



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Cle Elum

For the period January 1, 2019 through December 31, 2020

Published July 22, 2021

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

July 22, 2021

Mayor and City Council
City of Cle Elum
Cle Elum, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Cle Elum's financial statements and compliance with federal laws and regulations.

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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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Cle Elum January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Cle Elum are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. Separately, 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 using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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 Cle Elum January 1, 2019 through December 31, 2020

Mayor and City Council
City of Cle Elum
Cle Elum, 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 Cle Elum, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated July 16, 2021.

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 discussed in Note 4 to the 2020 financial statements and Note 6 to the 2019 financial statements, the full extent of COVID-19 pandemic's direct and indirect financial impact on the City is unknown.

As discussed in Note 7 to the 2019 financial statements, during the year ended December 31, 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual.

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

July 16, 2021

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of Cle Elum
January 1, 2020 through December 31, 2020

Mayor and City Council
City of Cle Elum
Cle Elum, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Cle Elum, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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 style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

July 16, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

City of Cle Elum January 1, 2019 through December 31, 2020

Mayor and City Council
City of Cle Elum
Cle Elum, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Cle Elum, for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 16.

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 Cle Elum 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 Cle Elum, and its changes in cash and investments, for the years ended December 31, 2020 and 2019, 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 Cle Elum, as of December 31, 2020 and 2019, 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.

Matters of Emphasis

As discussed in Note 4 to the 2020 financial statements and Note 6 to the 2019 financial statements, the full extent of the COVID-19 pandemic’s direct or indirect financial impact on the District is unknown. Our opinion is not modified with respect to this matter.

As discussed in Note 7 to the 2019 financial statements, during the year ended December 31, 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual.

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 Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedules of Liabilities are also presented for purposes of additional analysis as required by the prescribed BARS Manual. These schedules are 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 July 16, 2021 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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

July 16, 2021

FINANCIAL SECTION

City of Cle Elum January 1, 2019 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020
Fund Resources and Uses Arising from Cash Transactions – 2019
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2019
Notes to Financial Statements – 2020
Notes to Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020
Schedule of Liabilities – 2019
Schedule of Expenditures of Federal Awards – 2020
Notes to the Schedule of Expenditures of Federal Awards – 2020

City of Cle Elum
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 Current Expense/General Fund	101 Street Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	3,618,268	604,494	546,275
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	2,889,106	2,179,291	271,605
320	Licenses and Permits	138,085	134,506	2,770
330	Intergovernmental Revenues	2,455,996	161,182	2,097,658
340	Charges for Goods and Services	4,771,774	768,356	45,250
350	Fines and Penalties	28,930	27,703	-
360	Miscellaneous Revenues	600,217	117,019	96,630
Total Revenues:		10,884,108	3,388,057	2,513,913
Expenditures				
510	General Government	782,412	782,412	-
520	Public Safety	1,435,316	1,369,726	-
530	Utilities	3,489,744	72,862	-
540	Transportation	403,526	-	399,706
550	Natural/Economic Environment	785,481	591,521	-
560	Social Services	-	-	-
570	Culture and Recreation	216,233	216,233	-
Total Expenditures:		7,112,712	3,032,754	399,706
Excess (Deficiency) Revenues over Expenditures:		3,771,396	355,303	2,114,207
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	368,674	-	296,385
397	Transfers-In	10,942	4,000	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	6,716	1,000	5,716
Total Other Increases in Fund Resources:		386,332	5,000	302,101
Other Decreases in Fund Resources				
594-595	Capital Expenditures	3,059,762	132,915	2,674,715
591-593, 599	Debt Service	296,917	-	-
597	Transfers-Out	10,942	4,942	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		3,367,621	137,857	2,674,715
Increase (Decrease) in Cash and Investments:		790,107	222,446	(258,407)
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	1,409,742	-	125,906
50841	Committed	27,250	27,250	-
50851	Assigned	2,629,407	457,718	161,960
50891	Unassigned	341,970	341,970	-
Total Ending Cash and Investments		4,408,369	826,938	287,866

104 Police 3/10's Sales Tax Fund	106 Tourist/Lodging Tax Fund	110 Coal Mine Trail Fund	201 General Obligation Loan/Debt Fund	309 REET Excise Tax/Capital Projects Fund	401 Water Fund
61,437	296,290	26,976	6,339	437,748	862,858
-	-	-	-	-	-
114,797	164,530	-	-	158,883	-
809	-	-	-	-	-
-	-	-	-	-	113,651
64,748	-	4,000	42,353	-	1,832,017
-	-	-	-	-	830
863	3,932	364	82	5,813	117,750
<u>181,217</u>	<u>168,462</u>	<u>4,364</u>	<u>42,435</u>	<u>164,696</u>	<u>2,064,248</u>
-	-	-	-	-	-
65,590	-	-	-	-	-
-	-	-	-	-	1,447,794
-	-	1,733	-	-	-
49,521	144,439	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>115,111</u>	<u>144,439</u>	<u>1,733</u>	<u>-</u>	<u>-</u>	<u>1,447,794</u>
<u>66,106</u>	<u>24,023</u>	<u>2,631</u>	<u>42,435</u>	<u>164,696</u>	<u>616,454</u>
-	-	-	-	-	-
-	-	2,000	4,942	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,000</u>	<u>4,942</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	182,406
-	-	-	47,595	2,163	215,371
-	6,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>6,000</u>	<u>-</u>	<u>47,595</u>	<u>2,163</u>	<u>397,777</u>
<u>66,106</u>	<u>18,023</u>	<u>4,631</u>	<u>(218)</u>	<u>162,533</u>	<u>218,677</u>
-	-	-	-	-	-
119,243	314,313	-	-	600,280	175,000
-	-	-	-	-	-
8,299	-	31,607	6,122	-	906,534
-	-	-	-	-	-
<u>127,542</u>	<u>314,313</u>	<u>31,607</u>	<u>6,122</u>	<u>600,280</u>	<u>1,081,534</u>

402 Sanitary Fund	403 Airport Fund	409 Sewer Fund
134,594	5,304	635,953
-	-	-
-	-	-
-	-	-
-	1,000	82,505
698,407	-	1,316,643
397	-	-
2,946	3,092	251,726
<u>701,750</u>	<u>4,092</u>	<u>1,650,874</u>
-	-	-
-	-	-
660,758	-	1,308,330
-	2,087	-
-	-	-
-	-	-
-	-	-
<u>660,758</u>	<u>2,087</u>	<u>1,308,330</u>
<u>40,992</u>	<u>2,005</u>	<u>342,544</u>
-	-	72,289
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>72,289</u>
-	-	69,726
-	-	31,788
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>101,514</u>
40,992	2,005	313,319
-	-	-
-	-	75,000
-	-	-
175,585	7,308	874,274
-	-	-
<u>175,585</u>	<u>7,308</u>	<u>949,274</u>

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

		Total for All Funds (Memo Only)	001 Current Expense/General Fund	101 Street Fund
Beginning Cash and Investments				
30810	Reserved	1,071,502	101,312	-
30880	Unreserved	3,124,455	1,047,949	212,790
388 / 588	Net Adjustments	115	115	-
Revenues				
310	Taxes	2,730,381	2,052,850	259,931
320	Licenses and Permits	178,214	176,030	1,300
330	Intergovernmental Revenues	2,571,641	70,046	985,584
340	Charges for Goods and Services	3,993,537	366,591	11,875
350	Fines and Penalties	35,156	29,275	-
360	Miscellaneous Revenues	1,423,630	155,451	59,924
Total Revenues:		10,932,559	2,850,243	1,318,614
Expenditures				
510	General Government	708,445	708,445	-
520	Public Safety	1,565,782	1,430,502	-
530	Utilities	3,355,470	60,331	-
540	Transportation	391,165	-	381,028
550	Natural and Economic Environment	622,309	266,957	-
560	Social Services	511	159	352
570	Culture and Recreation	199,622	199,622	-
Total Expenditures:		6,843,304	2,666,016	381,380
Excess (Deficiency) Revenues over Expenditures:		4,089,255	184,227	937,234
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	236,180	-	236,180
397	Transfers-In	445,005	4,000	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	760	760	-
381, 382, 395, 398	Other Resources	12,694	9,095	3,599
Total Other Increases in Fund Resources:		694,639	13,855	239,779
Other Decreases in Fund Resources				
594-595	Capital Expenditures	4,189,420	558,664	843,403
591-593, 599	Debt Service	726,522	125	125
597	Transfers-Out	445,005	229,644	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	760	760	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		5,361,707	789,193	843,528
Increase (Decrease) in Cash and Investments:		(577,813)	(591,111)	333,485
Ending Cash and Investments				
5081000	Reserved	1,501,573	-	391,562
5088000	Unreserved	2,116,696	558,274	154,714
Total Ending Cash and Investments		3,618,269	558,274	546,276

104 Police 3/10's Sales Tax Fund	106 Tourist/Lodging Tax Fund	110 Coal Mine Trail Fund	Cascades Land Development Fund	Pines West Development Fund	Communities Development Fund
44,232	287,301	20,990	9,063	(1,629)	-
6,902	-	-	-	-	-
-	-	-	-	-	-
112,019	182,910	-	-	-	-
884	-	-	-	-	-
-	1,011	-	-	-	-
62,307	-	6,000	-	-	-
-	-	-	-	-	-
647	4,085	338	125	10,532	170,546
<u>175,857</u>	<u>188,006</u>	<u>6,338</u>	<u>125</u>	<u>10,532</u>	<u>170,546</u>
-	-	-	-	-	-
135,280	-	-	-	-	-
-	-	-	-	-	-
-	-	2,352	-	-	-
15,836	172,006	-	-	8,903	155,545
-	-	-	-	-	-
-	-	-	-	-	-
<u>151,116</u>	<u>172,006</u>	<u>2,352</u>	<u>-</u>	<u>8,903</u>	<u>155,545</u>
<u>24,741</u>	<u>16,000</u>	<u>3,986</u>	<u>125</u>	<u>1,629</u>	<u>15,001</u>
-	-	-	-	-	-
-	-	2,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
14,438	1,011	-	-	-	-
-	-	-	-	-	-
-	6,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,438</u>	<u>7,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10,303	8,989	5,986	125	1,629	15,001
52,777	296,290	26,976	9,188	-	15,000
8,660	-	-	-	-	-
<u>61,437</u>	<u>296,290</u>	<u>26,976</u>	<u>9,188</u>	<u>-</u>	<u>15,000</u>

124 MVOLLC Development Fund	Pines Development Fund	126 WA State Horse Park Fund	201 General Obligation Loan/Debt Fund	Consultants Development Fund	309 REET Excise Tax/Capital Projects Fund
3,197	-	712	-	18,791	337,533
-	-	-	2,749	-	-
-	-	-	-	-	-
-	-	-	-	-	122,671
-	-	-	-	-	-
-	-	1,500,000	-	-	15,000
-	-	-	-	-	-
-	-	-	-	-	-
44	3,040	-	43,999	-	5,108
44	3,040	1,500,000	43,999	-	142,779
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,040	-	-	-	22
-	-	-	-	-	-
-	-	-	-	-	-
-	3,040	-	-	-	22
44	-	1,500,000	43,999	-	142,757
-	-	-	-	-	-
-	-	-	439,005	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,500,712	-	-	42,542
-	-	-	479,413	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,500,712	479,413	-	42,542
44	-	(712)	3,591	-	100,215
3,241	-	-	-	18,791	437,748
-	-	-	6,339	-	-
3,241	-	-	6,339	18,791	437,748

401 Water Fund	402 Sanitary Fund	403 Airport Fund	409 Sewer Fund
175,000	-	-	75,000
1,005,784	128,308	9,942	710,031
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,708,245	669,254	-	1,169,265
5,881	-	-	-
505,165	3,442	3,148	458,036
<u>2,219,291</u>	<u>672,696</u>	<u>3,148</u>	<u>1,627,301</u>
-	-	-	-
-	-	-	-
1,499,597	596,621	-	1,198,921
-	-	7,785	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,499,597</u>	<u>596,621</u>	<u>7,785</u>	<u>1,198,921</u>
<u>719,694</u>	<u>76,075</u>	<u>(4,637)</u>	<u>428,380</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
752,831	-	-	475,819
215,005	-	-	31,854
69,787	69,787	-	69,787
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,037,623</u>	<u>69,787</u>	<u>-</u>	<u>577,460</u>
(317,929)	6,288	(4,637)	(149,080)
175,000	-	-	75,000
687,858	134,594	5,304	560,953
<u>862,858</u>	<u>134,594</u>	<u>5,304</u>	<u>635,953</u>

City of Cle Elum
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	23,936	23,936
388 & 588	Net Adjustments	-	-
310-390	Additions	35,024	35,024
510-590	Deductions	36,024	36,024
	Net Increase (Decrease) in Cash and Investments:	(1,000)	(1,000)
508	Ending Cash and Investments	22,936	22,936

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	25,198	25,198
388 & 588	Net Adjustments	-	-
310-390	Additions	30,765	30,765
510-590	Deductions	32,025	32,025
	Net Increase (Decrease) in Cash and Investments:	(1,260)	(1,260)
508	Ending Cash and Investments	23,936	23,936

CITY OF CLE ELUM
MCAG #0463
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Cle Elum was incorporated on February 12, 1902 and operates under the laws of the state of Washington applicable to a Code City. The city is a general-purpose local government and provides public safety, fire protection, street improvements, parks and recreation 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 3 – Component Unit, Joint Ventures, and Related Parties).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification 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.

CITY OF CLE ELUM
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Notes to the Financial Statements
For the Year Ended December 31, 2020

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 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 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 \$5000.00 and an estimated useful life excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

For non-union employees, vacation leave may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement. Compensation hours can also be accumulated up to 30 days (240 hours) and is payable upon separate or retirement. Sick leave may be accumulated indefinitely but paid out only at 25% to the VEBA account with a cap of 30 days (240 hours) upon separation or retirement. *Sick leave is paid to an HRA VEBA, not issued directly to the employee.* Payments are recognized as expenditures when paid. In 2021, the policy was changed to payout 25% of the VEBA account either directly to the employee OR the VEBA account.

CITY OF CLE ELUM
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Notes to the Financial Statements
For the Year Ended December 31, 2020

Per the union agreement with Teamsters Local #760, union employees' annual leave may be accumulated up to 37.5 days (300 hours) unless the city has rejected a leave request, in which the employee can accumulate 37.5 days (300 hours) plus the time that was rejected and is payable upon separation or retirement. Sick leave can accumulate up to 132 days (1,056 hours) of sick leave of which is accrued at a rate of 1 day (8 hours) per month. Sick leave can only be paid out at separation or retirement at 25% of the accrued unused sick leave and may be paid to the employee or their HRA VEBA account. Compensation hours can accumulate up to 12.5 days (100 hours) and is also paid out upon separation or retirement.

The City of Cle Elum's compensated absences/leave accrual at 12/31/20 was \$297,293 and is documented within Schedule 9. Subtotals per accrual are as follows:

Compensation Leave Accrual = \$50,490
Sick Leave Accrual = \$79,501
Vacation Leave Accrual = \$166,302

F. Long-Term Debt

See Note 6, *Long Term Debt*.

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the city council, granting agencies and RCW's. When expenditures that meet restrictions are incurred, the city intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of the following:

Fund #001	General Fund – Fire Truck – Resolution 2018-027—Committed	\$ 27,250.00
Fund #101	Street Fund – 2019 TIB Grant – Restricted	125,906.18
Fund #104	Police 3/10's – Resolution 2013-004 -- Restricted	119,243.18
Fund #106	Tourism Fund – RCW 67.28.1816 – Restricted	314,313.38
Fund #309	REET Excise Tax Fund – RCW 82.46 – Restricted	600,279.90
Fund #401	Water Fund – Loan Reserve – Columbia Bank – Restricted	175,000.00
Fund #409	Sewer Fund – Loan Reserve – Columbia Bank – Restricted	75,000.00
Fund #630	Pangrazi Memorial Fund – Custodial Fund – Restricted	19,217.48
Fund #698	State Agency Fund – Custodial Fund -- Restricted	3,719.13
	TOTAL RESERVE BALANCES	\$1,459,929.25

CITY OF CLE ELUM
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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance	Explanation of Variance
001 - Current Expense/General Fund				
Current Expense/General Fund	\$ 3,503,666.66	\$ 2,872,061.39	\$ 631,605.27	
Central Cascades Land CRA 2009-01 Development Fund	19,200.00		19,200.00	
Cle Elum Pines West Development Fund	10,000.00	780.25	9,219.75	
Sun Communities CRA 2018-01 Development Fund	265,200.00	208,134.77	57,065.23	
MVOLL/Crium CRA 2005-02 Development Fund	3,350.00		3,350.00	
Whispering Pines Development Fund	10,000.00		10,000.00	
City Heights CRA 2020-01 Development Fund	150,000.00	89,563.77	60,436.23	
Trendwest/New Suncadia CRA 2002-01 Development Fund	19,391.00	68.00	19,323.00	
Total 001 - Current Expense/General Fund	3,980,807.66	3,170,608.18	810,199.48	
101 - Street Fund				
Street Fund	3,283,144.00	2,796,964.50	486,179.50	

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Notes to the Financial Statements
For the Year Ended December 31, 2020

TIB Complete Streets Grant	400,000.00	277,459.07	122,540.93	TIB Grant remaining balance
Total 101 - Street Fund	3,683,144.00	3,074,423.57	608,720.43	
104 - Police 3/10's Sales Tax Fund	219,100.00	115,110.86	103,989.14	
106 - Tourist/Lodging Tax Fund	452,000.00	150,438.85	301,561.15	
110 - Coal Mine Trail Fund	33,800.00	1,732.90	32,067.10	
201 - General Obligation Loan/Debt Fund	49,967.00	47,595.00	2,372.00	
309 - REET Excise Tax/Capital Projects Fund	496,000.00	2,163.10	493,836.90	
401 - Water Fund				
Water Fund	1,324,463.00	928,274.57	396,188.43	
Water Regional Fund	1,445,306.00	774,659.51	670,646.49	
Water Capital Reserve Fund	419,000.00	142,635.78	276,364.22	
Total 401 - Water Fund	3,188,769.00	1,845,569.86	1,343,199.14	
402 - Sanitary Fund	773,600.00	660,758.96	112,841.04	
403 - Airport Fund	9,150.00	2,087.89	7,062.11	
409 - Sewer Fund				
Sewer Fund	1,189,631.00	734,749.29	454,881.71	
Sewer Regional Fund	752,466.00	627,019.44	125,446.56	
Sewer Capital Reserve Fund	505,200.00	48,074.52	457,125.48	

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Notes to the Financial Statements
For the Year Ended December 31, 2020

Total 409 - Sewer Fund	2,447,297.00	1,409,843.25	1,037,453.75
630 - Pangrazi Memorial Fund	20,200.00	1,591.31	18,608.69
698 - State Agency Fund	39,223.00	34,433.14	4,789.86
TOTALS	\$ 15,393,057.66	\$ 10,516,356.87	\$ 4,876,700.79

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

No transfers have been eliminated in the table above due to consolidation.

The 2020 budget was amended by Ordinance #1584 on March 9, #1587 on September 28, #1592 on October 26, #1594 on November 23 and #1597 December 14, 2020, for an amount of \$1,374,675. Some of the adjustments were the Kittitas County Distressed Sales Tax Grant and DOT Surface Transportation Grant for the First Street Revitalization Project, Lodging Tax for the Dog Park and increases in the Suncadia Capital Reimbursement Payments.

This budget compliance table includes ending fund balances as part of the final appropriated amounts.

Note 3 – Component Units, Joint Ventures and Related Parties

Upper Kittitas County Regional Water Treatment Plant

The City of Cle Elum owns and operates a Regional Water Supply System (WSS) to supply potable water to the City of Cle Elum, its Urban Growth Area, and neighboring communities consisting of:

- Town of South Cle Elum.
- Suncadia Master Planned Resort.

In June 2001, the Water Supply System Project Development Agreement was executed identifying the project phases, cost responsibilities of Suncadia (then Trendwest), and reimbursement charges.

The City of Cle Elum is responsible for operation, maintenance, and upkeep of the Water Supply System to provide a reliable Water Supply Service to the Town of South Cle Elum, and the Suncadia Master Planned Resort as wholesale customers.

Upper Kittitas County Regional Wastewater Treatment Plant

The Upper Kittitas County Regional Wastewater Treatment Plant (WWTP) is owned and operated by the City of Cle Elum to treat wastewater flows from the City of Cle Elum, its Urban Growth Area, and neighboring communities

CITY OF CLE ELUM
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Notes to the Financial Statements
For the Year Ended December 31, 2020

consisting of:

- Town of South Cle Elum.
- City of Roslyn.
- Unincorporated community of Ronald northwest of Roslyn along State Route 903.
- Pineloch Sun III development within the Ronald UGA.
- Suncadia Master Planned Resort.

In 2002, the Upper Kittitas County Regional Wastewater Treatment Facilities Project Agreement and Development Agreement was initiated, and in June 2008, the fourth amendment to this agreement was executed. Section 8 of the agreement defines the regional governance of the WWTP. A portion of some the governance parameters is listed below from this agreement:

- City of Cle Elum shall be responsible for operation, maintenance and upkeep of the Regional Elements and compliance with the City's NPDES permit.
- Title to the Regional Elements, including all facilities, improvements, permits, supplies, materials, equipment, fixtures, and other property of whatsoever kind or nature that is included in the Regional Elements, whether incorporated therein, shall be, and remain, in the City of Cle Elum. Title to the parcels of land on which the upgraded wastewater treatment plant discussed in the Facilities Plan is constructed is now, and shall remain, in the City of Cle Elum.
- Each Party shall own title to its Capacity Share as a separate property interest as set forth in Section 3.
- A Regional Sewer Committee shall be composed of four voting representatives, one from Cle Elum, one from South Cle Elum, one from Roslyn, and one from the utility provider for Suncadia's MPR properties.
- The Committee shall select its chair and such other officers, shall fix a time and place for meetings, and shall establish such rules and procedures as it deems appropriate, provided that the Committee meet at least quarterly.
- A quorum of three voting members must be present before the chair can recognize a call for a vote of the Committee.
- Motions shall be passed by a simple majority of voting members present at the meeting.
- The Committee's action on all motions shall be in the form of a recommendation to Cle Elum. Cle Elum and the other Parties will give good faith consideration to a recommendation of the Committee when it takes action related to the subject matter of the recommendation. Committee recommendations will be advisory only to Cle Elum and the other Parties.
- Cle Elum will submit to the Regional Sewer Committee all proposed and final budgets, contracts, rules, and regulations, plans for additions or betterments, and other matters it deems appropriate for the Committee requests relating to the Regional Elements.
- At least thirty (30) days prior to a Committee meeting in the third quarter meeting of each year, Cle Elum will submit the proposed annual operating budget and related expense information to the Committee for its review, which review will be done promptly.
- All Parties will submit to the Regional Sewer Committee annually and at other times when requested, all data relating to water consumption, sewage discharge, sewer connections and Residential Customer Equivalents, the total annual amount of capital reimbursement charge payments collected and reimbursed to Suncadia pursuant to Section 2.2, sewage quality, plans for additions or betterments to local Collection Facilities, and other information relating to the Regional Facility.
- The Regional Sewer Committee shall annually calculate the total amount of capital reimbursement charge payments that were collected and reimbursed to Suncadia pursuant to Section 2.2, during the preceding year.

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Notes to the Financial Statements
For the Year Ended December 31, 2020

The Regional sewer Committee shall also annually calculate the total amount capital reimbursement charge payments that were collected and reimbursed to Suncadia pursuant to Section 2.2, since Cle Elum accepted the Regional Elements, as well as the outstanding balance necessary to completely reimburse Suncadia for 44% its expenditures under Sections 2.1.3, 2.1.4, and 2.1.5 above.

In 2020 The Upper Kittitas County Regional Wastewater Treatment Facilities total budget was \$704,522 and reported net income of \$163,633. The net income is in fund 410 called the Sewer Regional Fund and is the reserves for this joint venture.

Note 4 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

To date, the city government has had very little impact from this pandemic unlike some of the businesses within the city. To help the businesses, we applied for a COVID-19 federal Department of Commerce Grant and set up an application process for the businesses to apply for these funds.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the city is unknown at this time.

Note 5– Deposits and Investments

Investments are reported at original cost or fair value. Deposits and investments by type on December 31, 2020 are as follows:

Type of Deposit or Investment	City Deposits and Investments	Deposits and Investments held by the City as custodian for other local governments, individuals, or private organizations	Total
Bank Deposits (FMV)	\$1,242,380.21	\$22,936.61	\$1,265,316.82
Money Market Investment (FMV)	1,686,895.09	0	1,686,895.09
2 Year Government Bond (Cost)	1,501,116.00	0	1,501,116.00
Cash on Hand	915.00	0	915.00

CITY OF CLE ELUM
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Notes to the Financial Statements
For the Year Ended December 31, 2020

TOTAL INVESTMENTS	\$4,408,369.69	\$22,936.61	\$4,431,306.30
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It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

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 – Long-Term Debt

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, 2020.

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

YEAR	PRINCIPAL	INTEREST	TOTAL
2021	\$ 408,430.36	\$ 93,753.05	\$ 502,183.41
2022	342,141.25	85,284.16	427,425.41
2023	353,141.23	75,924.26	429,065.49
2024	314,141.27	67,358.38	381,499.65
2025	187,000.00	59,724.00	246,724.00
2026- 2030	1,025,000.00	193,320.00	1,218,320.00
2031- 2032	<u>447,000.01</u>	<u>24,156.00</u>	<u>471,156.01</u>
	\$ 3,076,854.12	\$ 599,519.85	\$ 3,676,373.97

Unused Lines of Credit

At fiscal year end, the city had \$7,000,000 available in an unused line of credit through Umpqua Bank.

Note 7 – OPEB Plans

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City

CITY OF CLE ELUM
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Notes to the Financial Statements
For the Year Ended December 31, 2020

of Cle Elum as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan had 1 member, a retiree. As of December 31, 2020, the City of Cle Elum's total OPEB liability was \$428,699, as calculated using the alternative measurement method. For the year ended December 31, 2020, the City of Cle Elum paid \$20,876 in benefits.

The City of Cle Elum administers a supplemental health plan for a LEOFF 1 retiree which is a defined benefit plan. The total cost for 2020 was \$4,480 and is through United Health Care Insurance.

In addition, the city administers a long-term care plan for this retiree which is also a defined benefit plan. The total cost for this plan for 2020 was \$16,396 and is through New York Life Insurance Company.

The City of Cle Elum administers the health retirement account, HRA VEBA, a defined contribution plan.

In 2020, sick leave was paid out only at 25% to the VEBA account upon separation or retirement and is paid to an HRA VEBA, not issued directly to the employee. In 2021, the policy was changed to payout 25% of the VEBA account either directly to the employee OR the VEBA account.

Plan Name	Plan Administrator	Type (DBP or DCP)	Plan Description	# of Active Employees	# of Retired Employees	Employer Contribution
Leoff 1 Supplemental Health	New York Life	DBP	Long Term Care	0	1	\$16,396
Leoff 1 Long Term Care	United Health Care	DBP	Supplemental Health	0	1	\$4,480
Voluntary Employees' Beneficiary Association	One Bridge Benefits	DCP	HRA VEBA	28	0	\$40,972

Note 8 – Pension Plans

A. State Sponsored Pension Plans

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

Public Employees' Retirement System Plan 2 (PERS)

Law Enforcement Officers' and Fire Fighter's Retirement System Plan 2 (LEOFF)

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

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Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

On June 30, 2020, the city's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities (09), was as follows:

	Employer Contribution	Allocation %	Liability	(Asset)
PERS 1 UAAL	\$49,530	0.006834 %	\$241,277	
PERS 2/3	\$82,411	0.008946 %	\$114,414	
LEOFF 1		0.000973 %		(\$18,375)
LEOFF 2	\$31,746	0.016229 %		(\$331,048)
VFFRPF		0.19 %		(\$65,310)
Totals			\$355,691	(\$414,733)

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 9 - 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.

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Property tax revenues are recognized when cash is received by the 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 2020 was \$2.03 per \$1,000 on an assessed valuation of \$407,252,701 for a total regular levy of \$826,722.98. Included in this tax levy of \$2.03 there is \$.50 per \$1,000 for the Fire Department Maintenance and Operation Levy passed in the November 3, 2015, election.

Note 10 – Risk Management

Health and Welfare

The City of Cle Elum 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, 2020, 262 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.

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

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, 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 2020, 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

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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 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW, and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in 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.

Liability Insurance

The City of Cle Elum is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter Local Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sub limits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are

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purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sub limits.

Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sub limits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the daily operations of WCIA.

Unemployment Self-Insured Coverage

The City of Cle Elum is self-insured for unemployment coverage. In 2020, there were 2 claims paid for a total of \$6,862.70 as reflected on Schedule 21.

Note 11- Other Disclosures

1. Regional Agreements

In 2000 the City of Cle Elum entered into an interlocal agreement for Law Enforcement Services with the Town of South Cle Elum and the City of Roslyn, which is administered and managed by the City of Cle Elum. In addition to law enforcement services, animal control services are provided.

2. Projects

A. Downtown Revitalization Project

Current Construction Estimate Remaining: \$7,000,000

Anticipated Bid Advertisement Timeline: Bid Ready November 2020

Brief Project Description: In 2017, the City of Cle Elum initiated a Downtown Revitalization effort to enhance the appearance of 1st Street (Main Street), increase economic growth and vitality, and create a safe

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walkable streetscape consistent with their Complete Streets Ordinance. Stakeholders, business and property owners, residents, the public, Planning Commission and City Council provided valuable input throughout the planning process, and as a result in June 2017, the City Council unanimously adopted the Preferred Alternative by Resolution. This Alternative established a conceptual plan for street and parking configuration, streetscape amenities, and landscape improvements for First Street.

To implement the Plan, the corridor project was separated into three succinct phases:

- Phase 1 – Peoh Avenue and SR 903 (First Street) Intersection Improvements;
- Phase 2 – First Street Stormwater Improvements and Billings Avenue to Oakes Avenue Improvements; and
- Phase 3 – Downtown Revitalization including First Street pedestrian and street improvements.

Since adopting the Preferred Alternative in 2017, approximately \$3.5 million in funding has been secured from 15 sources, including local, state, and federal programs including CDBG/Department of Commerce, Washington State Department of Transportation (multiple), United States Department of Agriculture Rural Development, Transportation Improvement Board (multiple), Kittitas County Council of Governments (multiple years) and a Department of Commerce/Public Works Board loan. In addition, the city secured a line of credit with Umpqua Bank for a Limited Tax Obligation Bond not to exceed \$7,000,000.

Phase 1 was completed in December 2018, and constructed all storm water, sidewalk, and roadway improvements at the First Street and Peoh Avenue Intersection.

Phase 2 was completed in August 2020, constructing all storm water improvements for the entire six block project corridor, as well as sidewalk and roadway improvements at the First Street and Billings Avenue intersection and the north block from Billings Avenue to Oakes Avenue.

Phase 3 includes the remaining streetscape improvements along the First Street corridor between the easterly and westerly “bookends,” including at the intersections of Oakes Avenue, Pennsylvania Avenue, Harris Avenue, Wright Avenue, and Bullitt Avenue. Phase 3 has secured design funding and is “shovel-ready” as of November 2020.

Improvements include new bulb-outs at each intersection, mid-block crosswalks, 30-degree angled parking, pavement markings with reduced lane widths, street signage with decorative pole provisions, curb and gutter, wide sidewalks with scoring patterns, ADA curb ramps, pedestrian and street illumination, including fixture accessories such as flag holders, banner supports, and hanging basket brackets, undergrounding utilities, planters with trees, shrubs, and power outlets, irrigation system, and site furnishings, including benches, bike racks, relocating existing coal carts, and trash receptacles.

B. Upper Kittitas County Community Center

Section (A) of the 2002 Bullfrog UGA Development agreement stated:

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12 acres “shall be deeded to an Upper Kittitas County Non-Profit organization formed for the purpose of constructing, owning and operating a community center”.

“The Upper Kittitas County Non-Profit organization shall be responsible for fundraising, construction and operation of the Community Center and associated recreational facilities, provided that the facilities shall be made available to all residents of the City of Cle Elum, City of Roslyn, Town of South Cle Elum and all residents of Upper Kittitas County.”

Advantages of Non-Profit-led Project:

- Perceived by the community as apolitical, unbiased,
- Will provide dedicated resources to the project, enabling faster progress,
- Can accept tax-deductible contributions for construction and operation,
- Construction may not be subject to prevailing wage constraints,
- Can continue project after Suncadia funds have been exhausted.

The Shoemaker Foundation is willing to form a separate Non-Profit organization to serve this purpose.

Vision is to build, using funds already secured from Suncadia, plus additional funding from private donors, grants, and other sources, a facility designed by the community that the community will maintain and operate through a tax levy (taxing authority TBD).

3. Rolling of Funds

There is a difference in the 2019 ending balances and 2020 beginning balances due to rolling the Development Funds to the General Fund. The Development Funds #120, 123, 124, and 305 totaled \$46,221 on December 31, 2019. This increased the General Fund beginning balances on January 1, 2020 by this amount.

4. Litigation

Michael and Shirley Miller vs. City of Cle Elum, Kittitas County Cause NO. 20-2-00128-19. Michael and Shirley Miller filed a breach of contract claim against the City. The parties are pursuing settlement and anticipate dismissal by stipulation.

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Note 1 - Summary of Significant Accounting Policies

The City of Cle Elum was incorporated on February 12, 1902 and operates under the laws of the state of Washington applicable to a Code City. The city is a general purpose local government and provides public safety, fire protection, street improvements, parks and recreation 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.
- 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.

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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 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 \$5000.00 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

For non-union employees, vacation leave may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement. Compensation hours can also be accumulated up to 30 days (240 hours) and also is payable upon separate or retirement. Sick leave may be accumulated indefinitely, but paid out only at 25% with a cap of 30 days (240 hours) upon separation or retirement. *Sick leave is paid to an HRA VEBA, not issued directly to the employee.* Payments are recognized as expenditures when paid.

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Per the union agreement with Teamsters Local #760, union employees' annual leave may be accumulated up to 37.5 days (300 hours) unless the city has rejected a leave request, in which the employee is allowed to accumulate 37.5 days (300 hours) plus the time that was rejected and is payable upon separation or retirement. Sick leave can accumulate up to 132 days (1,056 hours) of sick leave of which is accrued at a rate of 1 day (8 hours) per month. Sick leave can only be paid out at separation or retirement at 25% of the accrued unused sick leave and may be paid to the employee or their HRA VEBA account. Compensation hours can accumulate up to 12.5 days (100 hours) and is also paid out upon separation or retirement.

The City of Cle Elum's compensated absences/leave accrual at 12/31/19 was \$236,974 and is documented within Schedule 9. Subtotals per accrual are as follows:

Compensation Leave Accrual = \$40,420
Sick Leave Accrual = \$67,455
Vacation Leave Accrual = \$129,099

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 Resolution's 2016-003 and 2007-01 and Ordinance's 925 and 1032. 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 consist of the following:

Fund #101	Street Fund -- Equipment Reserve	391,561.59
Fund #104	Public Safety Sales Tax Fund	52,776.88
Fund #106	Tourism Fund	296,289.84
Fund #110	Coal Mine Trail Fund	26,975.69
Fund #120	Central Cascades Land Fund	9,188.14
Fund #123	Sun Communities Fund	15,000.00
Fund #124	MVOLLC Fund	3,240.77
Fund #305	Suncadia Consultant Fund	18,791.31
Fund #309	REET Excise Tax Fund	437,748.00
Fund #401	Water Fund	175,000.00

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Fund #409	Sewer Fund	75,000.00
Fund #630	Pangrazi Fund	20,553.97
	TOTAL RESERVE BALANCES	\$1,522,126.19

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - Current Expense/General Fund	4,341,038.85	3,455,299.36	885,739.49
101 -			
Street Fund	2,189,318.00	1,224,459.45	964,858.55
TIB Complete Streets Grant	400,000.00	446.40	399,553.60
Total 101 - Street Fund	2,589,318.00	1,224,905.85	1,364,412.15
104 - Police 3/10's Sales Tax Fund	205,764.00	165,553.75	40,210.25
106 - Tourist/Lodging Tax Fund	454,150.00	179,017.13	275,132.87
110 - Coal Mine Trail Fund	29,200.00	2,352.38	26,847.62
120 - Central Cascades Land Development Fund	19,000.00		19,000.00
121 - Cle Elum Pines West Development Fund	20,000.00	8,903.00	11,097.00
123 - Sun Communities Development Fund	200,000.00	155,545.15	44,454.85
124 - MVOLLC Development Fund	3,200.00		3,200.00
125 - Whispering Pines Development Fund	10,000.00	3,039.50	6,960.50
126 - WA State Horse Park Fund	1,500,712.36	1,500,712.36	
201 - General Obligation Loan/Debt Fund	484,429.82	479,413.77	5,016.05

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305 - Suncadia Consultants Development Fund	18,791.00		18,791.00
309 - REET Excise Tax/Capital Projects Fund	448,308.00	42,564.10	405,743.90
401 -			
Water Fund	1,812,835.00	1,331,627.53	481,207.47
Water Regional Fund	1,478,172.00	886,561.09	591,610.91
Water Capital Reserve Fund	555,000.00	319,029.26	235,970.74
Total 401 - Water Fund	3,846,007.00	2,537,217.88	1,308,789.12
402 - Sanitary Fund	737,748.00	666,408.60	71,339.40
403 - Airport Fund	14,575.00	7,785.64	6,789.36
409 -			
Sewer Fund	1,598,131.00	1,005,397.80	592,733.20
Sewer Regional Fund	704,522.00	611,943.57	92,578.43
Sewer Capital Reserve Fund	368,300.00	159,037.20	209,262.80
Total 409 - Sewer Fund	2,670,953.00	1,776,378.57	894,574.43
630 - Pangrazi Memorial Fund	22,120.00	1,582.75	20,537.25
699 - State Agency Fund 380/580	38,570.00	30,441.84	8,128.16
TOTALS OF ALL FUNDS	17,653,885.03	12,237,121.63	4,522,188.97

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

Transfers in the amount of \$185,528 have been eliminated in the table above due to consolidation.

This budget compliance table includes ending fund balances as part of the final appropriated amounts.

The 2019 budget was amended by Ordinance #1551 on March 12, #1554 on April 9, #1560 on July 23, #1561 on August 13, #1567 on September 24, #1573 on November 12 and #1577 on December 10, 2019 for an amount of \$5,058,519. The largest portion of this, \$1,500,000, was for the Washington State Horse Park Arena Grant. Some other adjustments were the Kittitas County SR903 Extension Project Grant, Transportation Improvement Board Complete Streets Grant, purchase of a fire pumper truck and the payoff of two general obligation loans.

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Note 3 – Component Units, Joint Ventures and Related Parties

Upper Kittitas County Regional Water Treatment Plant

The City of Cle Elum owns and operates a Regional Water Supply System (WSS) to supply potable water to the City of Cle Elum, its Urban Growth Area, and neighboring communities consisting of:

- Town of South Cle Elum.
- Suncadia Master Planned Resort.

In June, 2001, the Water Supply System Project Development Agreement was executed identifying the project phases, cost responsibilities of Suncadia (then TrendWest), and reimbursement charges.

The City of Cle Elum is responsible for operation, maintenance, and upkeep of the Water Supply System to provide a reliable Water Supply Service to the Town of South Cle Elum, and the Suncadia Master Planned Resort as wholesale customers.

Upper Kittitas County Regional Wastewater Treatment Plant

The Upper Kittitas County Regional Wastewater Treatment Plant (WWTP) is owned and operated by the City of Cle Elum to treat wastewater flows from the City of Cle Elum, its Urban Growth Area, and neighboring communities consisting of:

- Town of South Cle Elum.
- City of Roslyn.
- Unincorporated community of Ronald northwest of Roslyn along State Route 903.
- Pineloch Sun III development within the Ronald UGA.
- Suncadia Master Planned Resort.

In 2002, the Upper Kittitas County Regional Wastewater Treatment Facilities Project Agreement and Development Agreement was initiated, and in June 2008, the fourth amendment to this agreement was executed. Section 8 of the agreement defines the regional governance of the WWTP. A portion of some the governance parameters are listed below from this agreement:

- City of Cle Elum shall be responsible for operation, maintenance and upkeep of the Regional Elements and compliance with the City's NPDES permit.
- Title to the Regional Elements, including all facilities, improvements, permits, supplies, materials, equipment, fixtures, and other property of whatsoever kind or nature that is included in the Regional Elements, whether or not incorporated therein, shall be, and remain, in the City of Cle Elum. Title to the parcels of land on which the upgraded wastewater treatment plant discussed in the Facilities Plan is constructed is now, and shall remain, in the City of Cle Elum.
- Each Party shall own title to its Capacity Share as a separate property interest as set forth in Section 3.
- A Regional Sewer Committee shall be composed of four voting representatives, one from Cle Elum, one from South Cle Elum, one from Roslyn, and one from the utility provider for Suncadia's MPR properties.

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- The Committee shall select its chair and such other officers, shall fix a time and place for meetings, and shall establish such rules and procedures as it deems appropriate, provided that the Committee meet at least quarterly.
- A quorum of three voting members must be present before the chair can recognize a call for a vote of the Committee.
- Motions shall be passed by a simple majority of voting members present at the meeting.
- The Committee's action on all motions shall be in the form of a recommendation to Cle Elum. Cle Elum and the other Parties will give good faith consideration to a recommendation of the Committee when it takes action related to the subject matter of the recommendation. Committee recommendations will be advisory only to Cle Elum and the other Parties.
- Cle Elum will submit to the Regional Sewer Committee all proposed and final budgets, contracts, rules and regulations, plans for additions or betterments, and other matters it deems appropriate for the Committee requests relating to the Regional Elements.
- At least thirty (30) days prior to a Committee meeting in the third quarter meeting of each year, Cle Elum will submit the proposed annual operating budget and related expense information to the Committee for its review, which review will be done promptly.
- All Parties will submit to the Regional Sewer Committee annually and at other times when requested, all data relating to water consumption, sewage discharge, sewer connections and Residential Customer Equivalents, the total annual amount of capital reimbursement charge payments collected and reimbursed to Suncadia pursuant to Section 2.2, sewage quality, plans for additions or betterments to local Collection Facilities, and other information relating to the Regional Facility.
- The Regional Sewer Committee shall annually calculate the total amount of capital reimbursement charge payments that were collected and reimbursed to Suncadia pursuant to Section 2.2, during the preceding year. The Regional sewer Committee shall also annually calculate the total amount capital reimbursement charge payments that were collected and reimbursed to Suncadia pursuant to Section 2.2, since Cle Elum accepted the Regional Elements, as well as the outstanding balance necessary to completely reimburse Suncadia for 44% its expenditures under Sections 2.1.3, 2.1.4, and 2.1.5 above.

In 2019 The Upper Kittitas County Regional Wastewater Treatment Facilities total budget was \$704,522 and reported net income of \$163,633. The net income is in fund 410 called the Sewer Regional Fund and is the reserves for this joint venture.

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 and revenue bonds are as follows:

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YEAR	PRINCIPAL	INTEREST	TOTAL
2020	\$ 197,000.00	\$ 97,579.88	\$ 294,579.88
2021	262,044.96	91,790.93	353,835.89
2022	268,044.96	83,416.95	351,461.91
2023	279,044.96	74,679.44	353,724.42
2024	240,044.98	66,735.98	306,780.94
2025- 2029	995,000.00	229,140.00	1,224,140.00
2030- 2032	664,000.01	48,060.00	712,060.01
	\$ 2,905,179.87	\$ 691,403.18	\$ 3,596,583.05

Note 5– Deposits and Investments

Deposits

Cash on hand at December 31, 2019 was \$565.00. The carrying amount of the city's deposits, including certificates of deposit, was \$163,143.15 and the bank balance was \$787,367.36.

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 certificate of deposits 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).

Investments

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

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

Type of Investment	City's Total Investment
2 Year Government Bond (Cost)	\$1,502,904.00
Money Market Investment (FMV)	1,975,591.64
TOTAL INVESTMENTS	\$3,478,495.64

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For The Year Ended December 31, 2019

Note 6 - Other Disclosures

Regional Agreements

In 2000 the City of Cle Elum entered into an interlocal agreement for Law Enforcement Services with the Town of South Cle Elum and the City of Roslyn, which is administered and managed by the City of Cle Elum. In addition to law enforcement services, animal control services are provided.

Projects

A. Downtown Revitalization Project

Current Construction Estimate: \$8,600,000

Anticipated Bid Advertisement Timeline: Bid Ready September 2020

Brief Project Description: In 2017, the City of Cle Elum initiated a Downtown Revitalization effort to enhance the appearance of 1st Street (Main Street), increase economic growth and vitality, and create a safe walkable streetscape consistent with their Complete Streets Ordinance. Stakeholders, business and property owners, residents, the general public, Planning Commission and City Council provided valuable input throughout the planning process, and as a result in June 2017, the City Council unanimously adopted the Preferred Alternative by Resolution. This Alternative established a conceptual plan for street and parking configuration, streetscape amenities, and landscape improvements for First Street.

To implement the Plan, the corridor project was separated into three succinct phases:

- Phase 1 – Peoh Avenue and SR 903 (First Street) Intersection Improvements;
- Phase 2 – First Street Storm water Improvements and Billings Avenue to Oakes Avenue Improvements; and
- Phase 3 – Downtown Revitalization including First Street pedestrian and street improvements.

Since adopting the Preferred Alternative in 2017, approximately \$3.5 million in funding has been secured from 15 sources, including local, state, and federal programs including CDBG/Department of Commerce, Washington State Department of Transportation (multiple), United State Rural Development, Transportation Improvement Board (multiple), Kittitas County Council of Governments (multiple years) and a Department of Commerce/Public Works Board loan. In addition, the city secured a line of credit with Umpqua Bank for a Limited Tax Obligation Bond not to exceed \$7,000,000.

Phase 1 was completed in December 2018, and constructed all storm water, sidewalk, and roadway improvements at the First Street and Peoh Avenue Intersection.

Phase 2 is under construction and will be complete by August 2020, constructing all storm water improvements for the entire six block project corridor, as well as sidewalk and roadway improvements at the First Street and Billings Avenue intersection and the north block from Billings Avenue to Oakes Avenue.

Phase 3 includes the remaining streetscape improvements along the First Street corridor between the easterly and westerly “bookends,” including at the intersections of Oakes Avenue, Pennsylvania Avenue, Harris

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Avenue, Wright Avenue, and Bullitt Avenue. Phase 3 has secured design funding and will be “shovel-ready” in September 2020.

Improvements include new bulb-outs at each intersection, mid-block crosswalks, 30-degree angled parking, pavement markings with reduced lane widths, street signage with decorative pole provisions, curb and gutter, wide sidewalks with scoring patterns, ADA curb ramps, pedestrian and street illumination, including fixture accessories such as flag holders, banner supports, and hanging basket brackets, undergrounding utilities, planters with trees, shrubs, and power outlets, irrigation system, and site furnishings, including benches, bike racks, relocating existing coal carts, and trash receptacles.

Subsequent Event – COVID 19

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 include 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.

At this point, the city has been impacted very little. The police department has had a small amount of overtime and all city departments have purchase a few supplies. The length of time these measures will be in place, and the full extent of the financial impact on the City of Cle Elum is unknown at this time.

Note 7 – OPEB Plans

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

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Cle Elum as required by RCW 41.26.150. The plan pays for 100% of eligible retirees’ healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had 1 member, a retiree. As of December 31, 2019, the City of Cle Elum’s total OPEB liability was \$365,123, as calculated using the alternative measurement method. For the year ended December 31, 2019, the City of Cle Elum paid \$21,077 in benefits.

The City of Cle Elum administers a supplemental health plan for a LEOFF 1 retiree which is a defined benefit plan. The total cost for 2019 was \$4,681 and is through United Health Care Insurance.

In addition, the city administers a long term care plan for this retiree which is also a defined benefit plan. The total cost for this plan for 2019 was \$16,396 and is through New York Life Insurance Company.

The City of Cle Elum administers the health retirement account, HRA VEBA, a defined contribution plan.

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Plan Name	Plan Administrator	Type (DBP or DCP)	Plan Description	# of Active Employees	# of Retired Employees	Employer Contribution
Leoff 1 Supplemental Health	New York Life	DBP	Long Term Care	0	1	\$16,396
Leoff 1 Long Term Care	United Health Care	DBP	Supplemental Health	0	1	\$4,681
Voluntary Employees' Beneficiary Association	One Bridge Benefits	DBC	HRA VEBA	27	0	\$42,038

Note 8 – Pension Plans

A. State Sponsored Pension Plans

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

Public Employees' Retirement System Plan 2 (PERS)

Law Enforcement Officers' and Fire Fighter's Retirement System Plan 2 (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, 2019 the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

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For The Year Ended December 31, 2019

	Employer Contribution	Allocation %	Liability	(Asset)
PERS 1 UAAL	\$47,679	0.006649 %	\$255,678	
PERS 2/3	\$70,063	0.008578 %	\$ 83,322	
LEOFF 1		0.000952 %		(\$18,817)
LEOFF 2	\$33,431	0.018132 %		(\$420,063)
VFFRPF		0.33 %		(\$225,993)
Totals			\$339,000	(\$664,873)

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 9 - 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 the 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 2019 was \$2.136518 per \$1,000 on an assessed valuation of \$349,314,683 for a total regular levy of \$746,317.11. Included in this tax levy of \$2.136518 there is \$.50 per \$1,000 for the Fire Department Maintenance and Operation Levy passed in the November 3, 2015, election.

Note 10 – Risk Management

Health and Welfare

The City of Cle Elum 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.

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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 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State

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Notes to the Financial Statements
For The Year Ended December 31, 2019

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.

Liability Insurance

The City of Cle Elum is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter Local Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 163 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sub limits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sub limits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sub limits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the inter local, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization.

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Notes to the Financial Statements
For The Year Ended December 31, 2019

The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Unemployment Self-Insured Coverage

The City of Cle Elum is self-insured for unemployment coverage. In 2019, there were 2 claims paid for a total of \$16,650.18 as reflected on Schedule 21.

City of Cle Elum
Schedule of Liabilities
For the Year Ended December 31, 2020

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.87	First Street Revitalization Public Works Board Loan	6/1/2024	236,180	296,385	-	532,565
251.11	Fire Dept. Building U.S. Bank Loan	6/1/2023	165,000	-	40,000	125,000
Total General Obligation Debt/Liabilities:			401,180	296,385	40,000	657,565
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Water Sewer Loan Columbia Bank	12/1/2032	2,504,000	-	157,000	2,347,000
259.12	Compensated Absences		236,974	60,319	-	297,293
264.30	Pension Liability		339,000	16,691	-	355,691
264.40	OPEB Liability		365,123	63,576	-	428,699
252.11	Sewer Loan Department of Ecology	4/30/2042	-	72,289	-	72,289
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,445,097	212,875	157,000	3,500,972
Total Liabilities:			3,846,277	509,260	197,000	4,158,537

City of Cle Elum
Schedule of Liabilities
For the Year Ended December 31, 2019

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	GO Debt Fire 2003	6/1/2023	200,000	-	35,000	165,000
251.11	GO Debt Forest Service 2007	12/1/2026	275,000	-	275,000	-
251.11	GO Debt Police 2012	4/6/2024	152,863	-	152,863	-
251.11	Public Works Board Loan Downtown Revitalization	6/1/2025	-	236,180	-	236,180
Total General Obligation Debt/Liabilities:			627,863	236,180	462,863	401,180
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Water Sewer Debt Columbia Bank 2018	12/1/2032	2,655,000	-	151,000	2,504,000
259.12	Compensated Absences		242,995	-	6,021	236,974
264.30	Pension Liability		437,453	-	98,453	339,000
264.40	OPEB Liability		-	365,123	-	365,123
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,335,448	365,123	255,474	3,445,097
Total Liabilities:			3,963,311	601,303	718,337	3,846,277

City of Cle Elum
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via DEPARTMENT OF COMMERCE)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	17-62210-044	660,499	-	660,499	123
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	2019BUBX19096 819	-	831	831	123
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program	20.106	3-53-0014-006- 2020	-	1,000	1,000	123
Highway Planning and Construction Cluster							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASHINGTON STATE DEPARTMENT OF TRANSPORTATION)	Highway Planning and Construction	20.205	STPR-0903(078)	126,834	-	126,834	123
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASHINGTON STATE DEPARTMENT OF TRANSPORTATION)	Highway Planning and Construction	20.205	STPR-0903(079)	120,675	-	120,675	123
Total Highway Planning and Construction Cluster:				247,509	-	247,509	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via DEPARTMENT OF COMMERCE)	Coronavirus Relief Fund	21.019	20-6541C-141	86,175	-	86,175	123

FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WASHINGTON MILITARY DEPARTMENT)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-253	6,350	-	6,350	-	123
Total Federal Awards Expended:				1,000,533	1,831	1,002,364	-	

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Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

Note 1 -- This schedule is prepared on the same basis of accounting as the City of Cle Elum's financial statements. The City of Cle Elum reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is an Other Comprehensive Basis of Accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Cle Elum's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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