From:	KOSTICKN@sao.wa.gov
To:	thillman@cityofpt.us
Cc:	Ard, Sherrie (SAO); Windsor, Diana (SAO); Khleborod, Iryna (SAO); Osborne, Lindsay (SAO); Watkins, Tina (SAO); Ehlinger, Carol (SAO); Tellers, Stacie (SAO); Johnson, Alexandra (SAO); Burleson, Debra (SAO); Pagio, Kayley (SAO); Kostick, Niles (SAO); Fenton, Crystal (SAO)
Subject:	Response to Client Helpdesk Request 87207
Date:	Monday, March 18, 2019 9:27:32 AM

Your request # 87207 for Port Townsend, City of has been resolved.

Your question was:
On the Annual Report Note 3, we have a line of credit with a $3m limit, which we drew $1.7m in 2017 and 2018's activity took it to $1.9m. On last year's Note we put $1.7m as the Original Issue, what should it be for 2018, 1.7m, 1.9,m or 3m? Also, we have two new utility loans based on allowable construction reimbursements. These projects are multi-year, so the outstanding balance will increase each year. What should we put as the Original Issue amount, the first year end amount, the current outstanding amount, or the max loan amount available? Also, what year should be put as the issue year on the line of credits and multi-year construction loans?

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Our response is as follows:
I believe you are referencing the note disclosure titled, "Note X - Debt Service Requirements," in the BARS Manual. If so, this note only requires the total amount of debt service principal and interest due for each of the next five years, and then in aggregate for each of the next five years thereafter. In doing so, only the amount drawn from a line of credit would be listed as "due," in the note. The "total," for all principal due in the note disclosure would then tie to the Schedule 09 for total debt remaining at the end of the year.

For the utility loans, any amounts listed as ending debt as of the financial statement date should be the total principal owed at that time (12/31), so this may include current year draws as well as the original issue. If you wish to put the issue year, you could include a date range or "varies." This information is not required in the BARS manual, so the Town has the ability to disclose that information in any way that it finds is helpful to a reader in understanding the financial statements.

Please let me know if I can answer any follow up questions - thank you for using the HelpDesk!

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If you have additional follow-up questions, please reference this request number when you contact us again. A copy of this response is provided to your audit team to ensure that we are consistent and efficient when working with you.

Sincerely,
Niles Kostick

Disclaimer: Answers are informational only and are based on the specific circumstances presented. As laws and circumstances change, or additional facts are presented, the answer is subject to change. The information provided by the Washington State Auditor's client helpdesk is not a legal or a binding opinion.

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