

Bayview Water
& Sewer District

Financial Statements
NOVEMBER 30, 2019

Bayview Water and Sewer District

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Financial Section

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bayview Water and Sewer District
Bayview, ID 83803

Report on the Financial Statements

We have audited the accompanying financial statements of Bayview Water and Sewer District, as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Bayview Water and Sewer District, as of November 30, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, We have also issued our report dated November 11, 2020, on our consideration of the Bayview Water and Sewer District's internal control over financial reporting and on our test of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

November 11, 2020

Financial Section

Basic Financial Statements

Bayview Water and Sewer District

STATEMENT OF NET POSITION
November 30, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 122,889	\$ 66,793	\$ 189,682
Interest receivable - special assessments	2,584	2,450	5,034
Accounts receivable	20,657	17,196	37,853
Tax roll receivable	9,806	9,806	19,612
Prepaid expenses	2,301	2,301	4,602
Current portion of special assessments	9,198	462	9,660
Total current assets	<u>167,435</u>	<u>99,008</u>	<u>266,443</u>
Restricted cash:			
LID bond debt service account	295,824	-	295,824
LID bond guarantee account	111,409	-	111,409
Total restricted cash	<u>407,233</u>	<u>-</u>	<u>407,233</u>
Capital assets:			
Land	6,250	208,558	214,808
Sewer system	-	3,804,544	3,804,544
Water system	2,599,072	-	2,599,072
Automotive	-	12,930	12,930
Office equipment	3,485	3,485	6,970
Office building	50,747	50,747	101,494
Total capital assets, at cost	<u>2,659,554</u>	<u>4,080,264</u>	<u>6,739,818</u>
Less: Accumulated depreciation	<u>(1,094,743)</u>	<u>(2,123,754)</u>	<u>(3,218,497)</u>
Net capital assets	<u>1,564,811</u>	<u>1,956,510</u>	<u>3,521,321</u>
Other assets:			
Special assessments, net of current portion	<u>197,628</u>	<u>18,546</u>	<u>216,174</u>
Total assets	<u>\$ 2,337,107</u>	<u>\$ 2,074,064</u>	<u>\$ 4,411,171</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7,107	\$ 12,127	\$ 19,234
Payroll liabilities	1,308	1,309	2,617
Unearned revenue	6,691	5,280	11,971
Total current liabilities	<u>15,106</u>	<u>18,716</u>	<u>33,822</u>
Current liabilities payable from restricted assets:			
Current portion of LID bonds payable	96,113	-	96,113
Accrued interest payable	436	-	436
Total current liabilities payable from restricted assets	<u>96,549</u>	<u>-</u>	<u>96,549</u>
Non-current liabilities:			
LID bonds payable, net of current portion	<u>165,280</u>	<u>-</u>	<u>165,280</u>
Total liabilities	<u>276,935</u>	<u>18,716</u>	<u>295,651</u>
NET POSITION			
Net investment in capital assets	1,303,418	1,956,510	3,259,928
Restricted for debt service	352,666	-	352,666
Restricted for capital improvement	15,320	-	15,320
Unrestricted	388,768	98,838	487,606
Total net position	<u>\$ 2,060,172</u>	<u>\$ 2,055,348</u>	<u>\$ 4,115,520</u>
Total liabilities and net position	<u>\$ 2,337,107</u>	<u>\$ 2,074,064</u>	<u>\$ 4,411,171</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Bayview Water and Sewer District

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Year Ended November 30, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Water	\$ 186,377	\$ -	\$ 186,377
Sewer	-	173,325	173,325
Late charges and miscellaneous	1,891	8,096	9,987
Total operating revenues	<u>188,268</u>	<u>181,421</u>	<u>369,689</u>
OPERATING EXPENSES:			
Auto expense	830	835	1,665
Bank and finance charges	118	94	212
Contracted services	35,494	51,866	87,360
Depreciation	56,571	81,336	137,907
Dues and subscriptions	819	819	1,638
Fee assessments	1,740	-	1,740
Insurance - liability	3,588	3,588	7,176
Insurance - medical	1,253	1,253	2,506
Miscellaneous	735	333	1,068
Office expenses	2,942	2,086	5,028
Payroll expenses	18,775	18,775	37,550
Professional fees	10,001	14,907	24,908
Repairs and maintenance	61,899	61,192	123,091
Telephone	2,177	2,177	4,354
Utilities	24,918	25,164	50,082
Total operating expenses	<u>221,860</u>	<u>264,425</u>	<u>486,285</u>
OPERATING (LOSS)	<u>(33,592)</u>	<u>(83,004)</u>	<u>(116,596)</u>
NON-OPERATING REVENUES/(EXPENSES):			
Hookup and cap fees	50,620	8,400	59,020
Interest income - general	1,529	30	1,559
Interest income - special assessments	6,164	1,804	7,968
Insurance proceeds	7,232	-	7,232
Gain/(Loss) on sale of assets	-	(292)	(292)
Interest expense	(7,223)	-	(7,223)
Total non-operating revenues/(expenses)	<u>58,322</u>	<u>9,942</u>	<u>68,264</u>
CHANGE IN NET POSITION	24,730	(73,062)	(48,332)
NET POSITION, beginning of year	<u>2,035,442</u>	<u>2,128,410</u>	<u>4,163,852</u>
NET POSITION, end of year	<u><u>\$ 2,060,172</u></u>	<u><u>\$ 2,055,348</u></u>	<u><u>\$ 4,115,520</u></u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Bayview Water and Sewer District

**STATEMENT OF CASH FLOWS
For the Year Ended November 30, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 186,420	\$ 177,446	\$ 363,866
Cash paid to suppliers	(141,857)	(171,548)	(313,405)
Cash paid to employees	(19,104)	(19,103)	(38,207)
Net cash provided (used) by operating activities	<u>25,459</u>	<u>(13,205)</u>	<u>12,254</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	(7,232)	-	(7,232)
Principal debt payments - LID bonds	(93,961)	-	(93,961)
Interest payments - LID bonds	(7,379)	-	(7,379)
Proceeds from special assessments	69,226	6,157	75,383
Capital grants	5,041	-	5,041
Hook ups and cap fees	50,620	8,400	59,020
Net cash provided (used) by capital and related financing activities	<u>16,315</u>	<u>14,557</u>	<u>30,872</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received	8,153	1,846	9,999
Net cash provided by investing activities	<u>8,153</u>	<u>1,846</u>	<u>9,999</u>
Net increase in cash	49,927	3,198	53,125
Cash, beginning of year	480,195	63,595	543,790
Cash, end of year	<u>\$ 530,122</u>	<u>\$ 66,793</u>	<u>\$ 596,915</u>
<u>Displayed in statement of net position as:</u>			
Cash & cash equivalents	\$ 122,889	\$ 66,793	\$ 189,682
LID bond debt service account	295,824	-	295,824
LID bond guarantee account	111,409	-	111,409
	<u>\$ 530,122</u>	<u>\$ 66,793</u>	<u>\$ 596,915</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating (loss)	\$ (33,592)	\$ (83,004)	\$ (116,596)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	56,571	81,336	137,907
Accounts receivable	10,139	(8,395)	1,744
Tax roll receivable	3,039	3,039	6,078
Prepaid expenses	1,252	1,252	2,504
Accounts payable	(13,057)	(8,486)	(21,543)
Payroll liabilities	(329)	(328)	(657)
Unearned revenue	1,436	1,381	2,817
Total adjustments	<u>59,051</u>	<u>69,799</u>	<u>128,850</u>
Net cash provided by operating activities	\$ 25,459	\$ (13,205)	\$ 12,254

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Bayview Water and Sewer District

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Bayview Water and Sewer District (the "District") was organized under and pursuant to the laws of the State of Idaho in January 1972, for the purpose of constructing and operating water and sewer systems for the residents of Bayview, Idaho.

The District's financial statements include the accounts of all District operations.

The District has oversight responsibility and control over all activities related to the District's functions. The District is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since the public elects the District's board members.

The accounting methods and procedures adopted by Bayview Water and Sewer District conform to generally accepted accounting principles as applied to special-purpose governmental entities engaged only in business-type activities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the District's basic financial statements.

B. Basis of Presentation and Accounting

Financial Reporting - The District follows: (1) All GASB pronouncements, and (2) FASB statements and interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 20, 1989, as defined by GASB Statement No. 20.

Financial Statement Presentation - In June 1999 the GASB issued Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The financial statement presentation required by GASB 34 provides comprehensive, entity-wide perspective of the entity's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

Basis of Accounting - For financial statement purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

C. Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. The District's net position is classified in the following three components:

Net Investment in Capital Assets - This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets, to the extent debt has been incurred but not yet expended for capital assets.

Restricted Net Position - This consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Bayview Water and Sewer District

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Net Position (Concluded)

Unrestricted Net Position – Unrestricted net position represents resources from water and sewer fees charged. These resources are used for transactions related to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

D. Cash Equivalents and Investments

The District considers all highly-liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents.

E. Receivables

Charges for usage are billed monthly for the previous month's usage. Accounts receivable consist of billings of fees that have not yet been collected. No allowance for uncollectible amounts has been estimated, as management believes all amounts to be collectible. The District has the authority to have delinquent customer accounts added to the Kootenai County tax rolls.

F. Capital Assets

Capital assets, which include property, plant, and equipment, with an original cost of \$5,000 or more are capitalized at historical cost or estimated historical cost when historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Replacements that improve or extend the useful life of capital assets are capitalized.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Sewer System	5 – 50 Years
Water System	5 – 50 Years
Automotive	5 Years
Office Equipment	5 – 8 Years
Office Building	5 – 20 Years

G. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of activities that have the characteristics of exchange transactions, such as water and sewer usage fees. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing-type activities and result from non-exchange transactions or ancillary activities, such as gains and losses from CD redemptions. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to the unrestricted net position.

Bayview Water and Sewer District

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Income Taxes

The District is a political subdivision of the State of Idaho and is therefore not subject to taxation of its earnings.

I. Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

J. Assessments Receivable

Assessments receivable are amounts due from benefitted property owners of public improvements to the water and sewer systems. Installments of principal and interest due from property owners are billed annually.

NOTE 2: CASH AND CASH EQUIVALENTS

General:

State statutes authorize the District's investments and deposits. The District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the fiscal year ended November 30, 2019.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the District's deposits and investments may not be returned to it. The District does not have a deposit policy for custodial credit risk.

Bayview Water and Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS (Concluded)

As of November 30, 2019, the District's deposits did not have any exposure to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:

Amounts insured by FDIC	\$ 600,049
Total deposits without exposure to custodial credit risk	600,049

Deposits with exposure to custodial credit risk:

Amounts uninsured	-
Total Deposits	\$ 600,049

Cash and cash equivalents at November 30, 2019 consist of the following:

Deposits with financial institutions	\$ 596,915
Total	\$ 596,915

Cash and cash equivalents are presented in the Statement of Net Position as follows:

Cash and cash equivalents	\$ 189,682
LID bond debt service account - restricted	295,824
LID bond guarantee account - restricted	111,409
Total carrying amount	\$ 596,915

NOTE 3: CAPITAL ASSETS

The following schedule represents the detail of changes in capital asset balances for the fiscal year ending November 30, 2019:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 214,808	\$ -	\$ -		\$ 214,808
Construction in progress	16,462	-	-	(16,462)	-
Total capital assets, not being depreciated	231,270	-	-	(16,462)	214,808
Capital assets, being depreciated:					
Sewer system	3,808,926	-	4,382	-	3,804,544
Water system	2,575,978	7,232	600	16,462	2,599,072
Automotive	12,930	-	-	-	12,930
Office equipment	6,970	-	-	-	6,970
Office building	101,494	-	-	-	101,494
Total capital assets being depreciated	6,506,298	7,232	4,982	16,462	6,525,010
Less accumulated depreciation for:					
Sewer system	1,992,362	78,870	4,090	-	2,067,142
Water system	997,556	54,105	600	-	1,051,061
Automotive	12,930	-	-	-	12,930
Office equipment	6,969	-	-	-	6,969
Office building	75,463	4,932	-	-	80,395
Total accumulated depreciation	3,085,280	137,907	4,690	-	3,218,497
Total capital assets, being depreciated, net	3,421,018	(130,675)	292	16,462	3,306,513
Business-type activities capital assets, net	\$ 3,652,288	\$ (130,675)	\$ 292	\$ -	\$ 3,521,321

Bayview Water and Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2019

NOTE 4: LONG-TERM DEBT

The District issued \$514,580 of local improvement district (special assessment) bonds in 1992 to provide matching funds for the construction of a sewage treatment facility.

In November 1999, the District began receiving loan proceeds from the State of Idaho Department of Environmental Quality (IDEQ) for the water system expansion. On November 1, 2003, the loan was converted into \$1,657,068 of local improvement district (special assessment) bonds.

The bonds carry an annual interest rate of 2.0%.

These bonds payable are backed by assessments receivable of the local improvement district and are not backed by the full faith and guarantee of the District. The District acts as an agent for the property owners by collecting assessments, forwarding collections to special assessment debt-holders, and if necessary, beginning foreclosures.

Long-term debt activity for the year ended November 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
DEQ Loan	\$ 355,354	\$ -	\$ 93,961	\$ 261,393	\$ 96,113

Annual requirements to amortize the above outstanding debt are as follows:

Year Ending November 30,	Principal	Interest	Total
2020	\$ 96,113	\$ 5,228	\$ 101,341
2021	98,036	3,505	101,541
2022	67,244	1,374	68,618
	<u>\$ 261,393</u>	<u>\$ 10,107</u>	<u>\$ 271,500</u>

NOTE 5: SUBSEQUENT EVENT

In May of 2020, a special election was held whereby eligible voters of the District approved the issuance of water revenue bonds in the aggregate principal amount of not to exceed \$3,400,000, for the purpose of providing the funds for the acquisition, construction, and installation of certain improvements, additions and betterments of the District's water system.

In June 2020, the District signed and entered into the State of Idaho Department of Environmental Quality (IDEQ) Loan Offer and Acceptance Agreement. Under the loan agreement, the District finalized its terms for financing the water system improvement project. Per the agreement, the District may borrow up to \$3,317,000 at 1.75% (interest of 0.75% and loan fee of 1.0%) and \$97,830 of principal forgiveness to be repaid in biannual installments over 30 years for a total repayment obligation of \$3,219,170. The IDEQ loan will be evidenced and secured by the voter-approved water revenue bonds in the amount of \$3,219,170, which will be issued upon certified completion of the project. As of the date these financial statements were issued (see accompanying independent auditor's report), the District is in the initial stages of planning and design of the project.

Financial Section

Report Required by the GAO



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Board of Directors
Bayview Water and Sewer District
Bayview, ID 83803

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Bayview Water and Sewer District (the "District"), as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (CONCLUDED)*

Purpose of this Report

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

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

November 11, 2020