



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
City of White Salmon

For the period January 1, 2018 through December 31, 2019

Published November 12, 2020

Report No. 1027219





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

November 12, 2020

Mayor and City Council
City of White Salmon
White Salmon, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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

**City of White Salmon
January 1, 2018 through December 31, 2019**

Mayor and City Council
City of White Salmon
White Salmon, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of White Salmon, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated November 4, 2020.

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

As discussion in Note 7 to the financial statements, in February 2020, a state of emergency was declared that could have a negative effect on the City.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described 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 City's financial statements are free from material misstatement, we performed tests of the City's 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*.

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy

State Auditor

Olympia, WA

November 4, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of White Salmon January 1, 2018 through December 31, 2019

Mayor and City Council
City of White Salmon
White Salmon, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of White Salmon, for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 City'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 City'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.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of White Salmon has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of the City of White Salmon, and its changes in cash and investments, for the years ended December 31, 2019 and 2018, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of White Salmon, as of December 31, 2019 and 2018, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Matter of Emphasis

As discussed in Note 7 to the financial statements, in February 2020, a state of emergency was declared that could have a negative effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Pat McCarthy

State Auditor

Olympia, WA

November 4, 2020

FINANCIAL SECTION

City of White Salmon January 1, 2018 through December 31, 2019

FINANCIAL STATEMENTS

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Schedule of Liabilities – 2018

City of White Salmon
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Fund	200 Unlimited Go Bond Fund
Beginning Cash and Investments					
30810	Reserved	2,368,022	859,634	-	17,955
30880	Unreserved	1,976,819	356,709	117,999	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,798,258	1,380,158	346,702	98
320	Licenses and Permits	146,250	146,250	-	-
330	Intergovernmental Revenues	553,491	257,795	295,696	-
340	Charges for Goods and Services	3,311,024	670,199	-	-
350	Fines and Penalties	25,866	11,260	-	-
360	Miscellaneous Revenues	512,604	48,497	14,698	-
Total Revenues:		6,347,493	2,514,159	657,096	98
Expenditures					
510	General Government	572,648	572,648	-	-
520	Public Safety	1,145,649	1,145,649	-	-
530	Utilities	2,346,968	-	-	-
540	Transportation	279,271	-	279,271	-
550	Natural and Economic Environment	230,489	230,489	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	88,901	88,901	-	-
Total Expenditures:		4,663,926	2,037,687	279,271	-
Excess (Deficiency) Revenues over Expenditures:		1,683,567	476,472	377,825	98
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	333,370	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	373,235	273,235	-	-
Total Other Increases in Fund Resources:		706,605	273,235	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,087,025	133,948	146,929	-
591-593, 599	Debt Service	428,176	-	8,678	-
597	Transfers-Out	333,370	333,370	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	3,741	3,741	-	-
581, 582	Other Uses	368,000	100,000	250,000	-
Total Other Decreases in Fund Resources:		2,220,312	571,059	405,607	-
Increase (Decrease) in Cash and Investments:		169,860	178,648	(27,782)	98
Ending Cash and Investments					
5081000	Reserved	2,680,803	598,374	-	18,053
5088000	Unreserved	1,833,894	796,611	90,217	-
Total Ending Cash and Investments		4,514,697	1,394,985	90,217	18,053

The accompanying notes are an integral part of this statement.

City of White Salmon
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		301 Municipal Capital Improvement	401 Water Fund	402 Wastewater Collection Fund
Beginning Cash and Investments				
30810	Reserved	139,666	374,446	976,321
30880	Unreserved	-	942,220	559,891
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	71,300	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	1,688,751	952,074
350	Fines and Penalties	-	14,606	-
360	Miscellaneous Revenues	6,509	376,641	66,259
Total Revenues:		77,809	2,079,998	1,018,333
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	1,509,072	837,896
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	1,509,072	837,896
Excess (Deficiency) Revenues over Expenditures:		77,809	570,926	180,437
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	333,370	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	-	100,000	-
Total Other Increases in Fund Resources:		333,370	100,000	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	307,194	391,068	107,886
591-593, 599	Debt Service	-	406,418	13,080
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	18,000	-
Total Other Decreases in Fund Resources:		307,194	815,486	120,966
Increase (Decrease) in Cash and Investments:		103,985	(144,560)	59,471
Ending Cash and Investments				
5081000	Reserved	243,650	506,726	1,314,000
5088000	Unreserved	-	665,383	281,683
Total Ending Cash and Investments		243,650	1,172,109	1,595,683

The accompanying notes are an integral part of this statement.

City of White Salmon
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Fund	200 Unlimited Go Bond Fund
Beginning Cash and Investments					
30810	Reserved	1,834,256	634,282	-	17,668
30880	Unreserved	1,709,535	424,916	199,394	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,625,904	1,296,272	276,610	287
320	Licenses and Permits	119,473	119,473	-	-
330	Intergovernmental Revenues	698,235	162,166	435,358	-
340	Charges for Goods and Services	3,339,645	701,577	-	-
350	Fines and Penalties	28,246	14,775	-	-
360	Miscellaneous Revenues	444,837	27,918	999	-
Total Revenues:		6,256,339	2,322,180	712,967	287
Expenditures					
510	General Government	582,772	582,772	-	-
520	Public Safety	963,273	963,273	-	-
530	Utilities	1,952,607	-	-	-
540	Transportation	303,298	-	303,298	-
550	Natural and Economic Environment	171,747	171,747	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	197,109	197,109	-	-
Total Expenditures:		4,170,805	1,914,901	303,298	-
Excess (Deficiency) Revenues over Expenditures:		2,085,534	407,280	409,669	287
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	29,301	-	17,800	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	480	480	-	-
381, 382, 395, 398	Other Resources	142,063	142,063	-	-
Total Other Increases in Fund Resources:		171,844	142,543	17,800	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	884,648	364,727	408,864	-
591-593, 599	Debt Service	425,730	-	-	-
597	Transfers-Out	29,301	29,301	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	(1,351)	(1,351)	-	-
581, 582	Other Uses	118,000	-	100,000	-
Total Other Decreases in Fund Resources:		1,456,328	392,677	508,864	-
Increase (Decrease) in Cash and Investments:		801,050	157,146	(81,395)	287
Ending Cash and Investments					
5081000	Reserved	2,368,022	859,634	-	17,955
5088000	Unreserved	1,976,819	356,709	117,999	-
Total Ending Cash and Investments		4,344,841	1,216,343	117,999	17,955

The accompanying notes are an integral part of this statement.

City of White Salmon
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		301 Municipal Capital Improvement	401 Water Fund	402 Wastewater Collection Fund
Beginning Cash and Investments				
30810	Reserved	93,387	312,879	776,041
30880	Unreserved	-	488,064	597,162
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	52,735	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	100,710	-
340	Charges for Goods and Services	-	1,706,287	931,781
350	Fines and Penalties	-	13,471	-
360	Miscellaneous Revenues	1,078	352,145	62,697
Total Revenues:		53,813	2,172,614	994,478
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	1,143,237	809,369
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	1,143,237	809,369
Excess (Deficiency) Revenues over Expenditures:		53,813	1,029,376	185,109
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	11,501	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		11,501	-	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	19,035	83,236	8,786
591-593, 599	Debt Service	-	412,417	13,313
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	18,000	-
Total Other Decreases in Fund Resources:		19,035	513,653	22,099
Increase (Decrease) in Cash and Investments:		46,279	515,723	163,010
Ending Cash and Investments				
5081000	Reserved	139,666	374,446	976,321
5088000	Unreserved	-	942,220	559,891
Total Ending Cash and Investments		139,666	1,316,666	1,536,212

The accompanying notes are an integral part of this statement.

City of White Salmon
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		<u>Custodial</u>
308	Beginning Cash and Investments	39
388 & 588	Net Adjustments	-
310-390	Additions	11,043
510-590	Deductions	11,082
	Net Increase (Decrease) in Cash and Investments:	(39)
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

City of White Salmon
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Custodial
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	13,223
510-590	Deductions	13,185
	Net Increase (Decrease) in Cash and Investments:	39
508	Ending Cash and Investments	39

The accompanying notes are an integral part of this statement.

City of White Salmon
MCAG #0481
Notes to the Financial Statements
For the period January 1, 2018 to December 31, 2019

Note 1 - Summary of Significant Accounting Policies

The City of White Salmon was incorporated on June 3, 1907 and operates under the laws of the state of Washington applicable to a class three, non-charter code city with a Mayor-Council form of government. The city is a general purpose local government and provides public safety, fire prevention, street improvement, parks and recreation, water, wastewater collection, and general administrative services.

The city 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 to financial statements).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

In accordance with state law the city also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 5, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated without limitation, however the amount of accumulated leave that can be carried over into the succeeding calendar year will be limited to 80 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1000 hours. Upon separation or retirement union employees receive payment for 25% of accumulated unused sick leave (including Washington Paid Sick Leave). Upon retirement, non-union employees receive payment for 25% of

accumulated unused sick leave (including Washington Paid Sick Leave). Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 4, *Debt Service Requirements*.

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the city's finance policies or ordinances. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments for 2018 consist of:

Fund	Restricted Balance	Restrictions
001 – Current Expense		
Current Expense	4,000.00	Restricted by external parties (Donation)
Pool Fund	32,891.39	Restricted by WSMC 3.24.200
Fire Reserve Fund	23,851.67	Restricted by WSMC 3.24.030
General Fund Reserve	625,831.86	Restricted by WSMC 3.24.031
Police Vehicle Reserve Fund	170,495.22	Restricted by WSMC 3.24.090
New Pool Fund	2,563.96	Restricted by external parties (Donation)
Total 001 – Current Expense	859,634.10	
200 – Unlimited Go Bond Fund	17,955.12	Restricted by external parties (Obligation Debt)
301 – Municipal Capital Improvement Fund	139,665.57	Restricted by RCW 82.46.030
401 – Water Fund		
Water Rights Acquisition Fund	225,449.60	Restricted by WSMC 3.24.220
Water Bond Redemption Fund	15,623.48	Restricted by external parties (Revenue Bonds)
Water Bond Reserve	50,260.84	Restricted by external parties (Revenue Bonds)
Water Short Lived Asset Reserve	83,112.20	Restricted by external parties (Revenue Bonds)
Total 401 – Water Fund	374,446.12	
402 – Wastewater Collection Fund		
Wastewater Reserve Fund	380,288.46	Restricted by WSMC 3.24.170
Wastewater Bond Redemption Fund	11,439.50	Restricted by external parties (Revenue Bonds)
Wastewater Bond Reserve	72,402.48	Restricted by external parties (Revenue Bonds)
Treatment Plant Reserve Fund	512,190.54	Restricted by WSMC 3.24.170
Total 402 – Wastewater Collection Fund	976,320.98	
601 – Remittances	38.53	Restricted by external parties (Custodial Funds)
Total Reserves	2,368,060.42	

Reservations of Ending Cash and Investments for 2019 consist of:

Fund	Restricted Balance	Restrictions
001 – Current Expense		
Current Expense	3,500.00	Restricted by external parties (Donation)
Pool Fund	47,690.99	Restricted by WSMC 3.24.200
Fire Reserve Fund	209,679.40	Restricted by WSMC 3.24.030
General Fund Reserve	215,259.92	Restricted by WSMC 3.24.031
Police Vehicle Reserve Fund	119,679.32	Restricted by WSMC 3.24.090
New Pool Fund	2,563.96	Restricted by external parties (Donation)
Total 001 – Current Expense	598,373.59	
200 – Unlimited Go Bond Fund	18,052.69	Restricted by external parties (Obligation Debt)
301 – Municipal Capital Improvement Fund	243,650.07	Restricted by RCW 82.46.030
401 – Water Fund		
Water Rights Acquisition Fund	260,178.53	Restricted by WSMC 3.24.220
Water Bond Redemption Fund	15,616.75	Restricted by external parties (Revenue Bonds)
Water Bond Reserve	52,658.93	Restricted by external parties (Revenue Bonds)
Water Short Lived Asset Reserve	83,112.20	Restricted by external parties (Revenue Bonds)
USDA Rural Development – Jewett	95,159.30	Restrict by external parties (USDA Loan project)
Total 401 – Water Fund	506,725.71	
402 – Wastewater Collection Fund		
Wastewater Reserve Fund	675,215.97	Restricted by WSMC 3.24.170
Wastewater Bond Redemption Fund	11,448.23	Restricted by external parties (Revenue Bonds)
Wastewater Bond Reserve	73,369.39	Restricted by external parties (Revenue Bonds)
Treatment Plant Reserve Fund	553,966.19	Restricted by WSMC 3.24.170
Total 402 – Wastewater Collection Fund	1,313,999.78	
601 – Remittances	0.00	Restricted by external parties (Custodial Funds)
Total Reserves	2,680,801.84	

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for general, special revenue, capital project, agency and enterprise 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 for 2018 were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 – Current Expense			
Current Expense			
Finance	468,561.00	451,553.85	17,007.15
Central Services	67,468.00	55,902.24	11,565.76
General Government Services	121,643.00	110,078.53	11,564.47
Law Enforcement	806,636.00	777,557.74	29,078.26
Fire Control	113,650.00	82,881.54	30,768.46
Building	118,437.00	110,842.09	7,594.91
Community Services	6,569.00	6,568.28	0.72
Planning & Community Development	195,477.00	171,179.02	24,297.98
Park Facilities	80,741.00	70,415.63	10,325.37
Non-Expenditures	150.00	150.00	0.00
Current Expense	1,979,332.00	1,837,128.92	142,203.08
Pool Fund	121,774.00	120,693.40	1,080.60
General Fund Reserve	9,227.00	9,226.45	0.55
Fire Reserve Fund	311,408.00	303,617.24	7,790.76
Police Vehicle Reserve Fund	45,000.00	36,911.59	8,088.41
Total 001 – Current Expense	2,466,741.00	2,307,577.60	159,163.40
101 – Street Fund			
Street Fund	859,375.00	812,161.50	47,213.50
Street Construction Fund	0.00	0.00	0.00
Total 101 – Street Fund	859,375.00	812,161.50	47,213.50
200 – Unlimited Go Bond Fund	0.00	0.00	0.00
301 – Municipal Capital Improvement Fund	34,681.00	19,035.11	15,645.89
401 – Water Fund			
Water Fund	1,599,318.00	1,415,636.94	183,681.06
Water Rights Acquisition Fund	123,984.00	123,983.24	0.76
Water Bond Redemption Fund	43,103.00	43,102.67	0.33
Water Short Lived Asset Reserve Fund	100,000.00	74,167.54	25,832.46
Water Construction Fund	0.00	0.00	0.00
Total 401 – Water Fund	1,866,405.00	1,656,890.39	209,514.61
402 – Wastewater Collection Fund			
Wastewater Collection Fund	833,392.00	818,154.90	15,237.10
Wastewater Bond Redemption Fund	13,314.00	13,313.33	0.67
Treatment Plant Reserve Fund	0.00	0.00	0.00
Total 402 – Wastewater Collection Fund	846,706.00	831,468.23	15,237.77
601 – Remittances	13,278.00	13,184.50	93.50

The appropriated and actual expenditures for the legally adopted budgets for 2019 were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 – Current Expense			
Current Expense			
Finance	463,818.00	451,549.77	12,268.23
Central Services	52,343.00	49,608.86	2,734.14
General Government Services	119,438.00	105,356.66	14,081.34
Law Enforcement	1,012,388.00	962,728.85	49,659.15
Fire Control	117,972.00	103,459.88	14,512.12
Building	119,561.00	117,088.74	2,472.26
Community Services	6,815.00	6,813.98	1.02
Planning & Community Development	252,686.00	229,677.07	23,008.93
Park Facilities	99,106.00	82,404.76	16,701.24
Non-Expenditures	0.00	0.00	0.00
Current Expense	2,244,127.00	2,108,688.57	135,438.43
Pool Fund	14,208.00	14,176.44	31.56
General Fund Reserve	433,370.00	433,370.00	0.00
Fire Reserve Fund	0.00	0.00	0.00
Police Vehicle Reserve Fund	58,089.00	52,515.96	5,573.04
Total 001 – Current Expense	2,749,794.00	2,608,750.97	141,043.03
101 – Street Fund			
Street Fund	709,545.00	684,877.01	24,667.99
Street Construction Fund	0.00	0.00	0.00
Total 101 – Street Fund	709,545.00	684,877.01	24,667.99
200 – Unlimited Go Bond Fund	0.00	0.00	0.00
301 – Municipal Capital Improvement Fund	323,961.00	307,194.74	16,766.26
401 – Water Fund			
Water Fund	1,971,664.00	1,874,716.66	96,947.34
Water Reserve Fund	196,645.00	178,351.91	18,293.09
Water Rights Acquisition Fund	123,985.00	123,984.24	0.76
Water Bond Redemption Fund	42,654.00	42,660.73	-6.73
Water Short Lived Asset Reserve Fund	100,000.00	100,000.00	0.00
Water Construction Fund	0.00	0.00	0.00
USDA Rural Development – Jewett Water	53,823.00	4,840.70	48,982.30
Total 401 – Water Fund	2,488,771.00	2,324,554.24	164,216.76
402 – Wastewater Collection Fund			
Wastewater Collection Fund	944,340.00	945,780.44	-1,440.44
Wastewater Bond Redemption Fund	13,089.00	13,080.27	8.73
Treatment Plant Reserve Fund	0.00	0.00	0.00
Total 402 – Wastewater Collection Fund	957,429.00	958,860.71	-1,431.71
601 – Remittances	11,082.00	11,082.37	-0.37

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the

number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

For reporting purposes, the following funds were rolled up: Pool, Fire Reserve and Police Vehicle Reserve were rolled up into the General/Current Expense Fund; Street Construction was rolled into the Street Fund; Water Rights Acquisition, Water Bond Redemption, Water Short Lived Asset Reserve, Water Construction and USDA Rural Development – Jewett Water Main Improvements were rolled up into the Water Fund; Treatment Plant Reserve and Wastewater Bond Redemption were rolled into the Wastewater Collection Fund.

Interfund activity between managerial funds for transactions such as transfers and loans has been eliminated in the consolidation for the financials.

Explanation of Negative Variances for 2019

Expenditures in the Water Bond Redemption Fund (under 401 – Water) is over by \$6.73. Principal/interest payment was higher than estimated payment.

The Wastewater Collection Fund (402) pays utility taxes to the Current Expense Fund and Street Fund. Both of these taxes were higher than the amount budgeted which resulted in an expenditure over budget in the amount of \$1,431.71.

Expenditures in the 601 – Remittance is over by \$0.37. Revenues receipted for building surcharges were higher than budgeted. These funds are remitted in their entirety to the State of Washington which resulted in an expenditure over budget of \$0.37.

Note 3 – Component Units, Joint Ventures and Related Parties

The City of White Salmon and the City of Bingen participate together in a number of interlocal agreements for which funding is provided from one city to another. The interlocal agreements are listed below:

Law Enforcement Services – The City of White Salmon provides law enforcement services to the City of Bingen which is regulated by an interlocal agreement.

Water Sales – The City of White Salmon provides water to the City of Bingen which is regulated by an interlocal agreement.

Wastewater Treatment Services – The City of Bingen provides wastewater treatment services to the City of White Salmon which is regulated by an interlocal agreement.

Note 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2019.

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

	Principal	Interest	Total
2018	\$355,375.62	\$90,628.35	\$446,003.97
2019	\$359,245.00	\$78,300.60	\$437,545.60
2020	\$352,340.97	\$68,557.02	\$420,897.99
2021	\$175,167.34	\$58,271.93	\$233,439.27
2022	\$134,050.92	\$52,793.15	\$186,844.07
2023	\$123,537.07	\$48,948.99	\$172,486.06
2024-2028	\$662,081.93	\$196,095.30	\$858,177.23
2029-2033	\$744,729.93	\$106,358.83	\$851,088.76
2034-2038	\$221,537.16	\$32,451.99	\$253,989.15
2039-2043	\$60,584.35	\$21,795.65	\$82,380.00
2044-2048	\$68,962.79	\$13,417.21	\$82,380.00
2049-2052	\$60,020.96	\$3,915.05	\$63,936.01
Total	\$3,317,634.04	\$771,534.07	\$4,089,168.11

In 2019, the City applied for a Public Works Trust Fund for pre-construction engineering of its 14-Inch Water Main Replacement project in the amount of \$750,000. The City was approved. No expenditures or draws were made against the loan amount in 2019.

In 2019, the City applied for a USDA Rural Development loan for construction of the Jewett Water Main Improvements project in the amount of \$3,193,000 and was approved. Reimbursable expenditures for the project took place in 2019. No draws were taken on the loan until 2020.

Note 5 – Deposits and Investments

Investments are reported at original cost. Investments by type at December 31, 2018 are as follows:

<u>Type of Investment</u>	City's own investments	Investments held by city as an agent for other local governments, individuals or private organizations	Total
L.G.I.P.	326,813.23	0.00	326,813.23
Time Value Investments	1,499,887.77	0.00	1,499,887.77
Total	1,826,701.00	0.00	1,826,701.00

Investments are reported at original cost. Investments by type at December 31, 2019 are as follows:

<u>Type of Investment</u>	City's own investments	Investments held by city as an agent for other local governments, individuals or private organizations	Total
L.G.I.P.	1,351,780.72	0.00	1,351,780.72
Time Value Investments	1,001,587.77	0.00	1,001,587.77
Total	2,353,658.49	0.00	2,353,658.49

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43,250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restricts on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A coy 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 city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 6 - Interfund Loans

The following table displays interfund loan activity during 2018:

Borrowing Fund	Lending Fund	Balance 1/1/2018	New Loans	Repayments	Balance 12/31/2018
Water	General Fund Reserve	\$54,000.00	\$0.00	\$18,000.00	\$36,000.00
Street	Current Expense	\$350,000.00	\$0.00	\$100,000.00	\$250,000.00
	Totals	\$404,000.00	\$0.00	\$118,000.00	\$286,000.00

The following table displays interfund loan activity during 2019:

Borrowing Fund	Lending Fund	Balance 1/1/2019	New Loans	Repayments	Balance 12/31/2019
Water	General Fund Reserve	\$36,000.00	\$0.00	\$18,000.00	\$18,000.00
Street	Current Expense	\$250,000.00	\$0.00	\$250,000.00	\$0.00
USDA	General Fund Reserve	\$0.00	\$100,000.00	\$0.00	\$100,000.00
	Totals	\$286,000.00	\$100,000.00	\$268,000.00	\$118,000.00

Note 7 – Other Disclosures

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures includes closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

On March 3, 2020, the Klickitat County Emergency Operations Center was activated to Level-2 (partial activation and began working to ensure that all local stakeholders had access to relevant information related to COVID-19. On March 13, 2020, Mayor Marla Keethler issued Emergency Proclamation 2020-01 declaring the COVID-19 pandemic to be an emergency in the City of White Salmon pursuant to Section 38.52.070 RCW and other relevant provisions of state and federal law. The Mayor's Emergency Proclamation was ratified by Resolution 2020-04-501 and amended by Resolution 2020-04-502. The Proclamation and subsequent Resolutions put into place temporary procedures for the city's response and operations, budget, single-use carryout bag requirements and communication. City offices were closed beginning March 16, 2020 until further notice with city hall staff working from home and public works employees split into two crews performing essential duties only. The Proclamation and subsequent Resolutions ratified the provision that the city will not issue late fees, penalties, etc. nor shut off water, due to late or unpaid payments with utility billing continuing as usual. It should be noted that the city had, and currently has, a payment plan process in plan – White Salmon Delinquent Account Policy (adopted by Resolution 2015-03-404). Employees were notified by the Mayor (action ratified by Resolutions 2020-04-501 and Resolution 2020-04-502) that employees would not be required to use any form of paid leave in the event employees were directed to be self-quarantined, quarantined, sent home with symptoms, stay home sick or unable to work due to scheduling or office closures.

The length of time these measures will be in place, and the full extent of the final impact on the city by COVID-19 pandemic is unknown at this time.

Note 8 – Other Post-Employment Benefits (OPEB) Plans

During the year ended December 31, 2019, the city adopted guidance for the presentation and disclosure of post-employment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a post-employment benefit liability reported on the Schedule of Liabilities.

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit plan administered by the Klickitat County LEOFF Board. The plan pays for 100% of eligible retiree's healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had two members, all retirees. As of December 31, 2019, the city's total OPEB liability was \$1,024,063, as calculated using the alternative measurement method. For the year ended December 31, 2018, the city paid \$48,848.61 in benefits. For the year ended December 31, 2019, the city paid \$ 51,617.16 in benefits

Note 9 – Pension Plans

State Sponsored Pension Plans

Substantially all city 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 Public Employees' Retirement System (PERS) and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

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

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

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

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

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2018 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$41,735.00	0.006244%	278,859
PERS 2/3	\$61,864.00	0.008018%	136,900
LEOFF 1	\$0.00	0.003406%	(61,836)
LEOFF 2	\$20,761.06	0.011972%	(243,058)
VFFRPF	\$420.00	0.200000%	(108,319)

At June 30, 2019 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$44,315.87	0.006180%	237,643
PERS 2/3	\$65,169.45	0.007979%	77,503
LEOFF 1	\$0.00	0.003466%	(68,509)
LEOFF 2	21,668.92	0.011753%	(272,281)
VFFRPF	\$450.00	0.230000%	(154,086)

LEOFF Plan 1

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

LEOFF Plan 2

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 10 - Property Tax

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

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

The city's regular levy for the year 2018 was \$1.084550228598 per \$1,000 on an assessed valuation of \$344,031,867 for a total regular levy of \$373,119.84.

The city's regular levy for the year 2019 was \$1.237225410736 per \$1,000 on an assessed valuation of \$365,743,951 for a total regular levy of \$452,507.71.

It is noted that in November 2017, voters approved an excess levy in the amount of \$0.18 per \$1,000 to be used to operate and maintain the City of White Salmon pool. However, even though appropriate documentation was provided to the Klickitat County Assessor's Office, the amount was not levied in 2018. The amount was levied in 2019. The City of White Salmon allocated the appropriate amount of taxes (\$0.18 per \$1000) to the city's Pool Fund for operation and maintenance expenses in 2018. The funds levied in 2019 were allocated to the Current Expense Fund.

Note 11 – Risk Management

The City of White Salmon 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, 2019, 100 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability,

automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime), pollution liability, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Great American for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Allied World National Assurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The excess property coverage is purchased through Lexington Insurance Company and in 2019, AWC RMSA carried a retention of \$200,000 and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

Note 12 – Health & Welfare

The City of White Salmon 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, 2019, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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 RC. 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 this 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.

**City of White Salmon
Schedule of Liabilities
For the Year Ended December 31, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	1981 Water/Sewer Revenue Bonds	10/1/2021	75,866	-	22,667	53,199
252.11	1981 Water/Sewer Revenue Bonds	10/1/2021	37,934	-	11,333	26,601
263.82	DOH State Revolving Fund Loan	10/1/2020	358,349	-	179,174	179,175
263.82	2013 DWSRF Simmons Road Loan	10/1/2036	482,015	-	28,354	453,661
263.62	2014 White Salmon Irrigation District	12/31/2034	1,559,927	-	77,619	1,482,308
252.11	2015 USDA Tohomish Bond	12/31/2056	366,658	-	6,852	359,806
263.52	Backhoe Street	5/30/2020	5,696	-	3,994	1,702
263.84	2017 DNR Easement Purchase	12/31/2022	53,111	-	13,278	39,833
263.52	Backhoe Water/Sewer	5/30/2020	22,785	-	15,975	6,810
259.12	Compensated Absences		79,302	-	6,389	72,913
264.30	Pension Liabilities		415,759	-	100,613	315,146
264.40	OPEB Liabilities		-	1,024,083	-	1,024,083
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,457,402	1,024,083	466,248	4,015,237
Total Liabilities:			3,457,402	1,024,083	466,248	4,015,237

**City of White Salmon
Schedule of Liabilities
For the Year Ended December 31, 2018**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	1981 Water/Sewer Revenue Bonds	10/1/2021	97,866	-	22,000	75,866
252.11	1981 Water/Sewer Revenue Bonds	10/1/2021	48,934	-	11,000	37,934
263.82	DOH State Revolving Fund Loan	10/1/2020	537,523	-	179,174	358,349
263.82	2013 DWSRF Simmons Road Loan	10/1/2036	510,369	-	28,354	482,015
252.11	2015 USDA Tohomish Bond	12/31/2056	373,334	-	6,676	366,658
263.62	2014 White Salmon Irrigation District	12/31/2034	1,635,400	-	75,473	1,559,927
263.84	2017 DNR Easement Purchase	12/31/2022	66,389	-	13,278	53,111
263.52	Backhoe Street	5/30/2020	9,564	-	3,868	5,696
263.52	Backhoe Water/Sewer	5/30/2020	38,257	-	15,472	22,785
259.12	Compensated Absences		69,740	8,562	-	78,302
264.30	Pension Liabilities		551,591	-	135,832	415,759
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,938,967	8,562	491,127	3,456,402
Total Liabilities:			3,938,967	8,562	491,127	3,456,402

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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