



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Stevenson

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

Published September 23, 2021

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

September 23, 2021

Mayor and City Council
City of Stevenson
Stevenson, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Stevenson'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 Stevenson January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Stevenson 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 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>
66.468	Drinking Water State Revolving Fund Cluster – Capitalization Grants for Drinking Water State Revolving Funds

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

See Finding 2020-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

City of Stevenson January 1, 2020 through December 31, 2020

2020-001 The City did not have adequate internal controls to ensure accurate financial reporting on the Schedule of Expenditures of Federal Awards.

Background

City management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the reliability of financial reporting. The City prepares its financial statements in accordance with the cash basis accounting method as prescribed by the State Auditor's Office *Budgeting, Accounting and Reporting System* (BARS) manual.

Our audit identified a material weakness in internal controls over financial reporting that resulted in errors in the City's financial statements. *Government Auditing Standards* requires that the auditor communicate a material weakness in internal controls as a finding.

Description of Condition

The City prepared a Schedule of Expenditures of Federal Awards (SEFA) to document the federal grant funding it spent during the year. The SEFA is required by the federal government and used to determine which federal programs require additional audit procedures. The City did not have a process in place to ensure only federal expenditures incurred during the year were reported on the schedule.

Cause of Condition

The City did not dedicate sufficient time and resources to researching SEFA reporting requirements. Furthermore, while the City performed a review, it was not sufficient to identify all errors.

Effect of Condition

The City's SEFA prepared for audit contained the following errors:

- Two program amounts (CFDA No. 20.205 and CFDA No. 81.041) included the City's share of match expenditures. As a result, the SEFA was overstated by \$345,748.
- One program (CFDA No. 66.468) was understated by \$11,807 due to not reporting all federal expenditures incurred within the fiscal year.

These errors affected the total number of grant programs that were required to be audited. The City subsequently corrected the errors.

Recommendation

We recommend the City accurately report federal expenditures on the SEFA in accordance with reporting requirements. Specifically, we recommend the City dedicate sufficient time to accurately prepare and perform an effective review of the SEFA.

City's Response

The City of Stevenson appreciates the review, recommendations and guidance from the State Auditor's Office and concurs with the finding.

We would like to clarify that this is a reporting error and not an error in the accounting or use of the funds.

The \$11,807 understatement was for an invoice mistakenly short-paid, which was not caught until the open period for 2020 was closed. While the expense will be reported in the 2021 financials, the cost was included in the 2020 SEFA.

We will make the following modifications to our processes by the end of the year to make sure it does not happen again.

- *Create a project checklist which will be applied to new projects going forward and retroactively to projects in process. The checklist will be reviewed annually for updates. The checklist will include:*
 - *funding sources*
 - *reporting requirements*
 - *accounting software set-up*

- *Create a project reimbursement master spreadsheet containing reimbursement request amounts for each project to tie-out to the SEFA in accordance with current guidelines.*
- *Attend available trainings on federal funding reporting requirements.*

Auditor's Remarks

We appreciate the City's commitment to resolve this finding and thank management for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting – Uniform system of accounting

Budget, Accounting and Reporting Systems manual – Accounting, Accounting Principles and General Procedures, Internal Control

Government Auditing Standards, December 2011 Revision, paragraph 4.23

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265

Title 2 U.S. Code of Federal Regulations (CFR) Part 200.502 Determining Federal awards expended, provides the basis for determining when federal awards expended.

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 Stevenson January 1, 2020 through December 31, 2020

Mayor and City Council
City of Stevenson
Stevenson, 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 Stevenson, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 15, 2021.

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown.

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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 2020-001 to be material weaknesses.

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*.

CITY'S RESPONSE TO FINDINGS

The City's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

September 15, 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 Stevenson January 1, 2020 through December 31, 2020

Mayor and City Council
City of Stevenson
Stevenson, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Stevenson, 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 initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 15, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

City of Stevenson January 1, 2020 through December 31, 2020

Mayor and City Council
City of Stevenson
Stevenson, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Stevenson, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 18.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Stevenson 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 Stevenson, and its changes in cash and investments, for the year ended December 31, 2020, 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 Stevenson, as of December 31, 2020, or the changes in financial position or cash flows thereof for the year 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 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic’s direct or indirect financial impact on the City is unknown. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion 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 Schedule of Liabilities is 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 September 15, 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.



Pat McCarthy, State Auditor

Olympia, WA

September 15, 2021

**City of Stevenson
January 1, 2020 through December 31, 2020**

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

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

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

		Total for All Funds (Memo Only)	001 General Expense Fund	100 Street Fund	103 Tourism Promo & Develop Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,424,579	2,575,246	306,290	710,295
388 / 588	Net Adjustments	3,099	3,099	-	-
Revenues					
310	Taxes	1,419,246	799,700	285,460	286,330
320	Licenses and Permits	166	(159)	325	-
330	Intergovernmental Revenues	948,242	198,681	45,053	-
340	Charges for Goods and Services	1,876,552	188,487	-	-
350	Fines and Penalties	15,090	15,090	-	-
360	Miscellaneous Revenues	317,536	19,460	242	11,760
Total Revenues:		4,576,832	1,221,259	331,080	298,090
Expenditures					
510	General Government	459,820	459,820	-	-
520	Public Safety	245,730	245,730	-	-
530	Utilities	1,187,387	-	-	-
540	Transportation	327,731	-	248,013	-
550	Natural/Economic Environment	238,211	238,211	-	-
560	Social Services	10,464	10,204	260	-
570	Culture and Recreation	341,450	69,440	-	272,010
Total Expenditures:		2,810,793	1,023,405	248,273	272,010
Excess (Deficiency) Revenues over Expenditures:		1,766,039	197,854	82,807	26,080
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	1,147,590	-	-	-
397	Transfers-In	114,271	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		1,261,861	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,402,673	26,465	39,774	104,774
591-593, 599	Debt Service	75,316	-	-	-
597	Transfers-Out	114,271	-	38,634	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	3,087	3,087	-	-
Total Other Decreases in Fund Resources:		2,595,347	29,552	78,408	104,774
Increase (Decrease) in Cash and Investments:		432,553	168,302	4,399	(78,694)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	874,195	51,135	-	631,600
50841	Committed	-	-	-	-
50851	Assigned	3,313,951	1,924,737	310,692	-
50891	Unassigned	672,096	770,784	-	-
Total Ending Cash and Investments		4,860,242	2,746,656	310,692	631,600

The accompanying notes are an integral part of this statement.

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

		105 Affordable Housing Fund	300 Capital Improvement Fund	309 Russell Ave	311 First Street
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	135,657	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,216	46,540	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	636,520	67,988
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	714	-	-
Total Revenues:		1,216	47,254	636,520	67,988
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		1,216	47,254	636,520	67,988
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	96,898	17,373
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	96,898	17,373
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	733,537	126,328
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	75,637	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	75,637	733,537	126,328
Increase (Decrease) in Cash and Investments:		1,216	(28,383)	(119)	(40,967)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,216	107,274	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	(119)	(40,967)
Total Ending Cash and Investments		1,216	107,274	(119)	(40,967)

The accompanying notes are an integral part of this statement.

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

		400 Water/Sewer Fund	500 Equipment Service Fund
Beginning Cash and Investments			
308	Beginning Cash and Investments	557,842	139,249
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	1,557,098	130,967
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	284,910	450
Total Revenues:		1,842,008	131,417
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	1,187,387	-
540	Transportation	-	79,718
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		1,187,387	79,718
Excess (Deficiency) Revenues over Expenditures:		654,621	51,699
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	1,147,590	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		1,147,590	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	1,371,795	-
591-593, 599	Debt Service	75,316	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		1,447,111	-
Increase (Decrease) in Cash and Investments:		355,100	51,699
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	82,970	-
50841	Committed	-	-
50851	Assigned	887,574	190,948
50891	Unassigned	(57,602)	-
Total Ending Cash and Investments		912,942	190,948

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
		<hr/>	<hr/>
308	Beginning Cash and Investments	12,838	12,838
388 & 588	Net Adjustments	(12,838)	(12,838)
310-390	Additions	8,880	8,880
510-590	Deductions	8,880	8,880
		<hr/>	<hr/>
	Net Increase (Decrease) in Cash and Investments:	-	-
508	Ending Cash and Investments	-	-

The accompanying notes are an integral part of this statement.

City of Stevenson
Notes to the Financial Statements
For the year ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Stevenson was incorporated on December 2, 1907 and operates under the laws of the state of Washington applicable to a non-charter code City with a mayor-council form of government. The City is a general-purpose local government and provides public safety, fire prevention, street maintenance, planning, parks maintenance, water and sewer, municipal court, health and social services 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 *Notes to 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 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. The City uses three Special Revenue Funds: A Street Fund, a Tourism Promotion Fund (Lodging tax fund) and an Affordable Housing Fund.

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. The City uses one primary Capital Projects Fund with separate capital projects funds for each major project.

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. The City uses one Enterprise Fund, the combined Water/Sewer Fund.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis. The City uses one Internal Service Fund, the Equipment Service Fund.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian 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. The City uses one Custodial Fund for Municipal Court Activities which are passed through to the state or other agencies.

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 4 - *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated 1,440 hours. Upon separation after 25 years or retirement employees do receive payment for unused sick leave at the rate of 25% of the total remaining balance. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5 – *Long Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by City Council. 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:

- General Fund – The primary source of revenue is unclaimed property, which is reserved in accordance with RCW 63.29 and a private pass-through grant for the Park Plaza Project.
- Tourism Promotion Fund – The primary source of revenue is lodging tax receipts, which are reserved for tourism promotion activities per state law (RCW 67.28.1816)
- Affordable Housing Fund – The primary source of revenue is the sales tax credit authorized in 2019 by SHB 1406, which is reserved for affordable housing activities per state law (RCW 82.14.540)
- Capital Improvement Fund – The primary source of revenue is the Real Estate Excise Tax (REET), which is reserved for certain types of capital improvements per state law (RCW 82.46.010)
- Water/Sewer Fund – Balances required as part of USDA loans the City has incurred.

Note 2 - Budget Compliance

The City adopts annual appropriated budgets for 14 funds, for a total of 9 funds when rolled up. 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 follow:

Fund/Department	Final Appropriated Amount	Actual Expenditures	Variance
001 - General Expense Fund	1,421,272.14	1,052,953.82	368,318.32
100 - Street Fund	353,140.00	326,677.38	26,462.62
103-Tourism Promo& Develop Fund	641,408.31	376,784.32	264,623.99
300 - Capital Improvement	75,636.78	75,636.78	
309 - Russell Ave	842,563.78	733,537.44	109,026.34
311 - First Street	185,800.00	126,327.81	59,472.19
400 - Water/Sewer Fund			
Water/Sewer Fund	2,150,057.23	1,870,164.29	279,892.94
Wastewater System	1,000,000.00	764,334.32	235,665.68
Total 400 - Water/Sewer	3,150,057.23	2,634,498.61	515,558.62
500 - Equipment Service	106,071.00	79,717.97	26,353.03

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

For reporting purposes, the Water System Improvements Fund was rolled into the Water/Sewer Fund.

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

Note 3 – 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.

On March 17, 2020 Mayor Scott Anderson issued an Emergency Proclamation declaring the COVID-19 pandemic to be an Emergency in the City of Stevenson. The City was notified that the local 258-room resort would be closed from March 18th until June 1st, a significant impact to the City's lodging tax, sales tax and utility revenues. A local beverage producer also notified the City they would be cutting back dramatically on production, impacting the City's utility revenues. While the City has seen a decrease in revenues, expenses have also been reduced allowing the City to maintain adequate fund balances and reserves. While Skamania County is slowly reopening, the CDC continues to recommend limited travel, which impacts our local tourism economy.

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 4 – Deposits and Investments

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

Type of deposit or investment	City's own deposits and investments	Total
Bank deposits	\$2,260,238.66	\$2,260,238.66
Local Government Investment Pool	871,985.15	871,985.15
U.S. Government securities	1,915,370.06	1,915,370.06
Total	\$5,047,593.87	\$5,047,593.87

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

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the 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 5 – Long-Term Debt *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities 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 revenue bonds, public works and private loans are as follows:

Year	Principal	Interest	Total
2021	\$ 75,922	\$ 17,835	\$ 93,757
2022	77,403	16,238	93,641
2023	78,926	14,599	93,525
2024	80,491	12,917	93,408
2025	82,101	11,191	93,292
2026 - 2030	324,627	29,133	353,760
2031 - 2035	47,667	1,317	48,983
Total	\$767,137	\$103,230	\$870,366

The City also has a loan for the design of Wastewater System Upgrades through the Washington State Department of Ecology it will be drawing on for the next year. The total loan of \$1,985,000 contains of \$575,000 forgivable principal. Through 2020, the City has drawn \$1,124,011 against the loan. The term of the loan is 20 years at 2% interest.

The City has also secured a loan through USDA Rural Development of \$873,000 for wastewater collection system improvements at a term of 40 years at 1.375% interest. The City will begin drawing on this loan in 2021 and the project is expected to be complete in 2022.

Assets Pledged as Collateral for Debt

The following debt is secured by assets that are pledged as collateral:

Debt	Asset
2020 Opus Loan	City Water Meters

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all 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 PERS.

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, 2020 (the measurement date of the plans), the City’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$35,414	0.004886%	\$172,502
PERS 2/3	\$58,924	0.006396%	\$ 81,801
VFFRPF	\$690.00	0.36%	(\$125,176.83)

Note 7 - Property Tax

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

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

The City’s regular levy for the year 2020 was \$1.970113 per \$1,000 on an assessed valuation of \$244,668,288 for a total regular levy of \$482,024.

Note 8 – Risk Management

The City of Stevenson is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal 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 sublimits. 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 \$400 million per occurrence subject to aggregates and sublimits. 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 sublimits.

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, reinsurance and other 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 day-to-day operations of WCIA.

Note 9 – Health & Welfare

The City of Stevenson 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 in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

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

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

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

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Note 10 – Significant Obligation

On July 6, 2017 the City of Stevenson was put under an Administrative Order related to the operation of its Wastewater Treatment Plant. The Order requires construction of improvements to the Plant. The cost estimate as of the 90% design is \$9.7M. Staff will be pursuing grants, however there will be significant debt incurred to fulfill the requirements of the Order. The sewer rates and system development charges have increased, and will continue to do so, in order to meet the increased debt obligations.

Note 11 – Implementation of BARS Manual Changes - Custodial Activities

The City previously reported within the General Fund the custodial activity of the Stevenson Municipal Court and CATV Trust (security funds and interest from Summit Communications, Inc. required by the 1994 franchise ordinance). Beginning in 2019, such activity has been more appropriately reported in separate Custodial Funds based on BARS Manual guidance. These Custodial Funds totaled \$12,838 with \$9,739 for Stevenson Municipal Court (630) and \$3,099 for CATV (631).

Upon further inspection it was determined the CATV Trust funds were not Custodial and a prior period adjustment was conducted to move those funds back to the General fund. A refund of the security was provided in 2020 and the City has closed the account.

It was also determined the \$9,739 in beginning balance funds related to Stevenson Municipal Court activity should not be accounted for at the City and a prior period adjustment was conducted to remove those funds from the City's accounts. Skamania County is contracted by the City to provide municipal court services. The City has no control over the funds as it is not a signer on the account and the Court determines the revenue and expenditure activity. At the end of every month, the Court remits funds to the City based on revenues received, which the City accounts for appropriately. Transactions in the fund related to the tracking of court activity were accounted for under 389/589 and have been adjusted to close-out these transactions going forward. The remaining activity in the Stevenson Municipal Court Fund is for pass through funds from the Court remittance.

Note 12 – Prior Period Adjustments

The transactions related to the implementation of the BARS manual changes identified above were done as two prior period adjustments. One was a transfer from the CATV Fiduciary Fund to the General Fund in the amount of \$3,099 for the CATV Trust account. The second adjustment was for the removal of the Stevenson Municipal Court Activity from the Stevenson Municipal Court Fiduciary Fund in the amount of \$9,739.

**City of Stevenson
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	PWTF Loan, Water System Upgrade	6/1/2026	162,914	-	23,273	139,641
252.11	USDA RD Loan, Sewer Outfall	12/20/2033	343,590	-	23,382	320,208
252.11	DOE SRF Loan	12/31/2040	297,420	826,590	-	1,124,010
252.11	SMART Water Meters	4/1/2030	-	321,000	13,713	307,287
259.12	Sick Leave Buyout		767	82	-	849
259.12	Vacation Accrual		28,814	19,227	-	48,041
264.30	State Retirement System		276,855	-	22,552	254,303
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,110,360	1,166,899	82,920	2,194,339
Total Liabilities:			1,110,360	1,166,899	82,920	2,194,339

**City of Stevenson
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			Passed through to Subrecipients	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	18-62210-037	34,844	-	34,844	34,844	1,2,3
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	STPR-B309 (001)	613,501	-	613,501	-	1,2,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	TAP-30A2(001)	108,955	-	108,955	-	1,2,3
Total Highway Planning and Construction Cluster:				722,456	-	722,456	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	20-6541C-336	84,105	-	84,105	45,656	1,2,3
Drinking Water State Revolving Fund Cluster								
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Department of Ecology)	Capitalization Grants for Drinking Water State Revolving Funds	66.468	WQC-2019- StevPW-0004	776,141	-	776,141	-	1,2,3
Total Drinking Water State Revolving Fund Cluster:				776,141	-	776,141	-	

The accompanying notes are an integral part of this schedule.

City of Stevenson
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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ENERGY, DEPARTMENT OF, ENERGY, DEPARTMENT OF (via Department of Commerce)	State Energy Program	81.041	F19-92501-035	308,933	-	308,933	-	1,2,3
Total Federal Awards Expended:				1,926,479	-	1,926,479	80,500	

The accompanying notes are an integral part of this schedule.

City of Stevenson

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the cash basis of accounting as described in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual published by the State Auditor's Office.

Note 2 – Federal De Minimis Indirect Cost Rate

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

Note 3 – 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'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.



City of Stevenson

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7121 E Loop Road, PO Box 371
 Stevenson, Washington 98648

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of Stevenson
January 1, 2020 through December 31, 2020

This schedule presents the corrective action planned by the City for findings reported in this report 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).

Finding ref number: 2020-001	Finding caption: The City did not have adequate internal controls to ensure accurate financial reporting on the Schedule of Expenditures of Federal Awards.
Name, address, and telephone of City contact person: Leana Kinley P.O. Box 371 Stevenson, WA 98648 (509) 427-5970	
Corrective action the auditee plans to take in response to the finding: <ul style="list-style-type: none"> • <i>Create a project checklist which will be applied to new projects going forward and retroactively to projects in process. The checklist will be reviewed annually for updates. The checklist will include:</i> <ul style="list-style-type: none"> • <i>funding sources</i> • <i>reporting requirements</i> • <i>accounting software set-up</i> • <i>Create a project reimbursement master spreadsheet containing reimbursement request amounts for each project to tie-out to the SEFA in accordance with current guidelines.</i> • <i>Attend available trainings on federal funding reporting requirements.</i> 	
Anticipated date to complete the corrective action: December 31, 2021	

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.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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webmaster@sao.wa.gov