



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Town of Coulee Dam

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

*Published November 10, 2021*

Report No. 1029303



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

November 10, 2021

Mayor and Town Council  
Town of Coulee Dam  
Coulee Dam, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on the Town of Coulee Dam's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Town of Coulee Dam January 1, 2020 through December 31, 2020

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Town of Coulee Dam 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 Town’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 Town.

#### 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 Town’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>
10.760	Water and Waste Disposal Systems for Rural Communities

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

The Town 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*

#### **Town of Coulee Dam January 1, 2020 through December 31, 2020**

Mayor and Town Council  
Town of Coulee Dam  
Coulee Dam, 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 Town of Coulee Dam, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated October 28, 2021.

We issued an unmodified opinion on the fair presentation of the Town'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 Town 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 9 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Town is unknown. Management's plans in response to this matter are also described in Note 9.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town'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 Town's

internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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.

In addition, we noted certain matters that we have reported to the management of the Town in a separate letter dated October 28, 2021.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of the Town'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 Town'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 Town'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

October 28, 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

#### **Town of Coulee Dam January 1, 2020 through December 31, 2020**

Mayor and Town Council  
Town of Coulee Dam  
Coulee Dam, Washington

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited the compliance of the Town of Coulee Dam, 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 Town's major federal programs for the year ended December 31, 2020. The Town'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 Town'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 Town'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 Town's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Town 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 Town 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 Town'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 Town'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

October 28, 2021

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Town of Coulee Dam January 1, 2020 through December 31, 2020**

Mayor and Town Council  
Town of Coulee Dam  
Coulee Dam, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Town of Coulee Dam, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's financial statements, as listed on page 15.

### **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 Town'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 Town'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 Town of Coulee Dam 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 Town of Coulee Dam, 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 Town 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 Town of Coulee Dam, 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 9 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Town is unknown. Management's plans in response to this matter are also described in Note 9. 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 October 28, 2021 on our consideration of the Town'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 Town's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

October 28, 2021

## **FINANCIAL SECTION**

### **Town of Coulee Dam 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 the 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

**Town of Coulee Dam**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>001 Current Expense</b>	<b>107 Stadium Fund</b>	<b>301 Realty Excise TX Fund Restricted</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,824,093	482,808	82,240	185,428
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	603,367	558,174	28,370	16,823
320	Licenses and Permits	13,493	13,493	-	-
330	Intergovernmental Revenues	467,575	199,774	-	-
340	Charges for Goods and Services	2,604,307	1,171	-	-
350	Fines and Penalties	9,103	2,059	-	-
360	Miscellaneous Revenues	96,221	78,987	630	1,400
Total Revenues:		3,794,066	853,658	29,000	18,223
<b>Expenditures</b>					
510	General Government	122,772	122,772	-	-
520	Public Safety	390,983	390,983	-	-
530	Utilities	2,300,999	-	-	-
540	Transportation	139,976	139,976	-	-
550	Natural/Economic Environment	27,195	21,740	5,455	-
560	Social Services	315	315	-	-
570	Culture and Recreation	60,095	46,863	13,232	-
Total Expenditures:		3,042,335	722,649	18,687	-
Excess (Deficiency) Revenues over Expenditures:		751,731	131,009	10,313	18,223
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	300,085	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	5,125	850	-	-
Total Other Increases in Fund Resources:		305,210	850	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	698,943	80,853	-	1,780
591-593, 599	Debt Service	312,303	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	5,263	950	-	-
Total Other Decreases in Fund Resources:		1,016,509	81,803	-	1,780
<b>Increase (Decrease) in Cash and Investments:</b>		<b>40,432</b>	<b>50,056</b>	<b>10,313</b>	<b>16,443</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	419,772	-	92,554	201,872
50841	Committed	-	-	-	-
50851	Assigned	1,026,933	115,035	-	-
50891	Unassigned	417,834	417,834	-	-
<b>Total Ending Cash and Investments</b>		<b>1,864,539</b>	<b>532,869</b>	<b>92,554</b>	<b>201,872</b>

The accompanying notes are an integral part of this statement.



**Town of Coulee Dam**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>401 Electric Fund</b>	<b>410 Water Fund</b>	<b>420 WWTP Department Fund</b>	<b>430 Solid Waste Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	248,668	439,990	334,879	50,080
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	267,801	-
340	Charges for Goods and Services	1,148,230	454,448	712,903	287,555
350	Fines and Penalties	7,044	-	-	-
360	Miscellaneous Revenues	8,069	3,178	3,515	442
Total Revenues:		1,163,343	457,626	984,219	287,997
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	1,110,174	419,161	471,673	299,991
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,110,174	419,161	471,673	299,991
Excess (Deficiency) Revenues over Expenditures:		53,169	38,465	512,546	(11,994)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	300,085	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	2,900	1,375	-	-
Total Other Increases in Fund Resources:		2,900	1,375	300,085	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,866	53,904	559,540	-
591-593, 599	Debt Service	-	71,483	240,820	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	2,888	1,425	-	-
Total Other Decreases in Fund Resources:		5,754	126,812	800,360	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>50,315</b>	<b>(86,972)</b>	<b>12,271</b>	<b>(11,994)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	71,490	53,856	-
50841	Committed	-	-	-	-
50851	Assigned	298,985	281,529	293,297	38,087
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>298,985</b>	<b>353,019</b>	<b>347,153</b>	<b>38,087</b>

**Town of Coulee Dam**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<u>Custodial</u>
308	Beginning Cash and Investments	363
388 & 588	Net Adjustments	-
310-390	Additions	5,432
510-590	Deductions	<u>5,432</u>
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	363

*The accompanying notes are an integral part of this statement.*

# TOWN OF COULEE DAM

## Notes to the Financial Statements

January 1, 2020 to December 31, 2020

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### **Note 1 - Summary of Significant Accounting Policies**

The Town of Coulee Dam was incorporated on February 26, 1959 and operates under the laws of the state of Washington applicable to towns with a mayor-council form of government. The town is a general-purpose government and provides public safety, street maintenance/improvement, parks and recreation, health and social services, general administrative services, electric, water and sewer services.

The Town of Coulee Dam 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 another 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. The town of Coulee Dam uses single-entry, cash basis accounting which is a departure 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 Town of Coulee Dam 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 Town of Coulee Dam'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 by the Town of Coulee Dam:

#### GOVERNMENTAL FUND TYPES:

##### General (Current Expense) Fund

This fund is the primary operating fund of the Town of Coulee Dam. 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 legally restricted or committed to expenditures for specified purposes of the Town of Coulee Dam.

### 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 Town of Coulee Dam in a trustee capacity or as an agent on behalf of others.

#### Custodial Funds

These funds are used to account assets that the Town of Coulee Dam holds on behalf of others in a custodial capacity.

#### B. Basis of Accounting

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 Town of Coulee Dam 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 3 – Deposits and Investments.

#### D. Capital Assets

Capital assets are assets with an individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. The Capital assets of the Town of Coulee Dam are recorded as expenditures when purchased.

#### E. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement.

Sick Leave may be accumulated up to a maximum of 150 days, (1200 hours for full time employees and 900 hours for regular part time employees). Upon separation or retirement employees receive payment for unused sick leave which is compensated at twenty five percent (25%) cash out based on the following schedule:

2 - 5 years employment	320 hours
5 - 15 years employment	520 hours

15 -25 years employment	600 hours
25 years or more employment	750 hours

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 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. When expenditures that meet restrictions are incurred, the Town of Coulee Dam intends to use the most restricted resources first.

The Town of Coulee Dam as of December 31, 2020 has the following fund balances, which are restricted reserve balances as per external or internal restrictions.

The Stadium Fund (107) Restricted Balances are based on RCW 67.28 Public Stadium, Convention, Arts, and Tourism Facilities. These funds must be used for tourism related expenditures. The balance as of December 31, 2020 is \$92,554.

The Reality Excise Tax Fund (301) Restricted Balances are based on RCW 82.45 Excise Tax on Real Estate Sales. These funds must be used for capital improvements as adopted in the Town of Coulee Dam's Comprehensive Plan. The balance as of December 31, 2020 is \$201,871.51.

The Water Fund (410) Restricted Balance is \$71,490 as per the Town of Coulee Dam's USDA RD Letter of Conditions for Loans 91-01 & 91-03 under section of Reserve Account as of December 31, 2020. The amount is for a debt reserve of an annual loan installment per year. This amount must be maintained until Loans are paid off in 2043.

The Sewer Fund (420) Restricted Balance is \$53,856.00 as per the Town of Coulee Dam's USDA RD Letter of Conditions for Loans 92-05, 92-07 and 92-09 under section of Reserve Account as of December 31, 2020. The amount is for a debt reserve of an annual loan installment per year. USDA requires the initial deposit into the reserve account to take place at the date the first installment loan payment is made. The first installment was made in the year 2020. The Town of Coulee Dam opted to begin building the reserve fund at an earlier date. This amount must be maintained until Loans are paid off in 2059.H.

H. Health and Welfare

The Town of Coulee Dam 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 2 – Budget Compliance**

The Town of Coulee Dam adopts annual appropriated budgets for General, Criminal Justice, Fire Equipment Reserve, Public Safety Reserve General Municipal, Street, Street Reserve, Stadium, Realty Excise Tax, Electric, Electric Reserve, Water, Water Reserve, Wastewater, Wastewater Reserve and Solid Waste 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:

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
Current Expense Fund	\$ 601,705	\$ 599,605	\$ 2,100
Criminal Justice Reserve	\$ 39,800	\$ 21,249	\$ 18,551
Fire Equipment Reserve	\$ 36,750	\$ 80	\$ 36,670
Street Fund	\$ 360,567	\$ 183,512	\$ 177,055
Street Reserve Fund	\$ -	\$ -	\$ -
Stadium (Hotel/Motel) Fund	\$ 35,200	\$ 18,687	\$ 16,513
Realty Excise Tax Fund	\$ 150,000	\$ 1,780	\$ 148,220
Electric Fund	\$ 1,237,115	\$ 1,115,927	\$ 121,188
Electric Reserve Fund	\$ -	\$ -	\$ -
Water Fund	\$ 545,219	\$ 545,972	\$ (753)
Water Reserve Fund	\$ -	\$ -	\$ -
WWTP Fund	\$ 2,832,570	\$ 1,272,030	\$ 1,560,540
Solid Waste Fund	\$ 337,050	\$ 299,991	\$ 37,059
<b>Total</b>	<b>\$ 6,175,976</b>	<b>\$ 4,058,833</b>	<b>\$ 2,117,143</b>

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 Town of Coulee Dam legislative body.

The Town of Coulee Dam does not budget for utility deposits received or reimbursed. For accounting and reporting purposes, the water utility deposit fund (413) is rolled into the Water Fund (410). Non budgeted water utility deposits returned to customers in 2020 were in the amount of \$1425, which caused the water fund to appear to be over budget by \$753.

### **Note 3 – Deposits and Investments**

The Town of Coulee Dam investments are insured, registered or held by the Town of Coulee Dam or its agent in the Town of Coulee Dam's name.

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

Type of deposit or investment	Coulee Dam's own deposits and investments	Deposits and investments held by the Town of Coulee Dam as custodian for other local governments, individuals, or private organizations	Total
Bank Deposits	\$ 98,851.19	\$ 363.00	\$ 99,214.19
Cash on Hand	\$ 250.00		\$ 250.00
LGIP	\$ 1,464,905.78		\$ 1,464,905.78
Time Value Investments - Bonds	\$ 300,532.27		\$ 300,532.27
<b>Total</b>	<b>\$ 1,864,539.24</b>	<b>\$ 363.00</b>	<b>\$ 1,864,902.24</b>

It is the Town of Coulee Dam'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 Town of Coulee Dam 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](http://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 Town of Coulee Dam 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 Town of Coulee Dam'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 Town of Coulee Dam or its agent in the government's name.

### **Note 4 - Property Taxes**

The three (3) county treasurers' act as agents to collect property taxes levied in Grant, Douglas, and Okanogan counties for all taxing authorities. Collections are distributed after the end of each month.



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

The Town's regular levy for 2020 was \$2.1080091255 per \$1,000 for each of the three counties, which are as follows:

County	Assessed Valuation	Levy Rate	Levied Amount
Grant County	1,445,425	2.1080091255	\$ 3,046.97
Douglas County	15,182,081	2.1080091255	\$ 32,004.00
Okanogan County	<u>41,939,712</u>	2.1080091255	<u>\$ 88,409.30</u>
Total	58,567,218		\$123,460.27

#### **Note 5- Long-Term Debt**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Town of Coulee Dam and summarizes the Town of Coulee Dam's debt transactions for year ended December 31, 2020.

The debt service requirements for general obligation bonds, revenue bonds and loans including both principle and interest are as follows:

Note 5					
			Principal	Interest	Total
2021			\$ 122,186.46	\$ 177,116.55	\$ 299,303.01
2022			\$ 125,509.06	\$ 173,793.94	\$ 299,303.00
2023			\$ 128,930.32	\$ 170,372.68	\$ 299,303.00
2024			\$ 132,453.47	\$ 166,849.53	\$ 299,303.00
2025			\$ 136,081.88	\$ 163,221.12	\$ 299,303.00
2026-2030			\$ 738,768.12	\$ 757,746.88	\$ 1,496,515.00
2031-2035			\$ 847,407.78	\$ 649,107.22	\$ 1,496,515.00
2036-2040			\$ 973,769.26	\$ 522,745.74	\$ 1,496,515.00
2041-2045			\$ 974,988.77	\$ 378,560.23	\$ 1,353,549.00
2046-2050			\$ 870,051.26	\$ 269,048.74	\$ 1,139,100.00
2051-2055			\$ 973,687.86	\$ 165,412.14	\$ 1,139,100.00
2056-2059			\$ 861,820.70	\$ 49,459.30	\$ 911,280.00
					\$ -
TOTALS			<b>\$ 6,885,654.94</b>	<b>\$3,643,434.07</b>	<b>\$10,529,089.01</b>

#### **Note 6- Pension Plans**

Substantially all Town of Coulee Dam 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 & LEOFF. Actuarial information is on a system-wide basis and is not considered pertinent to the Town of Coulee Dam financial statements. Contributions to the systems by both

employee and employer are based upon gross wages covered by plan. Employees have the option of participating in the State of Washington Deferred Compensation Pension Plan, over and above the above listed pension plans.

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:

Dept. of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The Town of Coulee Dam 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](http://www.ofm.wa.gov).

At June 30, 2020, the Town's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	24,755	0.003416%	120,603
PERS 2/3	41,190	0.004471%	57,182
LEOFF 1		0.001126%	(21,265)
LEOFF 2	8,029	0.004104%	(83,716)
VFFRPF	360	0.19%	(65,310)

#### LEOFF Plan 1

The Town of Coulee Dam 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. As of January 1, 2020, the Town of Coulee Dam had no eligible employees/retirees receiving LEOFF Plan 1 benefits.

#### LEOFF Plan 2

The Town of Coulee Dam 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 7 - Joint Ventures - Delano Landfill/Transfer Station**

## DELANO LANDFILL/TRANSFER STATION

The Delano Landfill/Transfer Station is located between Electric City and Grand Coulee near the northern margin of Grant County and the Columbia Plateau in Central Washington. Delano Landfill/Regional Transfer Station is located on Grant County property within the City limits of Grand Coulee. The existing site is approximately 34.7 acres. The Landfill/Transfer Station currently receives waste from Grand Coulee, Electric City, Coulee Dam, Elmer City, the unincorporated areas surrounding the four cities, and the US Bureau of Reclamation.

The Delano Landfill history began October 1, 1968 when the Cities of Electric City, Grand Coulee, Coulee Dam and the Town of Elmer City (“the parties”) joined a cooperative agreement for licensing and operating a sanitary landfill. On November 15, 1974 Grant County was designated as the lead agency for County Wide Solid Waste Disposal System. On January 1, 1984, the municipalities of Electric City, Grand Coulee, Coulee Dam and Elmer City formed the Regional Board of Mayors (RBOM’S) and entered into an agreement to lease the sanitary landfill from Grant County. On January 1, 1989 and May 8, 1995, the municipalities entered into agreements with Grant County to continue the sanitary landfill lease agreement. On January 10, 1984 the municipalities entered into an agreement assigning Coulee Dam as administrator of the trust fund, and the Town of Coulee Dam established a fund of \$7,500.00 for closure costs of the landfill. On October 12, 1989, a new interlocal agreement was entered into and a 15% contribution from each community was established to pay for the future closure costs of the Landfill.

Currently, the Regional Board of Mayors oversees the operation of the Delano Landfill/Regional Transfer Station, along with recommending the user fees for the Landfill/Regional Transfer Station, for approval of each respective council. The City of Electric City prepares and submits the proposed annual budget for approval from the Regional Board, and then the approved proposal is incorporated within the budget ordinance for Electric City.

On August 13, 2007, the parties entered a new Interlocal Cooperative Agreement for the continued operation of the Regional Board of Mayors. The new Interlocal Cooperative Agreement outlines the working rules of the operation of the board. This agreement also established that the City of Grand Coulee shall maintain the books, records, documents, and other evidence and accounting procedures and practices, which sufficiently and accurately reflect all revenues and direct and indirect costs and shall be compensated a monthly 15% operational administrative fee.

All funds of the joint operations of all parties known as the “Regional Board of Mayors” shall be deposited in the public treasury of the City of Grand Coulee. On December 31, 2007, the Town of Coulee Dam submitted to the City of Grand Coulee the following fund balances.

• Regional Board Landfill Fund	\$ 294,501.05
• Regional Board Post Closure Fund	\$ 160,330.49
• Regional Board Closure Fund	<u>\$ 320,811.84</u>
Total	\$ 775,643.38

In 2008 the City of Grand Coulee established the Solid Waste Handling Fund and combined the Landfill Closure and Post Closure Funds together within their public treasury accounting.

In 2009, the RBOM’s authorized the purchase of \$35,000 for walking floor trailers from the Solid Waste Handling Fund. The RBOM’s determined the Solid Waste Handling Fund was not needed and transferred \$123,174.49 from the Solid Waste Handling Fund to the Landfill Closure & Post Closure to meet the 2009 Financial Assurance Plan Balance. Remaining Funds were returned to the Operation & Maintenance Landfill

Fund, resulting in a zero balance in the Solid Waste Handling Fund. The 441 Solid Waste Handling Fund was closed.

On December 19, 2011 the parties entered into a 4<sup>th</sup> Addendum to the Interlocal Cooperative Agreement for the continued operation of the Regional Board of Mayors. The new Addendum transferred the administrative responsibilities from the City of Grand Coulee to the City of Electric City, effective January 1, 2012. This 4<sup>th</sup> Addendum also established an Audit Committee which shall be responsible for review and oversight of the books and records maintained by the Administrative City.

All funds of the joint operations of all parties known as the “Regional Board of Mayors” shall be deposited in the public treasury of the City of Electric City. On May 19, 2012, the City of Grand Coulee submitted to the City of Electric City \$171,625.20 and on April 9, 2013 submitted \$333,606.83 for the Transfer Station Fund balance of \$505,232.03. On August 27, 2013 The City of Grand Coulee submitted \$985,715.00 to be deposited to the Post Closure Fund. Total fund balances submitted below:

• Regional Board Transfer Station Fund	\$ 505,232.03
• Regional Board Post Closure Fund	<u>\$ 985,715.00</u>
Total	\$1,490,947.03

The City of Electric City reported the 2020 ending fund balance for RBOM’s funds within their public treasury as follows.

• Transfer Station Fund	\$ 297,400.84
• Transfer Station Post Closure Reserve Fund	<u>\$ 828,247.92</u>
Total	\$1,125,648.76

Complete financial statements may be obtained from the Electric City City Clerk, PO Box 130, Electric City, WA 99123 and the Grand Coulee City Clerk, PO Box 180, Grand Coulee, WA 99133. A member of the City of Electric City administrative staff is assigned to act as secretary for the Regional Board of Mayors.

The City of Electric City employs and supervises the transfer station personnel. Electric City is reimbursed for the actual costs of employment from the RBOM’s funds held by the City of Electric City. Complete financial statements can be obtained from the City of Electric City, PO Box 130, Electric City, WA 99123.

In November 2007, a Final Closure, Post Closure and Financial Assurance Plans were prepared for the Delano Landfill Site. In November 2014 the Financial Assurance Plan was updated for current data information. Although the Plan states that an annual contribution to the Trust Fund would be \$13,248.00 the Regional Board of Mayors decided to keep that amount to \$15,000.00 to better meet future costs. In October 2015 the Financial Assurance Plan was updated for the current data information. The amount of needed funds for post-closure was raised by \$80,634.00 and the annual contribution of \$15,000.00 remained the same. A complete copy of these plans may be obtained from the Clerk’s office of the City of Electric City.

In December 2007 the parties entered into an addendum to the Interlocal Cooperative Agreement for the financing and administration of Closure and Post Closure activities at the Delano Landfill. The Statement of Purpose for this addendum is for the parties to take all necessary action in cooperation with each other to meet their obligation to fulfill all landfill closure and post closure requirements and to be jointly responsible for funding all costs and expenses, including, but not limited to, the obligation to repay loan proceeds of \$856,900.00 obtained from the Public Works Trust Fund Loan Program of the State of Washington. A complete copy of the addendum may be obtained from the Clerk’s office of the City of Grand Coulee.

## **DELANO REGIONAL TRANSFER STATION**

In December 2007 the parties entered into an addendum to the Interlocal Cooperative Agreement for the financing and administration of Construction, Funding, and Operation of a Transfer Station. The Statement of Purpose for this addendum is for the parties to take all necessary action in cooperation with each other to finance, construct, operate, and seek all necessary approvals from state, county, and local entities required for the construction and operation of a transfer station and for the transfer of waste from the transfer station to the Ephrata Landfill.

This addendum remains in effect for the term of the loans obtained to fund the construction of the transfer station, or so long as the transfer station is sufficient and adequate to serve the parties and they agree to continue its use, whichever period is longer.

During the term of this addendum, the parties agree to deliver all solid waste generated within each respective city, to the Transfer Station. Any contracts for solid waste collection within the four Cities must include a requirement that all collected solid waste be exclusively delivered to the transfer station. This exclusive utilization is necessary to meet the terms of repayment of the underlying loans from the Public Works Trust Fund Loan Program of the State of Washington in the amount of \$1,540,900.00 for the construction of the transfer station and continued maintenance and operation of the transfer station.

The parties may only terminate their participation prior to the full repayment of the underlying loans from the Public Works Trust Fund of the State of Washington, by paying, in advance, an early termination penalty in the amount of \$10,000.00 and its equitable share of the underlying loans and other expenses for the transfer station, which amounts shall be determined as follows:

$$D = \frac{a}{b} \times C$$

“D” represents equitable share of underlying loans and other expenses for Transfer Station

“a” represents average number of customers of withdrawing city for past 3 years

“b” represents average number of customers of all cities for past 3 years

“C” represents outstanding loan balances for construction of transfer station and closure and post closure of the Delano Landfill, plus each future year’s O & M costs and expenses for the transfer station based on the actual total O & M for the year preceding early termination adjusted by the change in Consumer Price Index using “West Urban-All Urban Consumers-All Items.

Note: If termination occurs prior to end of the first 3 years of transfer station operation, the ratio would be based upon the number of customers for the months of operation of the transfer station preceding termination.

A complete copy of the addendum may be obtained from the Clerk’s office of the City of Electric City.

During the period of January 1, 2020 through December 31, 2020 the parties jointly have the following outstanding loans and pending loans from State of Washington Public Works Trust Fund, for the construction of the Delano Regional Transfer Station, and the Closure of the Landfill.

Loan Agency	Date of Issue	Date of Maturity	Future Pending Loans	Beginning Outstanding Debt 1/1/2020	Amount Issued Current Year	Amount Redeemed Current Year	Ending Outstanding Debt 12/31/2020
PWTF 036 Transfer Station Loan	06/2008	06/2028	\$ -	\$ 736,734.37	\$ -	\$ 81,859.37	\$ 654,875.00
PWTF 035 Cell 1 Closure Loan	08/2008	08/2028	\$ -	\$ 332,661.97	\$ -	\$ 36,962.44	\$ 295,699.53
<b>Totals</b>			<b>\$ -</b>	<b>\$ 1,069,396.34</b>	<b>\$ -</b>	<b>\$ 118,821.81</b>	<b>\$ 950,574.53</b>

The debt service requirements for current outstanding loans, including interest, are as follows:

	Principal	Interest	Total Debt
2020	\$ 118,821.81	\$ 5,346.98	\$ 124,168.79
2021	\$ 118,821.82	\$ 4,752.88	\$ 123,574.70
2022	\$ 118,821.81	\$ 4,158.77	\$ 122,980.58
2023	\$ 118,821.82	\$ 3,564.65	\$ 122,386.47
2024	\$ 118,821.82	\$ 2,970.54	\$ 121,792.36
2025-2028	\$ 475,287.27	\$ 5,941.09	\$ 481,228.36
<b>Total</b>	<b>\$ 1,069,396.35</b>	<b>\$ 26,734.91</b>	<b>\$ 1,096,131.26</b>

The parties have jointly agreed for financial reporting purposes that the outstanding loans since jointly owned by each entity will report their percentage of the outstanding loans and liabilities for landfill closure and post-closure on The Schedule of Liabilities, using the following formula: Total Statement of Billings from Contracted Solid Waste Collection Contractor (currently Sunrise Disposal) divided by amount billed to each entity.

For the period of January 1, 2020 to December 31, 2020 the total amount billed is as follows:

City of Electric City	\$ 131,181.33	0.243475686%
City of Grand Coulee	\$ 207,241.66	0.384645478%
Town of Coulee Dam	\$ 171,527.10	0.318358400%
Town of Elmer City	\$ <u>28,836.07</u>	0.053520436%
<b>TOTAL</b>	<b>\$ 538,786.16</b>	<b>100%</b>

#### **Note 8 – OPEB**

The Town of Coulee Dam has a commitment to pay for post-employment benefits for employees that belong to LEOFF 1. These benefits include medical, vision, dental and long term care. As of January 1, 2020, there were no retirees receiving benefits and \$0.00 was paid out for those benefits during the year 2020.

#### **Note 9– 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 26, 2020, the Town of Coulee Dam officially declared an emergency due to the COVID-19 pandemic through Ordinance No. 786 which was amended on May 4, 2020 to extend the expiration of the emergency. All town offices were closed down to public access on March 17, 2020 and have remained closed through October 2021. Town Council meetings were conducted through video/teleconferencing and meeting participation information was provided to the public. Employees were allowed to telework when able to do so.

The Town of Coulee Dam was awarded \$49,500 in Coronavirus Relief Funds from the Washington State Department of Commerce. The Town plans used the funds to recover expenses incurred to safeguard the Town's employees and citizens from the COVID-19 virus such as personal protective equipment (PPE), cleaning supplies, supplies and services used for emergency notification to the public and equipment to allow teleworking/social distancing. The Town Council also utilized \$31,800 of the funds to provide relief to local businesses directly impacted by the virus.

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

#### **Note 10– Risk Management**

The Town of Coulee Dam is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. **As of December 1, 2020, there are 193 members in the program.**

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection; and Liability, including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires liability insurance through their Administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 of the self-insured retention, in addition to the deductible. The program also



purchases a Stop Loss Policy as another layer of protection to its membership, **with an attachment point of \$2,147,814.**

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention, in addition to the deductible.

Privacy and Network Liability coverage is offered with a \$10,000 member deductible and \$40,000 self-insured retention for systems using encryption and \$50,000 member deductible and \$50,000 self-insured retention for those without encryption.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors which is \$15,000 and is covered by the CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending **December 1, 2020, were \$2,651,954.**

#### **Note 11- Other**

The Town of Coulee Dam entered into an agreement with Elmer City in 1979 for wastewater treatment. The wastewater treatment plant is owned and operated by the Town of Coulee Dam. Elmer City reimburses the Town of Coulee Dam for treatment of their sewer on flow based calculation.

The Town of Coulee Dam was awarded a loan in the amount of \$4,700,000, two subsequent loans in the amounts of 936,000 and \$3,915, a grant in the amount of \$1,530,000 and two subsequent grants in the amounts of \$558,000 and \$909,000 from USDA Rural Development for a wastewater treatment plant project. Use of the loan and grant funds, through Interim Financing with Washington Trust Bank, commenced in the 2017 budget year. USDA assumed the Washington Trust Bank Interim Financing loan in 2019 and loan payments to USDA began in 2020.



**Town of Coulee Dam  
Schedule of Liabilities  
For the Year Ended December 31, 2020**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		66,458	11,525	-	77,983
263.82	#410 Water USDA-RD 91-01	9/3/2043	786,788	-	19,512	767,276
263.82	#410 Water USDA-RD 91-03	9/3/2043	275,366	-	6,830	268,536
263.82	#420 Sewer USDA RD 92-05	11/27/2059	4,700,000	-	73,696	4,626,304
263.82	#420 Sewer USDA 92-05	11/27/2059	936,000	-	14,284	921,716
263.82	#420 Sewer USDA 92-09	11/27/2059	3,915	300,085	4,640	299,360
264.30	Pension Liability		182,376	-	4,591	177,785
263.82	RBOM PWTF PC08-951-036	7/1/2028	246,965	-	38,480	208,485
263.82	RBOM PWTF PC08-951-035	7/1/2028	111,514	-	17,376	94,138
263.22	RBOM Liabilities For Landfill	12/31/2042	278,015	4,775	30,728	252,062
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>7,587,397</b>	<b>316,385</b>	<b>210,137</b>	<b>7,693,645</b>
<b>Total Liabilities:</b>			<b>7,587,397</b>	<b>316,385</b>	<b>210,137</b>	<b>7,693,645</b>

## Town of Coulee Dam

## Expenditures

*The accompanying notes are an integral part of this schedule.*

TOWN OF COULEE DAM, WASHINGTON  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING DECEMBER 31, 2020

NOTE 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Town of Coulee Dam financial statements. The Town of Coulee Dam uses the Cash Basis *Budgeting, Accounting and Reporting System (BARS)* manual.

NOTE 2 – FEDERAL DE MINIMIS INDIRECT COST RATE

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

NOTE 3 – FEDERAL LOANS

The Town of Coulee Dam received a loan in the amount of \$4,700,000 and subsequent loans in the amounts of \$936,000 and \$304,000 to build a Wastewater Treatment Facility from the United States Department of Agriculture.

The balance reported reflects the total of prior year and current year loan expenditures.

Current year loans are reported on the Town of Coulee Dam Schedule of Liabilities.

NOTE 4 – PROGRAM COSTS

The amounts shown as current year expenditures represent only *Federal* grant portion of the program costs. Entire program costs, including the Town of Coulee Dam portion, may be 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.

## 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](http://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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