132,971	3,855	-
330	Intergovernmental Revenues	1,044,987	148,983	887,385	2,587
340	Charges for Goods and Services	7,087,672	57,864	-	1,221
350	Fines and Penalties	56,298	51,937	-	-
360	Miscellaneous Revenues	1,024,422	209,762	56,762	47,288
Total Revenues:		14,234,251	3,782,131	1,948,238	606,584
Expenditures					
510	General Government	865,867	861,143	4,724	-
520	Public Safety	627,004	627,004	-	-
530	Utilities	6,127,321	-	-	-
540	Transportation	763,837	-	763,837	-
550	Natural/Economic Environment	1,095,153	588,631	-	506,522
560	Social Services	-	-	-	-
570	Culture and Recreation	137,545	137,545	-	-
Total Expenditures:		9,616,727	2,214,323	768,561	506,522
Excess (Deficiency) Revenues over Expenditures:		4,617,524	1,567,808	1,179,677	100,062
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	650,000	-	650,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	113,896	2,135	93,668	2,265
Total Other Increases in Fund Resources:		763,896	2,135	743,668	2,265
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,207,178	244,707	2,509,309	98,951
591-593, 599	Debt Service	624,672	6,473	27,146	450
597	Transfers-Out	650,000	650,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	60,159	2,000	43,719	-
Total Other Decreases in Fund Resources:		5,542,009	903,180	2,580,174	99,401
Increase (Decrease) in Cash and Investments:		(160,589)	666,763	(656,829)	2,926
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	5,648,094	-	219,881	1,570,242
50841	Committed	598,037	-	-	598,037
50851	Assigned	23,940,902	6,752,679	2,658,403	-
50891	Unassigned	1,393,663	1,393,663	-	-
Total Ending Cash and Investments		31,580,696	8,146,342	2,878,284	2,168,279

The accompanying notes are an integral part of this statement.

Town of Friday Harbor
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		315 Capital Projects	410 Water	420 Sewer	430 Refuse
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,199,254	6,535,448	5,636,982	1,825,283
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	147,708	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	6,032	-
340	Charges for Goods and Services	-	2,510,041	2,567,971	1,445,463
350	Fines and Penalties	-	4,361	-	-
360	Miscellaneous Revenues	133,663	358,851	106,187	73,463
Total Revenues:		281,371	2,873,253	2,680,190	1,518,926
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	2,574,462	1,975,843	1,289,544
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	2,574,462	1,975,843	1,289,544
Excess (Deficiency) Revenues over Expenditures:		281,371	298,791	704,347	229,382
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	975	14,853	-
Total Other Increases in Fund Resources:		-	975	14,853	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	634,751	530,929	175,174
591-593, 599	Debt Service	-	224,311	365,273	780
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	2,796	875	-
Total Other Decreases in Fund Resources:		-	861,858	897,077	175,954
Increase (Decrease) in Cash and Investments:		281,371	(562,092)	(177,877)	53,428
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,480,626	218,204	91,700	67,441
50841	Committed	-	-	-	-
50851	Assigned	-	5,755,151	5,367,406	1,811,272
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		3,480,626	5,973,355	5,459,106	1,878,713

The accompanying notes are an integral part of this statement.

Town of Friday Harbor
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		<u>450 Stormwater</u>
Beginning Cash and Investments		
308	Beginning Cash and Investments	1,364,270
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	505,112
350	Fines and Penalties	-
360	Miscellaneous Revenues	38,446
Total Revenues:		<u>543,558</u>
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	287,472
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>287,472</u>
Excess (Deficiency) Revenues over Expenditures:		<u>256,086</u>
Other Increases in Fund Resources		
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:		<u>-</u>
Other Decreases in Fund Resources		
594-595	Capital Expenditures	13,357
591-593, 599	Debt Service	239
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	10,769
Total Other Decreases in Fund Resources:		<u>24,365</u>
Increase (Decrease) in Cash and Investments:		<u>231,721</u>
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	1,595,991
50891	Unassigned	-
Total Ending Cash and Investments		<u>1,595,991</u>

The accompanying notes are an integral part of this statement.

Town of Friday Harbor
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	14,776	14,776
388 & 588	Net Adjustments	-	-
310-390	Additions	19,673	19,673
510-590	Deductions	29,745	29,745
	Net Increase (Decrease) in Cash and Investments:	(10,072)	(10,072)
508	Ending Cash and Investments	4,704	4,704

The accompanying notes are an integral part of this statement.

**Town of Friday Harbor
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024**

The accompanying notes are an integral part of this statement.

Town of Friday Harbor
Notes to Financial Statements
For the year ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Friday Harbor was incorporated on February 9, 1909, and operates under the laws of the state of Washington applicable to a fourth-class town (Title 35 Revised Code of Washington). The Town of Friday Harbor is a general-purpose local government and provides street maintenance and improvements; fire and police protection (via contract); parks; and general administrative services. The Town additionally owns and operates four proprietary utility systems: Water, Sewer, Refuse, and Stormwater.

The Town of Friday Harbor 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 6 – *Component Unit(s), 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:

Current Expense (General) Fund (001)

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 (100-199)

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

Utility Connection Charges and Deferral Fund: Pursuant to Friday Harbor Municipal Code (FHMC) Section 13.40, a special revenue fund was created to defer the payment of the entire connection charges for the Town's water system and/or sewer system for a limited income household or a nonprofit corporation that provides affordable housing. A qualified entity may apply at any time for a deferred payment for the water and/or sewer connection charges. The Town Administrator review applications and approves them based on fund availability. Revenues for this fund come from the general fund based on Council approval and availability. All deferred utility connection charges shall be paid back by the applicant or the applicant's successor.

Affordable Housing Grant Program: Pursuant to Friday Harbor Municipal Code (FHMC) Section 3.40, a special revenue fund was created for the 5% affordable housing surcharge distribution that is received from the County as detailed in SJC Interlocal Agreement #SJC-05SJ08. These funds are used as grants to qualified nonprofit entities whose purpose is to assist in providing home ownership to low-income households or operate an emergency housing shelter. Applications for this grant program are accepted no later than June 1st each year for the specific allowable uses. The Town Administrator reviews all applications to ensure eligibility and refers them to the Town Council for consideration and final approval.

In Lieu of Parking: Revenues for this fund will come from donations including those developers that contribute funds "in lieu of parking." These funds will be used to construct parking areas in the Town limits.

Harbor Improvements: Pursuant to RCW 79.115, titled "Aquatic Lands-Harbor Areas", any leased harbor area or tideland that is situated within the limits of a Town, whether the harbor area or tideland lies within a port district, the rents from the leases shall be paid by the Washington State Treasurer. The State Treasurer remits these funds to the Town in July and January of each year. Revenue is to be used for waterfront-related improvements only.

Lodging Tax (Hotel/Motel): Any city or town has the authority to levy lodging taxes, also known as "hotel/motel taxes," on all charges for furnishing lodging at hotels, motels, and short-term rentals (STR), including such activities as Airbnb, bed and breakfasts (B&Bs), RV parks, and other housing and lodging accommodations for periods of time less than 30 days. The tax is collected as a sales tax and paid by the customer at the time of the transaction. These taxes may be imposed by the legislative body and do not require voter approval. Taxes are collected by the State and remitted to the Town two months later. Revenues are restricted to use for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities. Funds may be used directly by the Town or indirectly through a convention and visitor's bureau or destination marketing organization. Indirect funds are reviewed and distributed by the LTAC Committee. The Town established a Lodging Tax Advisory Committee (LTAC) under FHMC 2.66.

Basic or State-Shared Lodging Tax: Beginning on January 1, 1993, the Town imposed a 2% lodging tax that gets credited against the state sales tax rate. This tax is imposed by the legislative body and does not require voter approval.

Additional or Special Transient Rental Tax: Beginning on July 1, 2001, the Town imposed an additional 1.2% special tax on top of the state sales tax rate. On January 1, 2003, the special tax was increased to 2%. This tax is imposed by the legislative body and does not require voter approval.

Capital Projects Funds (300-399)

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

Real Estate Excise Taxes: The State of Washington levies a real estate excise tax (REET) on all sales of real estate under chapter 82.45 RCW. The tax rate used to be a flat 1.28%, but effective January 1, 2020, the state implemented a graduated tax scale based on the selling price of the property, with the sale price thresholds adjusted on a four-year schedule (see RCW 82.45.060). However, the sale of real property classified as timberland or agricultural land remains taxed at a flat 1.28% regardless of the sale price. There are two REET options for cities and towns; REET 1 & REET 2. Taxes are collected by San Juan County and remitted to the Town the following month. Revenues are restricted to specific uses based on population size and Growth Management Act (GMA) planning. Due to the population being under 5,000, use of these funds may be for (1) any capital purpose identified in a capital improvement plan for improvements to streets, parks, sewers, water mains, or Town Hall, (2) acquisition of real and personal property associated for capital improvements or (3) Use of up to \$100,000 or 25% of available REET funds, whichever is greater but not exceeds \$1 million per year, for maintenance of capital projects. Additional reporting requirements must be adopted as part of the budget process if use is for maintenance.

REET 1 – First Quarter Percent: Beginning in 1982, the Town imposed a 0.25% REET tax for all real estate sales. This tax is imposed by the legislative body and does not require voter approval.

REET 2 – Beginning in 1992, the Town imposed an additional 0.25% REET tax for all real estate sales. This tax is imposed by the legislative body and does not require voter approval.

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

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

The Town provides utilities for water, sewer, refuse, and stormwater within the Town of Friday Harbor. Each of these utilities is funded by revenues that meet the expenses of the system, in addition to setting aside reserves. Expenses include operating costs; insurance; taxes; debt service, planning and engineering; reserves for improvements, expansions, and upgrades; and reserves for unforeseen events. Enterprise funds provide services for the following activities:

Water Utility: Treated surface water is the sole source of water for customers served by the Town of Friday Harbor. The Town monitors all aspects of water treatment from the Trout Lake Reservoir & transmission through 12 miles of distribution lines to its customers.

Sewer/Wastewater Utility: The Town provides collection, treatment, and disposal of domestic, commercial, and industrial wastewater in accordance with federal and state regulations. Operations to provide this service include the treatment plant, approximately 40,000 linear feet of sewer pipelines, pump stations, and other related facilities.

Refuse Utility: The Town provides collection of refuse, recycling, yard waste, and plastics recycling for residents and businesses within the Town of Friday Harbor. Recycling is provided by San Juan Sanitation for multi-family residences and businesses.

Stormwater Utility: The Town provides stormwater services for operation and maintenance of the storm drainage system for water runoff, including catch basins and pipes.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by a government in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, and/or other funds. These include (a) investment trust funds, (b) pension (and other employee benefit) trust funds, (c) private-purpose trust funds, and (d) custodial funds.

Custodial Funds (630-698)

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

Treasurers' Trust: The Town of Friday Harbor established a Harbor Life Ring program to assist with utility customers that are impacted by financial hardship that is administered by the Family Resource Center. Available funds for this program are held in the Treasurers' Trust.

Court Assessments: The Town of Friday Harbor contracts with the San Juan County District Court to provide with district court, prosecution, and public defense services. The County returns court assessments to the Town monthly that are held in a custodial fund. Portions of these assessments are remitted to the WA State Treasurer and San Juan County Treasurer.

Building Assessments: State Building Code fees are required to be collected by cities and counties pursuant to chapter 19.27 RCW on building permits regulated by the International Building Code. Funds collected are held in a custodial fund and remitted to the WA State Treasurer.

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the Town of Friday Harbor 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

It is the Town of Friday Harbor's policy to invest all temporary cash surpluses. (The interest on these investments is prorated to the various funds. For further information see Note 4 – *Deposits and Investments*).

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

The Town provides for an accrual of vacation and sick leave and compensatory time. Vacation leave must be at or below 240 hours by fiscal year end. Accumulated vacation is payable upon separation or retirement. Sick leave may accumulate up to 820 hours. Employees hired prior to 2013 were able to choose to receive payment of unused sick leave up to 480 hours upon retirement if they met their Washington State Department of Retirement System Plan years of service and age requirements. Employees hired prior to 2013 that did not choose this option and others that were hired after 2013 will receive 25% of their unused sick leave upon separation or retirement if they have worked 10 years for the Town. The maximum compensatory time allowed to accrue is 60 hours and must be used within a rolling year of original date earned. Payments are recognized as expenditures when paid.

F. Liabilities

See Note 8 – *Long-Term Debt*.

G. Leases and Subscription Based Information Technology Arrangements (SBITA)

Leases are reported as liabilities if the total payments over the life of the lease is more than \$0. SBITAs are reported as liabilities if the total payments over the life of the SBITA is more than \$5,000. For more information see Note 7 – Leases and Note 13 – SBITA.

H. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of:

Street Fund Balances:

- RCW 35.21.225, Transportation Benefit District - \$62,798.38 (restricted)
- Town Ordinance #892, Cash held for developer Street Improvements - \$157,083.06 (restricted)

Special Revenue Fund Balances:

- Town Ordinances #1172 and #1372, In lieu of Parking - \$598,037.28 (committed)
- RCW 67.28.1815, Hotel Motel Tax - \$1,529,313.88 (restricted)
- RCW 79.115.150, Harbor Leases - \$8,598.07 (restricted)
- RCW 36.22.178, Low Income - \$13,279.29 (restricted)
- RCW 35.92.380, Affordable Housing, Town Ordinance No. 1277 - \$19,051.09 (restricted)

Capital Projects Fund Balances:

- RCW 82.46.010, Real Estate Excise Tax 1 - \$2,202,449.15 (restricted)
- RCW 82.46.035, Real Estate Excise Tax 2 - \$1,278,176.51 (restricted)

Water Fund Balances:

- Bond Ordinance & Covenants - \$218,204.00 (restricted)

Sewer Fund Balances:

- Loan Agreements, Bond Ordinance & Covenants - \$91,700.00 (restricted)

Refuse Fund Balances:

- Landfill Closure and Post Closure Fund Reserve Balances - \$67,440.77 (restricted)
- Landfill Closure RCW 70.95.215; WAC 173-304-467; 173-351-600; 173.350.400

Stormwater Fund Reserve Balances:

- Bond Ordinance & Covenants - \$0 (restricted)

NOTE 2 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

Accounting changes and error corrections occur in governments due to the following conditions:

- A. Change in accounting principle as required by the BARS manual.
- B. Change to or within the financial reporting of the Town of Friday Harbor due to opening or closing a fund and a change in reporting at the fund level.
- C. Error corrections that are identified as of the previous financial statement date.

A. Change in Accounting Principle

The Town of Friday Harbor implemented GASB Statement No.100, Accounting Changes and Error Corrections and GASB Statement No. 101, Compensated Absences effective for fiscal year 2024 reporting.

B. Change to or within the Financial Reporting Entity

The Town of Friday Harbor did not have any changes to or within the financial reporting for fiscal year 2024.

C. Error Correction

The Town of Friday Harbor did not have any error corrections identified as of the previous financial statements ending fiscal year 2023.

NOTE 3 – BUDGET COMPLIANCE

The Town of Friday Harbor adopts annual appropriated budgets for all funds, except fiduciary funds. These budgets are appropriated at the fund level, except the general (current expense) fund, where budget is adopted at the department 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	Final Appropriated	Actual Expenditures	Variance
General Fund	3,516,371.00	3,019,694.01	496,676.99
General Capital Reserve	115,000.00	97,811.65	17,188.35
Street	1,249,403.32	909,235.13	340,168.19
Street Capital Reserve	2,856,162.59	2,439,498.35	416,664.24
Special Revenue	732,795.00	605,922.15	126,872.85
Capital Projects	0.00	0	0.00
Water	3,202,205.00	2,328,662.98	873,542.02
Water Capital Reserve	1,171,575.00	889,453.99	282,121.01
Water Bond Redemption	218,204.00	218,204.00	0.00
Sewer	2,926,995.00	1,562,680.39	1,364,314.61
Sewer Bond Redemption	287,206.00	365,033.40	-77,827.40
Sewer Capital Reserve	982,297.11	945,205.18	37,091.93
Refuse	1,713,240.00	1,244,212.53	469,027.47
Landfill Closure	46,140.00	43,860.00	2,280.00
Refuse Capital Reserve	205,672.12	177,424.06	28,248.06
Stormwater	513,087.50	223,232.03	289,855.47
Stormwater Bond Redemption	0.00	0	0.00
Stormwater Capital Reserve	108,884.05	88,606.28	20,277.77
Total	19,845,237.69	15,158,736.13	4,686,501.56

The Town of Friday Harbor adopts budgets for operating costs, capital reserves, and debt reserves, these funds are not reported separately on the financial statements, but in the appropriate general fund, special revenue fund, capital projects fund, or enterprise fund.

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 Town's legislative body.

NOTE 4 – DEPOSITS AND INVESTMENTS

Investments are reported at amortized cost. Deposits and investments by type on December 31, 2024, are as follows:

Type of deposit or investment	Town of Friday Harbor's own deposits and investments	Deposits and investments held by the Town as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$16,539,092	\$4,704	\$16,543,795
Certificates of deposit	-	-	-
Local Government Investment Pool	\$15,041,603	-	\$15,041,603
U.S. Government securities	-	-	-
Other	-	-	-
Total	\$31,580,695	\$4,704	\$31,585,399

It is the Town'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 Town of Friday Harbor 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 investment 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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Town of Friday Harbor 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 Town of Friday Harbor'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 Town of Friday Harbor or its agent in the government's name.

NOTE 5 – ENVIRONMENTAL AND CERTAIN ASSET RETIREMENT LIABILITIES

Based on the engineering firm's estimate, the Town of Friday Harbor has the following liabilities associated with the closure of its landfill(s). These amounts were updated in April 2024 to values determined by the engineering firm. The amounts were last updated for inflation on a rolling 10-year schedule to be updated annually. The amount of post-closure costs reported on the Schedule of Liabilities is \$32,922.11.

Due to additional requirements with landfill closure, it is unknown when the landfill will be fully closed. Additional post-closure care costs are anticipated but undetermined of dollar amounts at this time. The Town of Friday Harbor has contracted with an engineer to reevaluate costs annually based on a rolling 10-year schedule.

NOTE 6 – JOINT VENTURES, COMPONENT UNIT(S), AND RELATED PARTIES

A. Joint Ventures

Since 2005 the Town of Friday Harbor has worked with the Family Resource Center to provide emergency financial assistance to Town utility customers. This utility assistance program is administered by the Family Resource Center and funded through donations.

B. Component Unit(s)

The elected officials of the Town of Friday Harbor do not have any component unit(s) to disclose where they are financially accountable or solicit contributions and managing funds.

C. Related Parties

The Mayor, Town Council, Town Administrator and Clerk/Treasurer are positions considered for transactions with related parties. A separate attachment to this report is submitted to the auditors identifying each of the elected and appointed officials of the Town of Friday Harbor and the spouses of each person, if applicable, regarding employer information and interests during the financial statement period. No funds were directly expended to any of the individuals listed, with the exception to payroll and travel or office supply related reimbursements. Some funds may be expended with their employers for services rendered; however, these would be minor in nature and not material related.

NOTE 7 – LEASES (LESSEES)

During the year 2022, the Town of Friday Harbor adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

Leased Arrangements

Optical Viewer: The Town of Friday Harbor leases 1 tower optical non-coin-operated viewer located in Overlook Park from The Tower Optical Company Inc for \$450 per year under an initial 2-year lease agreement beginning December 1, 2014, and shall continue until written termination at least 30 days prior to terminating the lease in 2-year terms.

Copy Machines: The Town of Friday Harbor leases 3 copy machines from United Business Machines, payable to Wells Fargo, for \$328.23 per month under a 5-year lease agreement with an automatic month-to-month renewal that started September 21, 2022, and ends September 20, 2027.

Public Parking Lot: The Town of Friday Harbor leases a portion of 330 Spring St for municipal parking from JAC 330 Spring San Juan, LLC. A 3-year term commencing September 1, 2022, through August 31, 2025, includes monthly payments of \$2,150 for the first year, no less than \$2,214.50 for the second year, and no less than \$2,280.94 for the third year. Years 2 and 3 are subject to a cost-of-living increase of no less than 3%. Either party has the right to terminate the lease with 60 days' advance written notice.

Postage Machine: The Town of Friday Harbor entered into a lease agreement in August 2022 for 1 postage machine from Quadient Leasing USA, Inc to take effect in January 2023. Lease payments are billed quarterly for \$63.99 plus applicable taxes per month (\$208.29 quarterly) under a 63-month lease agreement with an automatic renewal on a quarter-to-quarter basis. Cancellation of lease can only occur 90-days prior to initial term end date or 30-days prior to renewal period end date.

Water Antenna Pole Space: The Town of Friday Harbor entered into a lease agreement for pole space in October 2022 with Rock Island Communications to take effect once our radio-read antenna is installed for \$450 per month under a 60 month or 5-year lease agreement, with an automatic renewal for 12 months. The radio-read equipment was installed on the pole on December 20, 2022. The lease started January 4, 2023, and ends January 3, 2028.

Wide Format Printer: The Town of Friday Harbor entered into a lease agreement in September 2023 for 1 Canon Wide Format Printer from United Business Machines to take effect September 28, 2023. Lease payments are billed monthly for \$209 plus applicable taxes under a 60-month lease term. At the end of term and upon 30 days written notice, the Town will either return the equipment or purchase the equipment at Fair Market Value.

Plastics Recycle Bin: The Town of Friday Harbor entered into an agreement on October 28, 2022, with Lauts, Inc. dba Lautenbach Recycling for the Plastic Recycle Program to take effect October 1, 2022. This program was initiated as a trial by SC Johnson that funded the program for the first year. Once the trial program was complete, the Town decided to continue the program to determine if it is a long-term program that the Town will continue to offer to citizens. To run this program, plastics need to be held in its own bin to avoid contamination from other garbage. Lease payments are billed monthly at \$90 per month to be split between the Town and San Juan County under a minimum 12-month lease term.

Lease Payments

The total amount paid for leases in 2024 was \$41,365.66. As of December 31, 2024, the future lease payments are as follows:

Year	Total
2025	29,615.23
2026	13,648.65
2027	12,580.26
2028	2,249.18
2029	
Total	58,093.32

NOTE 8 – LONG-TERM LIABILITIES (FORMERLY LONG-TERM DEBT)

The following table provides details of the outstanding debt of the Town of Friday Harbor and summarizes the Town of Friday Harbor's debt transactions for year ended December 31, 2024.

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

Year	Principal	Interest	Total
2025	445,885.78	214,869.55	660,755.33
2026	462,188.40	198,231.26	660,419.66
2027	446,015.97	193,015.39	639,031.36
2028	439,799.38	224,346.14	664,145.52
2029	399,971.08	206,370.53	606,341.61
2030-2034	1,801,314.56	941,373.89	2,742,688.45
2035-2039	1,963,921.73	778,766.74	2,742,688.47
2040-2060	6,656,815.57	1,344,429.95	8,001,245.52
Total	12,615,912.48	4,101,403.44	16,717,315.92

A. Unused Lines of Credit

Lines of credit the Town of Friday Harbor maintains are on purchase, store and fuel cards that are not considered eligible for reporting requirements.

B. Compensated Absences

During the year ended December 31, 2024, the following changes occurred in compensated absences:

	Beginning Balance 01/01/2024	Additions	Reductions	Ending Balance 12/31/2024
Compensated Absences*	240,865	340,051	-	580,916

*Additions and reductions are reported as a net change

NOTE 9 – OTHER DISCLOSURES

Contingencies and Litigations

All contingency and litigation notes disclosed are as recommended to be included by the Town of Friday Harbor's Finance Director, as provided by the Town Administrator.

Litigation Resolved – San Juan County – Unauthorized Water Use at Fairgrounds

In April 2023, the Town Administrator, Denice Kulseth began working with San Juan County regarding unauthorized water use at the fairgrounds. The fairgrounds property is connected to the Town water system and has been in violation of Friday Harbor Municipal Code section 13.12.010-Limitation on Out-of-Town Services as the only approved water use at the fairgrounds was to support the County Fair and fire suppression at the main building. Any additional use that has been taking place on this parcel was unauthorized.

On November 30, 2023, San Juan County was issued a letter that stated the Town Council will take enforcement action as necessary with hopes of further cooperation to resolve the issue. A notice of violation was issued on January 9, 2024, after no further attempts at cooperation occurred. The County appealed the Town Administrator's notice of violation on January 19, 2024, and presented their appeal at the Town Council meeting on April 4, 2024. Deliberations were held on April 18, 2024, where the Town Council agreed with the Town Administrator's findings pursuant to Friday Harbor Municipal Code. On May 21, 2024, the County filed a lawsuit against the Town of Friday Harbor challenging the notice of violation. On January 6, 2025, the judge ruled that the Council's decision was deficient in that the findings of fact were insufficient to support the conclusions of law. The town chose not to appeal. The County continues its illegal use of water outside the town limits.

Litigation Pending – American Legion and Friday Harbor House (FHH) – FHH Development Agreement

The Legion sued the Town to prevent the Council from approving a development agreement with hotel developer Friday Harbor House. Friday Harbor House intended to expand the hotel on property formerly owned by the Port of Friday Harbor. Friday Harbor House intervened in the lawsuit and then sued third-party defendant Port of Friday Harbor. The Legion claims Friday Harbor House is subject to the terms of an agreement between the Legion and the Port that prohibited construction over a certain height on the land where the expansion will be built. The town is not taking an active position in the litigation, but is monitoring its progression. It is still in the discovery stage.

No litigation pending, but threatened – Holiwalk Development

The developer of an affordable housing project appealed the Council's decision to require frontage improvements. The Hearing Examiner ruled the frontage improvements could not be required because the town had approved the developer's site plan without those improvements shown. The Town chose not to appeal. The parties are still disputing the remaining requirements for the project. The developer's attorney has made a threat of litigation. The matter has been turned over to the Town Attorney.

Ongoing Mediation – Union Grievance - Minney

Minney filed a grievance that was denied as untimely. The basis for the grievance was failure to provide a performance review within 30 days of his anniversary date and failure to grant a discretionary merit increase. The grievance was filed 39 working days late. The grievant attempted to appeal to the Mayor. The appeal was filed 4 working days late. The grievant attempted to appeal to an arbitrator. The request to arbitrate was filed 20 working days late. The performance review was completed. The town exercised its

discretion to deny a merit increase for failing to take a certification exam offered by the state. The parties have agreed to mediation which is scheduled for July 2.

Mediation Resolved – Union Negotiations

The union halted bargaining and filed for mediation through PERC. The Town agreed to mediation even though bargaining had not come to impasse. The mediator settled the matter in a few hours. The result was a 2025-2027 contract on much the same terms as the Town had proposed.

Significant Commitments or Obligations

The Town of Friday Harbor has active construction projects as of December 31, 2024. The projects include construction and plan updates.

The Town of Friday Harbor's commitments with contractors are as follows:

Project #	Project	Spent to Date (05/30/2025)	Remaining Commitment	Future Financing Needed
1	Wastewater Treatment Plant Upgrade*	\$2,328,250.32	\$19,140,461.70	None – Grant, Loan, Forgivable Loan, and Self-Funded
2	Sunken Park Improvement	\$15,474.22	\$84,525.78	None – Grant Funded
3	Water Treatment Plant 4th Filter**	\$439,440.46	\$5,116,005.12	Pending Funding and Self-Funded
4	Sand Shed at 1000 Guard Street	\$18,732.96	\$177,684.88	None – Self-Funded
5	Comprehensive Plan Updates (2842)	\$234,331.94	\$101,168.06	None – Grants and Self-Funded
6	Public Works Standards Update	\$75,067.85	\$14,380.15	None – Self-Funded
7	Comprehensive Stormwater Master Plan (2696/2929)	\$102,376.00	\$52,739.00	None – Self-Funded
8	Comprehensive Water System Plan Update (2566/2935)	\$201,210.81	\$0	Project Complete – Self-Funded
9	Pocket Park Design Guide	\$21,912.05	\$0	Project Complete – Self-Funded
10	Marguerite Place Improvements (Spring St to Park St)	\$2,480,638.18	\$0	Project Complete – Grant and Self-Funded
11	2024 Crack Seal Improvement Project	\$110,360	\$0	Project Complete – Grant
12	Sunshine Alley Bathroom renovation	\$114,176.04	\$0	Project Complete – Self-Funded

*Wastewater Treatment Plant Upgrade remaining commitment does not include exact construction costs due to not being awarded as May 30, 2025.

**Water Treatment Plant 4th Filter remaining commitment includes design commitments plus \$4,500,000 of awarded funding that has not been contracted. Design is not complete, resulting in no engineers estimate or construction contracted as of May 30, 2025.

Project 1 Wastewater Treatment Plant Upgrade – Ongoing: The Wastewater Treatment Plant Upgrade project began in 2019 to comply with Department of Ecology requirements. This project was transformed

into a larger project as design occurred. It initially consisted of a belt dryer replacement, then a biosolids handling project, then to a plant upgrade project. This project was initially planned to start construction in 2023 for an estimated \$19,000,000 project. However, the Town made the decision to reject bids for this project on May 4, 2023, via resolution number 2794, due to bids coming in \$14,000,000 over the engineers' estimate. Redesign was completed with optional bid items that are subject to funding availability. Sealed bids are due by 2:00pm on May 28, 2025, for possible award on June 5, 2025. Construction is anticipated to be completed by 2027. The Department of Ecology has awarded \$149,000 in grant through the Water Quality Puget Sound Nutrient Reduction Program and \$4,546,742 in loan and forgivable loan through Water Quality Combined Financial Assistance Program. USDA Rural Development has awarded \$8,807,900 grant and \$6,905,000 loan with the Town of Friday Harbor having a required \$1,060,070 match for construction. Overall outside funding sources total \$20,408,642; making the available funding for this project \$21,468,712.

Project 2 – Sunken Park Improvement – Ongoing: The Sunken Park Deferred Maintenance project began July 1, 2024, and ends June 30, 2025. includes work on the Park's pedestrian boardwalk, site overlook, pedestrian guardrail, and stair access points. Sunken Park's boardwalk and overlook are elevated above the interior of the park at an elevation of 8 to 12 feet and wrap around the exterior of the park with a pedestrian guardrail. The primary recreational activity supported by this project is maintenance of outdoor recreation sites. The Town of Friday Harbor has received \$100,000 grant funding through Washington State Recreation and Conservation Office. Design for this project began in February 2025 and construction was awarded May 1, 2025. Construction will be completed by June 30, 2025. This project is funded by a WA State Recreation and Conservation Office grant of \$100,000.

Project 3 – Water Treatment Plant 4th Filter – Ongoing: The existing water treatment plant has three operating filters, each originally designed with a capacity of 350 gallons per minute (gpm) but are now operating at a reduced capacity of 200 gpm each. The Town is adding a fourth filter to bring the water treatment plant up to the rated design capacity of 700 gpm, which requires expanding the water treatment building 20 feet to the north and relocating and replacing the existing septic system. In addition, this project will modify the current filters from a pumped effluent to a gravity system, with filtered effluent directed to a transfer tank, and vertical turbine pumps to pump filtered effluent to the Granular Activated Carbon (GAC) system. The final design of this project is not complete. As of February 1, 2025, the Town was selected for a \$4,500,000 loan and grant award from the WA State Department of Health Office of Drinking Water for the construction phase of this project and the remainder is self-funded.

Project 4 – Sand Shed at 1000 Guard Street – Ongoing: The Town of Friday Harbor requires a canopy over an existing concrete block enclosure with lighting that is used to store sand and equipment located at 1000 Guard Street. This project is self-funded. The design phase has been completed, and the construction phase has been awarded but has not started as of May 26, 2025.

Project 5 – Comprehensive Plan Updates – Ongoing: The Town of Friday Harbor is working with a consultant to help the Town conduct a Periodic Update of its Comprehensive Plan. The update will develop an implementable comprehensive plan that realizes the community's vision for the Town of Friday Harbor. This plan will take into consideration strategic planning of utility infrastructure, community resiliency, economic growth, and appropriate municipal investments to provide quality of life amenities. Additionally, this effort will build on the Town's Housing Action Plan. This project is a combination of self-funding and \$200,000 grant funding from the WA State Department of Commerce. This project has not been completed as of May 30, 2025.

Project 6 – Public Works Standards Update – Ongoing: The Town of Friday Harbor is working with a consultant to update the Town’s *Street and Storm Drainage Standards* that were adopted in 1998 and the Town’s *Water System and Sewer System Extension Requirements* that were adopted in 1992. These standards will be incorporated into one document, *Public Works Standards*. These standards will facilitate the review and permitting process with permitting requirements, variance requirements, and development standards within the Town of Friday Harbor. This project is self-funded and has not been completed as of May 30, 2025.

Project 7 – Stormwater Management Plan Update – Ongoing: The Town of Friday Harbor Stormwater Master Plan was last updated in 2005. The Town is working with a consultant to update the plan to assist with the planning and development of capital projects, operation and maintenance activities and costs, and a financial review of stormwater utility rates. The plan will incorporate guidance for water quantity and quality control contained in the Washington State Department of Ecology’s 2019 *Stormwater Management Manual for Western Washington*. This project is self-funded and has not been completed as of May 30, 2025.

Project 8 - Comprehensive Water System Plan Update – Complete: Pursuant to WAC 246-290-100(10) requires that water purveyors update their water system plan at least every six years. The Town of Friday Harbor is working with a consultant to update the plan. Updates will include reviewing past and projecting future water demands; reviewing water system level of service goals and regulatory requirements; assessing system performance, capacity, and potential deficiencies relative to anticipated water system demands, performance goals, and regulatory requirements; proposing needed system improvement alternatives to address anticipated deficiencies; evaluating improvement alternatives; providing recommendations for associated system capital and operations and maintenance improvements, and developing a financial program to support capital and operations revenue needs. This project was self-funded. The guide was adopted by Resolution number 2917 on December 19, 2024.

Project 9 – Downtown Pocket Park Design Guide – Complete: The Town of Friday Harbor worked with a consultant to develop a Downtown Pocket Park Design Guide that can be used to direct the future development of the public right-of-way, both by the Town on its capital improvement projects and by Private Developers on frontage improvements. The guide primarily focuses on pocket park design features such as sidewalks, decorative hardscape, landscaping, street furniture, and other urban design amenities that can be integrated with the pedestrian facilities, roadways, intersections, roundabouts, alleys, and other public spaces within downtown. The design guide’s purpose will inform the Town, residents, and developers, of the character and quality of design for the pocket parks to integrate into the downtown area. This project was self-funded. The guide was adopted by Resolution number 2918 on December 19, 2024.

Project 10 – Marguerite Place Improvements (Spring St to Park St) – Complete: The Town of Friday Harbor completed street, water, sewer, and stormwater improvements to Marguerite Place from Spring Street to Park Street. The Town received \$925,000 in grant funding for the street improvements from the Transportation Improvement Board and the rest of the project costs were self-funded. This project was accepted as complete on February 6, 2025.

Project 11 – 2024 Crack Seal Improvement Project – Complete: The Town of Friday Harbor completed street maintenance consisting of cleaning and filling approximately 30,500 linear feet in asphalt within the Town with traffic control. This project was fully funded by grant through the Transportation Improvement Board and accepted as complete on December 19, 2025.

Project 12 – Sunshine Alley Public Restroom Renovation – Complete: The Town of Friday Harbor provides a public restroom within Town for tourism purposes. The public restrooms required renovation that included plumbing and tile repair. This project was self-funded through hotel/motel taxes and accepted March 3, 2025.

Note 10 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the Town of Friday Harbor’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 PERS Plans 2 or 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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at <http://www.drs.wa.gov>.

At June 30, 2024 (the measurement date of the plans), the Town of Friday Harbor’s proportionate share of the collective net pension liabilities (assets), as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$81,648.28	0.013883%	\$246,678
PERS 2/3			
Total Net Liability (Schedule 09)	\$81,648.28		\$246,678

B. Defined Contribution Pension Plans

The Town of Friday Harbor participates in the Washington State Department of Retirement System (DRS) defined contribution pension plan administered by the Washington State DRS. The Town, pursuant to the Collection Bargaining Agreement (CBA) and ordinance for non-represented employees, provided a monthly match of up to \$30 contribution to the plan for any employee that contributes a \$30 or more contribution to the plan. The Town provided a total of \$7,800 to the plan on behalf of employees for year ended December 31, 2024.

Note 11 – 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 Calendar	
January 1	Tax is levied and becomes an enforceable lien against the properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due

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

The Town of Friday Harbor's regular levy for the year 2024 was \$0.62954 per \$1,000 on an assessed valuation of \$916,765,834 for a total regular levy of \$577,141.52.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

Note 12 – Risk Management

The Town of Friday Harbor is a member of two risk management pools and self-insured for unemployment compensation providing coverages and services as follows:

Property, Liability, and Fidelity

The Town of Friday Harbor 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, 2024, 110 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. AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$500,000, per occurrence, \$9.5 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 StarStone Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The property reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through a shared and layered program led by AIG Specialty Insurance Company and CHUBB. In 2024, AWC RMSA carried a retention of \$300,000, NLC MIC reinsures up to \$3 million, the shared and layered program led by 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.

Employee Benefit Trust Health & Welfare Program

The Town of Friday Harbor 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, 2024, 268 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2024, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB").

In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor’s office.

Unemployment Compensation

The Town has entered into a “reimbursable” agreement with the WA State Department of Employment Security (ESD) for unemployment compensation. This is considered a form of self-insurance. The Town utilized the ESD for all claims activity. The Town feels it has sufficient funds within its governmental and proprietary funds to accommodate any unemployment claim that may be forthcoming.

Note 13 – Subscription Based Information Technology Arrangements (SBITA)

During the year ended 2023, the Town of Friday Harbor adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement will result in the addition of a subscription liability reported on the Schedule of Liabilities in the future. The Town does not currently make subscription payments under the guidance for SBITA.

The total amount paid for SBITAs in 2024 was \$0. As of December 31, 2024, the future SBITA payments are as follows:

Year	Total
2025	0
2026	0
2027	0
2028	0
2029	0
2030-2034	0
Total	0

Town of Friday Harbor

Schedule 01

For the year ended December 31, 2024

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	001	General	3085100	Assigned Cash and Investments - Beginning	\$6,716,790
0626	001	General	3089100	Unassigned Cash and Investments - Beginning	\$762,791
0626	001	General	3111000	Property Tax	\$426,760
0626	001	General	3131100	Local Retail Sales and Use Tax	\$1,729,532
0626	001	General	3131500	Special Purpose Sales and Use Tax	\$733,254
0626	001	General	3137100	Criminal Justice Sales and Use Tax	\$118,237
0626	001	General	3172000	Leasehold Excise Tax	\$172,831
0626	001	General	3219100	Franchise Fees and Royalties	\$351
0626	001	General	3219900	Other Business Licenses and Permits	\$46,358
0626	001	General	3221000	Buildings, Structures and Equipment	\$79,651
0626	001	General	3229000	Other Non-Business Licenses and Permits	\$6,611
0626	001	General	3340420	State Award from Department of Commerce	\$93,000
0626	001	General	3360621	Criminal Justice - Violent Crimes/Population	\$1,038
0626	001	General	3360625	Criminal Justice - Contracted Services	\$6,108
0626	001	General	3360626	Criminal Justice - Special Programs	\$3,646
0626	001	General	3360642	Marijuana Excise Tax Distribution	\$4,273
0626	001	General	3360651	DUI and Other Criminal Justice Assistance	\$264
0626	001	General	3360694	Liquor/Beer Excise Tax	\$19,009
0626	001	General	3360695	Liquor Control Board Profits	\$21,645
0626	001	General	3414200	Treasurers' Fees	(\$15)

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	001	General	3418100	Data/Word Processing, Printing, Duplicating and IT Services	\$76
0626	001	General	3423000	Detention and Correction Services	\$3,887
0626	001	General	3458100	Zoning and Subdivision Services	\$5,120
0626	001	General	3458300	Plan Checking Services	\$47,476
0626	001	General	3458600	SEPA Related Mitigation Fees	\$600
0626	001	General	3458900	Other Planning and Development Services	\$720
0626	001	General	3523000	Proof of Motor Vehicle Insurance	\$67
0626	001	General	3531000	Traffic Infraction Penalties	\$7,088
0626	001	General	3537000	Non-Traffic Infraction Penalties	\$327
0626	001	General	3540000	Civil Parking Infraction Penalties	\$39,451
0626	001	General	3552000	Driving Under Influence (DUI) Fines	\$3,068
0626	001	General	3558000	Other Criminal Traffic Misdemeanor Fines	\$433
0626	001	General	3569000	Other Criminal Non- Traffic Fines	\$263
0626	001	General	3573700	District/Municipal Court Cost Recoupments	\$33
0626	001	General	3590000	Non-Court Fines and Penalties	\$1,207
0626	001	General	3611000	Investment Earnings	\$189,531
0626	001	General	3614000	Other Interest	\$11,240
0626	001	General	3691000	Sale of Surplus	\$5,400
0626	001	General	3699100	Miscellaneous Other Operating	\$3,591
0626	101	Street	3083100	Restricted Cash and Investments - Beginning	\$900,378
0626	101	Street	3084100	Committed Cash and Investments - Beginning	\$0
0626	101	Street	3085100	Assigned Cash and Investments - Beginning	\$2,634,733
0626	101	Street	3111000	Property Tax	\$142,253

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	101	Street	3131500	Special Purpose Sales and Use Tax	\$314,252
0626	101	Street	3132100	Public Transportation Systems Sales and Use Tax	\$543,731
0626	101	Street	3224000	Street and Curb Permits	\$3,855
0626	101	Street	3340380	State Award from Transportation Improvement Board (TIB)	\$497,606
0626	101	Street	3350084	Capron Refunds (Island and San Juan Counties)	\$338,242
0626	101	Street	3360071	Multimodal Transportation - Cities	\$7,545
0626	101	Street	3360087	Motor Vehicle Fuel Tax - City Streets	\$43,992
0626	101	Street	3611000	Investment Earnings	\$52,988
0626	101	Street	3620000	Rents and Leases	\$240
0626	101	Street	3699100	Miscellaneous Other Operating	\$3,534
0626	125	Special Revenue	3083100	Restricted Cash and Investments - Beginning	\$1,570,730
0626	125	Special Revenue	3084100	Committed Cash and Investments - Beginning	\$594,623
0626	125	Special Revenue	3133100	Hotel/Motel Sales and Use Tax	\$555,488
0626	125	Special Revenue	3360235	Harbor Leases	\$2,587
0626	125	Special Revenue	3412600	Recording Surcharge - Affordable Housing	\$1,221
0626	125	Special Revenue	3611000	Investment Earnings	\$47,288
0626	315	Capital Projects	3083100	Restricted Cash and Investments - Beginning	\$3,199,254
0626	315	Capital Projects	3183400	REET 1 - First Quarter Percent	\$73,854
0626	315	Capital Projects	3183500	REET 2 - Second Quarter Percent	\$73,854
0626	315	Capital Projects	3611000	Investment Earnings	\$133,663
0626	410	Water	3083100	Restricted Cash and Investments - Beginning	\$218,204
0626	410	Water	3085100	Assigned Cash and Investments - Beginning	\$6,317,244

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	410	Water	3434000	Water Sales and Services	\$2,510,041
0626	410	Water	3590000	Non-Court Fines and Penalties	\$4,361
0626	410	Water	3611000	Investment Earnings	\$243,791
0626	410	Water	3620000	Rents and Leases	\$88
0626	410	Water	3670000	Contributions and Donations from Nongovernmental Sources	\$107,208
0626	410	Water	3699100	Miscellaneous Other Operating	\$7,764
0626	420	Sewer	3083100	Restricted Cash and Investments - Beginning	\$91,700
0626	420	Sewer	3085100	Assigned Cash and Investments - Beginning	\$5,545,282
0626	420	Sewer	3340310	State Award from Department of Ecology	\$6,032
0626	420	Sewer	3435000	Sewer/Reclaimed Water Sales and Services	\$2,567,971
0626	420	Sewer	3611000	Investment Earnings	\$19,045
0626	420	Sewer	3670000	Contributions and Donations from Nongovernmental Sources	\$83,450
0626	420	Sewer	3699100	Miscellaneous Other Operating	\$3,692
0626	430	Refuse	3083100	Restricted Cash and Investments - Beginning	\$88,413
0626	430	Refuse	3085100	Assigned Cash and Investments - Beginning	\$1,736,870
0626	430	Refuse	3437000	Solid Waste Sales and Services	\$1,445,463
0626	430	Refuse	3611000	Investment Earnings	\$53,948
0626	430	Refuse	3620000	Rents and Leases	\$15,600
0626	430	Refuse	3699100	Miscellaneous Other Operating	\$3,915
0626	450	Stormwater	3083100	Restricted Cash and Investments - Beginning	\$0
0626	450	Stormwater	3085100	Assigned Cash and Investments - Beginning	\$1,364,270
0626	450	Stormwater	3431000	Storm Drainage Sales and Services	\$504,012

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	450	Stormwater	3458300	Plan Checking Services	\$1,100
0626	450	Stormwater	3611000	Investment Earnings	\$26,255
0626	450	Stormwater	3670000	Contributions and Donations from Nongovernmental Sources	\$11,811
0626	450	Stormwater	3699100	Miscellaneous Other Operating	\$380
0626	633	Treasurer's Trust	3083100	Restricted Cash and Investments - Beginning	\$14,769
0626	635	Fiscal Agency	3083100	Restricted Cash and Investments - Beginning	\$7
0626	001	General	5085100	Assigned Cash and Investments - Ending	\$6,752,679
0626	001	General	5089100	Unassigned Cash and Investments - Ending	\$1,393,663
0626	001	General	5113040	Official Publication Services	\$2,348
0626	001	General	5116010	Legislative Activities	\$34,369
0626	001	General	5116020	Legislative Activities	\$3,320
0626	001	General	5116030	Legislative Activities	\$1,318
0626	001	General	5116040	Legislative Activities	\$91,262
0626	001	General	5125240	Contracted Court	\$93,727
0626	001	General	5131010	Executive Office	\$56,001
0626	001	General	5131020	Executive Office	\$13,679
0626	001	General	5131040	Executive Office	\$792
0626	001	General	5142010	Financial Services	\$162,851
0626	001	General	5142020	Financial Services	\$67,418
0626	001	General	5142030	Financial Services	\$531
0626	001	General	5142040	Financial Services	\$18,659
0626	001	General	5154140	External Legal Services - Advice	\$12,562
0626	001	General	5177020	Unemployment Compensation	\$7,148
0626	001	General	5188010	Information Technology Services	\$23,160
0626	001	General	5188020	Information Technology Services	\$6,495
0626	001	General	5188030	Information Technology Services	\$641

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	001	General	5188040	Information Technology Services	\$4,450
0626	001	General	5189010	Other Centralized Services	\$46,665
0626	001	General	5189020	Other Centralized Services	\$18,667
0626	001	General	5189030	Other Centralized Services	\$19,058
0626	001	General	5189040	Other Centralized Services	\$176,022
0626	001	General	5217010	Traffic Policing	\$75,976
0626	001	General	5217020	Traffic Policing	\$26,291
0626	001	General	5217030	Traffic Policing	\$1,364
0626	001	General	5217040	Traffic Policing	\$488,373
0626	001	General	5222040	Fire Suppression and Emergency Medical Services	\$20,000
0626	001	General	5256040	Disaster Preparedness	\$15,000
0626	001	General	5585040	Building Permits and Plan Reviews	\$5,219
0626	001	General	5586010	Planning	\$235,984
0626	001	General	5586020	Planning	\$98,195
0626	001	General	5586030	Planning	\$1,731
0626	001	General	5586040	Planning	\$247,502
0626	001	General	5768010	General Parks	\$76,252
0626	001	General	5768020	General Parks	\$26,127
0626	001	General	5768030	General Parks	\$11,154
0626	001	General	5768040	General Parks	\$24,012
0626	101	Street	5083100	Restricted Cash and Investments - Ending	\$219,881
0626	101	Street	5084100	Committed Cash and Investments - Ending	\$0
0626	101	Street	5085100	Assigned Cash and Investments - Ending	\$2,658,403
0626	101	Street	5177020	Unemployment Compensation	\$4,724
0626	101	Street	5423010	Roadway	\$250,228
0626	101	Street	5423020	Roadway	\$116,630
0626	101	Street	5423030	Roadway	\$86,895

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	101	Street	5423040	Roadway	\$114,045
0626	101	Street	5426340	Street Lighting	\$10,022
0626	101	Street	5426430	Traffic Control Devices	\$121
0626	101	Street	5426610	Snow and Ice Control	\$2,407
0626	101	Street	5426620	Snow and Ice Control	\$1,030
0626	101	Street	5429010	Maintenance Administration and Overhead	\$41,758
0626	101	Street	5429020	Maintenance Administration and Overhead	\$15,478
0626	101	Street	5429030	Maintenance Administration and Overhead	\$2,612
0626	101	Street	5429040	Maintenance Administration and Overhead	\$7,473
0626	101	Street	5431010	Management	\$42,553
0626	101	Street	5431020	Management	\$12,641
0626	101	Street	5431040	Management	\$385
0626	101	Street	5433010	General Services	\$34,723
0626	101	Street	5433020	General Services	\$12,335
0626	101	Street	5433030	General Services	\$426
0626	101	Street	5433040	General Services	\$12,075
0626	125	Special Revenue	5083100	Restricted Cash and Investments - Ending	\$1,570,242
0626	125	Special Revenue	5084100	Committed Cash and Investments - Ending	\$598,037
0626	125	Special Revenue	5573010	Tourism	\$44,340
0626	125	Special Revenue	5573020	Tourism	\$15,851
0626	125	Special Revenue	5573030	Tourism	\$38,192
0626	125	Special Revenue	5573040	Tourism	\$408,139
0626	315	Capital Projects	5083100	Restricted Cash and Investments - Ending	\$3,480,626
0626	410	Water	5083100	Restricted Cash and Investments - Ending	\$218,204
0626	410	Water	5085100	Assigned Cash and Investments - Ending	\$5,755,151
0626	410	Water	5340010	Water Utilities	\$801,587

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	410	Water	5340020	Water Utilities	\$321,682
0626	410	Water	5340030	Water Utilities	\$220,053
0626	410	Water	5340040	Water Utilities	\$1,231,140
0626	420	Sewer	5083100	Restricted Cash and Investments - Ending	\$91,700
0626	420	Sewer	5085100	Assigned Cash and Investments - Ending	\$5,367,406
0626	420	Sewer	5350010	Sewer/Reclaimed Water Utilities	\$651,980
0626	420	Sewer	5350020	Sewer/Reclaimed Water Utilities	\$222,982
0626	420	Sewer	5350030	Sewer/Reclaimed Water Utilities	\$156,701
0626	420	Sewer	5350040	Sewer/Reclaimed Water Utilities	\$944,180
0626	430	Refuse	5083100	Restricted Cash and Investments - Ending	\$67,441
0626	430	Refuse	5085100	Assigned Cash and Investments - Ending	\$1,811,272
0626	430	Refuse	5370010	Solid Waste Utilities	\$475,251
0626	430	Refuse	5370020	Solid Waste Utilities	\$177,892
0626	430	Refuse	5370030	Solid Waste Utilities	\$65,795
0626	430	Refuse	5370040	Solid Waste Utilities	\$570,606
0626	450	Stormwater	5083100	Restricted Cash and Investments - Ending	\$0
0626	450	Stormwater	5085100	Assigned Cash and Investments - Ending	\$1,595,991
0626	450	Stormwater	5310010	Storm Drainage Utilities	\$129,754
0626	450	Stormwater	5310020	Storm Drainage Utilities	\$45,175
0626	450	Stormwater	5310030	Storm Drainage Utilities	\$9,894
0626	450	Stormwater	5310040	Storm Drainage Utilities	\$102,649
0626	633	Treasurer's Trust	5083100	Restricted Cash and Investments - Ending	\$4,503
0626	635	Fiscal Agency	5083100	Restricted Cash and Investments - Ending	\$201
0626	001	General	3812000	Interfund Loan Repayment Received	\$135
0626	001	General	3821000	Refundable Deposits	\$2,000
0626	101	Street	3822000	Retainage Deposits	\$93,668
0626	101	Street	3970000	Transfers-In	\$650,000

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	125	Special Revenue	3822000	Retainage Deposits	\$2,265
0626	410	Water	3822000	Retainage Deposits	\$975
0626	420	Sewer	3822000	Retainage Deposits	\$14,853
0626	633	Treasurer's Trust	3894000	Custodial Type Deposits	\$7,621
0626	635	Fiscal Agency	3893000	Custodial Type Collections	\$12,052
0626	001	General	5821000	Refund of Deposits	\$2,000
0626	001	General	5911870	Debt Repayment - Centralized/General Services	\$3,678
0626	001	General	5915870	Debt Repayment - Community Planning and Economic Development	\$2,726
0626	001	General	5921880	Interest and Other Debt Service Cost - Centralized/General Services	\$69
0626	001	General	5941460	Capital Expenditures/Expenses - Financial, Recording, and Election Services	\$169,796
0626	001	General	5941860	Capital Expenditures/Expenses - Centralized/General Services	\$56,850
0626	001	General	5945860	Capital Expenditures/Expenses - Community Planning and Economic Development	\$16,290
0626	001	General	5947630	Capital Expenditures/Expenses - Park Facilities	\$0
0626	001	General	5947640	Capital Expenditures/Expenses - Park Facilities	\$0
0626	001	General	5947660	Capital Expenditures/Expenses - Park Facilities	\$1,771
0626	001	General	5970000	Transfers-Out	\$650,000
0626	101	Street	5822000	Refund of Retainage Deposits	\$43,719

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	101	Street	5919570	Debt Repayment - Roads/Streets and Other Infrastructure	\$27,146
0626	101	Street	5941860	Capital Expenditures/Expenses - Centralized/General Services	\$3,107
0626	101	Street	5944260	Capital Expenditures/Expenses - Roads/Streets Ordinary Maintenance	\$131,293
0626	101	Street	5944440	Capital Expenditures/Expenses - Roads/Streets Operations	\$313
0626	101	Street	5951040	Capital Expenditures/Expenses - Engineering	\$122,714
0626	101	Street	5952040	Capital Expenditures/Expenses - Right-Of-Way	\$10,633
0626	101	Street	5953040	Capital Expenditures/Expenses - Roadway	\$310
0626	101	Street	5953060	Capital Expenditures/Expenses - Roadway	\$2,240,939
0626	125	Special Revenue	5915770	Debt Repayment - Community Services	\$450
0626	125	Special Revenue	5945760	Capital Expenditures/Expenses - Community Services	\$98,951
0626	410	Water	5822000	Refund of Retainage Deposits	\$2,796
0626	410	Water	5913470	Debt Repayment - Water Utilities	\$88,221
0626	410	Water	5923480	Interest and Other Debt Service Cost - Water Utilities	\$136,090
0626	410	Water	5943460	Capital Expenditures/Expenses - Water Utilities	\$634,751
0626	420	Sewer	5822000	Refund of Retainage Deposits	\$875
0626	420	Sewer	5913570	Debt Repayment - Sewer/Reclaimed Water Utilities	\$297,864

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0626	420	Sewer	5923580	Interest and Other Debt Service Cost - Sewer/Reclaimed Water Utilities	\$67,409
0626	420	Sewer	5943560	Capital Expenditures/Expenses - Sewer/Reclaimed Water Utilities	\$530,929
0626	430	Refuse	5913770	Debt Repayment - Solid Waste Utilities	\$780
0626	430	Refuse	5943760	Capital Expenditures/Expenses - Solid Waste Utilities	\$175,174
0626	450	Stormwater	5812000	Interfund Loan Repayments	\$135
0626	450	Stormwater	5822000	Refund of Retainage Deposits	\$10,634
0626	450	Stormwater	5913170	Debt Repayment - Storm Drainage Utilities	\$239
0626	450	Stormwater	5943160	Capital Expenditures/Expenses - Storm Drainage Utilities	\$13,357
0626	633	Treasurer's Trust	5893000	Custodial Type Remittances	\$17,887
0626	635	Fiscal Agency	5893000	Custodial Type Remittances	\$11,858

Town of Friday Harbor
SCHEDULE SUMMARY OF BANK RECONCILIATION
For the Fiscal Year ended December 31, 2024

[CASH BARS Schedule 06 Instructions Link](#)

Bank & Investment Account name	FROM BANK STATEMENTS					
	Beginning Bank Balance	Deposits		Withdrawals		Ending Bank Balance
		Receipts	Inter-bank transfers In	Disbursements	Inter-bank transfers out	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Deposit Account #0769	\$ 4,339,546	\$ 9,753,445	\$ 13,000,000	\$ 13,812,772		\$ 13,280,220
Deposit Account #5102	\$ 13,755,372	\$ 3,850,409		\$ 457,612	\$ 13,000,000	\$ 4,148,169
Warrant Account #0777	\$ -		\$ 11,311,103		\$ 11,311,103	\$ -
Warrant Account #8039	\$ -		\$ 68,374		\$ 68,374	\$ -
LGIP #0810	\$ 14,275,094	\$ 766,509				\$ 15,041,603
TVI Bonds	\$ -					\$ -
Petty Cash #0488	\$ 250					\$ 250
Petty Cash #0516	\$ -					\$ -
Advanced Travel #0496	\$ 500					\$ 500
Advanced Travel #5093	\$ -					\$ -
Bank Totals	\$ 32,370,762	\$ 14,370,364	\$ 24,379,478	\$ 14,270,384	\$ 24,379,478	\$ 32,470,742

RECONCILING ITEMS					
Beginning Deposits in Transit (8)	\$ 5,348	\$ (5,348)			
Year-end Deposits in Transit (9)		\$ 24,359			\$ 24,359
Beginning Outstanding & Open Period Items (10)	\$ (619,897)		\$ (619,897)		
Year-end Outstanding & Open Period Items (11)			\$ 910,271		\$ (910,271)
NSF Checks (12)		\$ (15,678)	\$ (15,678)		
Cancellation of unredeemed checks/warrants (13)		+			
Interfund transactions (14)		\$ 3,150,060	\$ 3,150,060		
Netted Transactions (15)		\$ (9,807)	\$ (9,807)		
Authorized balance of revolving, petty cash and change funds (16)	\$ 350				\$ 350
Other Reconciling Items, net (17)	\$ (506)	\$ (1,602)	\$ (2,327)		\$ 219
Reconciling Items Totals	\$ (614,704)	\$ 3,141,983	\$ 3,412,623		\$ (885,343)

FROM GENERAL LEDGER					
	Beginning Cash & Investment Balance	Revenues & Other Increases	Expenditures & Other Decreases		Ending Cash & Investment Balance
	(19)	(20)	(21)		(22)
C4/C5 or Trial Balance Totals (18)	\$ 31,756,058	\$ 17,512,347	\$ 17,683,006		\$ 31,585,399
Unreconciled Variance (23)	\$ -	\$ -	\$ -		\$ -

**Town of Friday Harbor
Schedule of Liabilities
For the Year Ended December 31, 2024**

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities							
263.56	Leases, SBITA, and PPPs	Lease Liability - Tower Optical Viewer	12/31/2024	-	450	450	-
263.56	Leases, SBITA, and PPPs	Lease Liability - Postage Machine	4/17/2028	3,332	-	835	2,497
263.56	Leases, SBITA, and PPPs	Lease Liability - Copy Machines	9/20/2027	16,026	-	4,041	11,985
263.56	Leases, SBITA, and PPPs	Lease Liability - Spring St Parking Lot	8/31/2025	42,872	-	26,906	15,966
263.56	Leases, SBITA, and PPPs	Lease Liability - Pole Space for Radio Meters	1/3/2028	23,283	-	5,868	17,415
263.56	Leases, SBITA, and PPPs	Lease Liability - CDP Plotter	9/28/2028	12,699	-	2,726	9,973
263.56	Leases, SBITA, and PPPs	Lease Liability - Plastics Recycle Bin	12/31/2025	450	630	540	540
Total General Obligation Debt/Liabilities:				98,662	1,080	41,366	58,376
Revenue and Other (non G.O.) Debt/Liabilities							
252.11	Non-voted Revenue bonds	USDA Water Transmission Main Loan	11/30/2058	4,754,392	-	82,114	4,672,278
252.11	Non-voted Revenue bonds	USDA Sewer Tertiary Filter & Headworks	4/30/2060	2,204,819	-	47,034	2,157,785
252.11	Non-voted Revenue bonds	USDA Sewer Headworks	4/30/2060	417,831	-	8,770	409,061
259.12	Compensated Absences	Compensated Absences		240,865	340,051	-	580,916
263.22	Liabilities for Landfills Closure and Postclosure	Landfill Closure & Postclosure		118,017	-	85,095	32,922
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	2008 DOE Sewer Submarine Interceptor Loan	5/31/2029	635,842	-	115,608	520,234

**Town of Friday Harbor
Schedule of Liabilities
For the Year Ended December 31, 2024**

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	2019 DOE Sewer Outfall Replacement Design Loan	10/1/2040	117,902	-	5,266	112,636
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	2019 DOE General Facility Plan Loan	4/30/2040	55,197	-	2,850	52,347
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	2021 DOE Sewer Outfall Replacement Construction	7/1/2044	2,776,215	-	50,960	2,725,255
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	WWTP Solids Treatment Upgrades	9/30/1957	533,100	1,198,528	-	1,731,628
263.88	Public Works Trust Fund (PWTF) Loans	2006 PWTF Sewer Fund Loan	7/1/2026	63,156	-	21,053	42,103
263.88	Public Works Trust Fund (PWTF) Loans	2008 PWTF Sewer Fund Loan	7/1/2027	184,338	-	46,084	138,254
264.30	Pension Liabilities	Pension Liabilities		398,771	-	152,093	246,678
Total Revenue and Other (non G.O.) Debt/Liabilities:				12,500,445	1,538,579	616,927	13,422,097
Total Liabilities:				12,599,107	1,539,659	658,293	13,480,473

**Town of Friday Harbor
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2024**

State Agency Name	Program Title	Identification Number	Total
State Award from Department of Commerce	Comp Plan: GMA Periodic Update Grant 2025 Jurisdiction (SFY24-SFY25)	24-63335-033	50,000
State Award from Department of Commerce	Comp Plan: Growth Management Services 2023-2025 Climate Planning Grant	24-63610-121	43,000
Sub-Total:			93,000
State Award from Transportation Improvement Board (TIB)	2024 Street Maintenance	2-W-831(008)-1	110,360
State Award from Transportation Improvement Board (TIB)	Marguerite PI (Spring St to Park St)	6-W-831(010)-1	2,251,171
Sub-Total:			2,361,531
State Award from Department of Ecology	WWTP Improvements	WQC-2021-FriHar-00212	436,475
Sub-Total:			436,475
State Award from Department of Health	WTP Improvements Project	26595	279,666
Sub-Total:			279,666
Total State Grants Expended:			3,170,672

Town of Friday Harbor
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	222,692	222,692	-	
Total Federal Awards Expended:				-	222,692	222,692	-	

The accompanying notes are an integral part of this schedule.

Town of Friday Harbor
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Town of Friday Harbor financial statements. The Town of Friday Harbor uses the Other Comprehensive Basis of Accounting (OCBOA) also known as Cash Basis method of governmental accounting in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the Washington State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Note 2 – Federal De Minimis Indirect Cost Rate

The Town of Friday Harbor has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Federal Loans

The Town was approved by the USDA Rural Utilities Service to receive a loan totaling \$6,905,000 to build a sewer treatment plant. Interim loan financing was received for the construction period. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is \$6,905,000. However, expenses have not been made for construction and this loan has not been drawn upon due to the project getting put on hold for redesign.

Both the current and prior year loans are reported on the Town of Friday Harbor's Schedule of Liabilities.

Note 7 – Program Costs

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the Town of Friday Harbor's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Town of Friday Harbor
Schedule 21 Questions 1-6 (unaudited)
For Fiscal Year Ended: 2024

Property and Liability Insurance	Health and Welfare Insurance	Unemployment Compensation Obligations	Workers Compensation Obligations	Other Risks or Obligations
Belong to a public entity risk pool	Belong to a public entity risk pool	"Reimbursable" status, but with no accumulated resources (i.e. risk assumption)	Pay premiums to the Department of Labor and Industries	

Washington PFML Program	Entity	Government Type
Pay premiums to the State’s program for both benefits	Town of Friday Harbor	City/Town