



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Enumclaw

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

*Published March 7, 2022*

Report No. 1029995



Find out what's new at SAO  
by scanning this code with  
your smartphone's camera



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

March 7, 2022

Mayor and City Council  
City of Enumclaw  
Enumclaw, Washington

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

Please find attached our report on the City of Enumclaw'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

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	9
Independent Auditor's Report on the Financial Statements.....	12
Financial Section.....	15
About the State Auditor's Office.....	37

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Enumclaw January 1, 2020 through December 31, 2020

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

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

##### Financial Statements

We issued an unmodified opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

##### Internal Control over Financial Reporting:

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

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

##### Federal Awards

##### Internal Control over Major Programs:

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

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

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 programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
21.019	COVID-19 – Coronavirus Relief Fund

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

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

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **City of Enumclaw January 1, 2020 through December 31, 2020**

Mayor and City Council  
City of Enumclaw  
Enumclaw, 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 Enumclaw, 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 March 1, 2022.

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

As discussed in Note 11 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown.

### **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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

March 1, 2022



## 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 Enumclaw January 1, 2020 through December 31, 2020

Mayor and City Council  
City of Enumclaw  
Enumclaw, Washington

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Enumclaw, 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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 1, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **City of Enumclaw January 1, 2020 through December 31, 2020**

Mayor and City Council  
City of Enumclaw  
Enumclaw, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the City of Enumclaw, 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 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 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 Enumclaw 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 Enumclaw, 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 Enumclaw, 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 11 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 March 1, 2022 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

March 1, 2022

## **FINANCIAL SECTION**

### **City of Enumclaw 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 Enumclaw**  
**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 GENERAL FUND</b>	<b>110 STREET</b>	<b>112 TRANSPORTATI ON BENEFIT</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	27,189,373	4,957,691	1,871	843,531
388 / 588	Net Adjustments	58,463	176	(7)	45,310
<b>Revenues</b>					
310	Taxes	9,780,540	8,185,852	-	670,490
320	Licenses and Permits	829,035	740,234	7,070	-
330	Intergovernmental Revenues	3,248,027	1,259,636	1,111,523	541,716
340	Charges for Goods and Services	20,488,812	1,443,150	16,647	-
350	Fines and Penalties	85,980	71,619	-	-
360	Miscellaneous Revenues	2,899,334	111,244	493	8,011
Total Revenues:		37,331,728	11,811,735	1,135,733	1,220,217
<b>Expenditures</b>					
510	General Government	3,744,384	2,027,317	-	-
520	Public Safety	5,466,655	5,463,009	-	-
530	Utilities	12,390,668	383,801	-	-
540	Transportation	1,343,693	-	643,017	87,923
550	Natural/Economic Environment	962,415	935,346	-	-
560	Social Services	465,623	465,623	-	-
570	Culture and Recreation	1,575,937	1,112,071	-	-
Total Expenditures:		25,949,375	10,387,167	643,017	87,923
Excess (Deficiency) Revenues over Expenditures:		11,382,353	1,424,568	492,716	1,132,294
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	4,751,929	626,768	1,227,664	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	609,686	175,885	-	-
Total Other Increases in Fund Resources:		5,361,615	802,653	1,227,664	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	8,180,005	919,526	1,571,105	712,450
591-593, 599	Debt Service	2,821,872	-	24,036	221,453
597	Transfers-Out	4,751,928	1,119,146	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	376,861	17,429	-	-
Total Other Decreases in Fund Resources:		16,130,666	2,056,101	1,595,141	933,903
<b>Increase (Decrease) in Cash and Investments:</b>		<b>613,302</b>	<b>171,120</b>	<b>125,239</b>	<b>198,391</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	100,000	-	-	-
50831	Restricted	7,747,517	21,943	-	1,087,233
50841	Committed	5,686,040	456,780	-	-
50851	Assigned	13,550,203	3,872,887	127,104	-
50891	Unassigned	777,375	777,375	-	-
<b>Total Ending Cash and Investments</b>		<b>27,861,135</b>	<b>5,128,985</b>	<b>127,104</b>	<b>1,087,233</b>

The accompanying notes are an integral part of this statement.



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

		<b>115 LODGING TAX</b>	<b>130 2ND 1/4% REET GMA</b>	<b>131 1ST 1/4% REET GMA</b>	<b>150 SEIZED ASSETS</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	17,850	1,446,994	1,692,061	21,398
388 / 588	Net Adjustments	(3)	(329)	(402)	(5)
<b>Revenues</b>					
310	Taxes	14,684	454,757	454,757	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	176	12,616	17,349	2,085
Total Revenues:		14,860	467,373	472,106	2,085
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	1,913
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	20,025	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		20,025	-	-	1,913
Excess (Deficiency) Revenues over Expenditures:		(5,165)	467,373	472,106	172
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	717,453	919,969	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	717,453	919,969	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(5,165)</b>	<b>(250,080)</b>	<b>(447,863)</b>	<b>172</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	12,682	1,196,585	1,243,796	21,564
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>12,682</b>	<b>1,196,585</b>	<b>1,243,796</b>	<b>21,564</b>

The accompanying notes are an integral part of this statement.

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

		<b>156 DRUG ENFORCEMENT FUND</b>	<b>158 IMPACT FEE ACCOUNTS</b>	<b>170 POOL</b>	<b>215 LOCAL IMPROVE DIST DEBT SERVC</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	24,946	2,109,856	41,668	186,216
388 / 588	Net Adjustments	(6)	(602)	(11)	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	130,000	-
340	Charges for Goods and Services	-	702,038	36,574	-
350	Fines and Penalties	352	-	-	981
360	Miscellaneous Revenues	233	21,962	18,641	57,124
Total Revenues:		585	724,000	185,215	58,105
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	1,733	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	461,966	-
Total Expenditures:		1,733	-	461,966	-
Excess (Deficiency) Revenues over Expenditures:		(1,148)	724,000	(276,751)	58,105
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	1,207,394	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	258,030	40,523	-
Total Other Increases in Fund Resources:		-	258,030	1,247,917	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	936,053	-
591-593, 599	Debt Service	-	-	-	43,865
597	Transfers-Out	-	545,452	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	258,030	2,752	8,473
Total Other Decreases in Fund Resources:		-	803,482	938,805	52,338
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(1,148)</b>	<b>178,548</b>	<b>32,361</b>	<b>5,767</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	23,792	2,287,803	-	191,983
50841	Committed	-	-	-	-
50851	Assigned	-	-	74,020	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>23,792</b>	<b>2,287,803</b>	<b>74,020</b>	<b>191,983</b>

The accompanying notes are an integral part of this statement.

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

		<b>230 LIDGUARANTY FUND</b>	<b>410 WATER UTILITY</b>	<b>420 WASTEWATER UTILITY</b>	<b>430 NATURAL GAS UTILITY</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	42,158	4,066,442	4,400,076	2,661,910
388 / 588	Net Adjustments	(58)	12,380	3,634	(461)
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	35,600	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	3,347,090	4,172,943	4,391,879
350	Fines and Penalties	-	2,542	2,509	5,490
360	Miscellaneous Revenues	2,238	1,069,817	1,343,160	135,743
Total Revenues:		2,238	4,419,449	5,554,212	4,533,112
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	2,030,225	2,676,371	3,935,817
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	2,030,225	2,676,371	3,935,817
Excess (Deficiency) Revenues over Expenditures:		2,238	2,389,224	2,877,841	597,295
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	222,263	647,065	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	8,855	1,715	3,515
Total Other Increases in Fund Resources:		-	231,118	648,780	3,515
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	879,245	60,800	1,526,647
591-593, 599	Debt Service	-	451,701	2,058,342	-
597	Transfers-Out	-	505,523	702,032	234,508
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	9,642	2,535	-
Total Other Decreases in Fund Resources:		-	1,846,111	2,823,709	1,761,155
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,238</b>	<b>774,231</b>	<b>702,912</b>	<b>(1,160,345)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	44,338	595,220	430,865	-
50841	Committed	-	1,123,508	1,063,673	250,000
50851	Assigned	-	3,134,328	3,612,084	1,251,100
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>44,338</b>	<b>4,853,056</b>	<b>5,106,622</b>	<b>1,501,100</b>

The accompanying notes are an integral part of this statement.

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

		<b>440 SOLID WASTE UTILITY</b>	<b>450 STORM WATER FUND</b>	<b>520 EQUIPMENT RENTAL</b>	<b>530 DATA PROCESSING INTERNAL SVC</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	332,331	93,168	2,861,142	163,526
388 / 588	Net Adjustments	(117)	(50)	(656)	(72)
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	132	32,451	-	13,548
330	Intergovernmental Revenues	22,757	46,983	-	135,412
340	Charges for Goods and Services	2,825,158	650,820	1,063,891	991,097
350	Fines and Penalties	2,068	419	-	-
360	Miscellaneous Revenues	29,629	1,953	30,979	1,100
Total Revenues:		2,879,744	732,626	1,094,870	1,141,157
<b>Expenditures</b>					
510	General Government	-	-	-	856,581
520	Public Safety	-	-	-	-
530	Utilities	2,837,848	526,606	-	-
540	Transportation	-	-	612,753	-
550	Natural/Economic Environment	-	-	-	7,044
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,837,848	526,606	612,753	863,625
Excess (Deficiency) Revenues over Expenditures:		41,896	206,020	482,117	277,532
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	736,119	84,656
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	121,163	-
Total Other Increases in Fund Resources:		-	-	857,282	84,656
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	18,677	1,340,399	205,127
591-593, 599	Debt Service	19,721	-	2,754	-
597	Transfers-Out	-	7,845	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	78,000	-	-
Total Other Decreases in Fund Resources:		19,721	104,522	1,343,153	205,127
<b>Increase (Decrease) in Cash and Investments:</b>		<b>22,175</b>	<b>101,498</b>	<b>(3,754)</b>	<b>157,061</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	50,000	-	2,338,079	-
50851	Assigned	304,388	194,615	518,650	320,515
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>354,388</b>	<b>194,615</b>	<b>2,856,729</b>	<b>320,515</b>

The accompanying notes are an integral part of this statement.

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

		<b>535 FACILITIES I/S FUND</b>	<b>701 CEMETERYEND OWMENTCARE</b>	<b>722 LAFROMBOISE MEMORIAL</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	564,371	532,966	127,201
388 / 588	Net Adjustments	(89)	(138)	(31)
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	847,525	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	3,166	30,405	1,210
Total Revenues:		850,691	30,405	1,210
<b>Expenditures</b>				
510	General Government	860,486	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	1,900
Total Expenditures:		860,486	-	1,900
Excess (Deficiency) Revenues over Expenditures:		(9,795)	30,405	(690)
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	-	-
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	9,976	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		9,976	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(19,771)</b>	<b>30,405</b>	<b>(690)</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	100,000
50831	Restricted	-	563,233	26,480
50841	Committed	404,000	-	-
50851	Assigned	140,512	-	-
50891	Unassigned	-	-	-
<b>Total Ending Cash and Investments</b>		<b>544,512</b>	<b>563,233</b>	<b>126,480</b>

The accompanying notes are an integral part of this statement.

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

		<b>Total for All Funds (Memo Only)</b>	<b>Private-Purpose Trust</b>	<b>Custodial</b>
308	Beginning Cash and Investments	102,856	23,952	78,904
388 & 588	Net Adjustments	(6)	(6)	-
310-390	Additions	231,777	230	231,547
510-590	Deductions	310,451	-	310,451
	Net Increase (Decrease) in Cash and Investments:	(78,674)	230	(78,904)
508	Ending Cash and Investments	24,176	24,176	-

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

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

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

The City of Enumclaw was incorporated on 1913 and operates under the laws of the state of Washington applicable to a City. The City is a general purpose local government and provides general administration, police, community development, parks and recreation, aquatic center, water, sewer, natural gas, solid waste and stormwater services. The City contracts out the operation of a municipal golf course, exposition and event venue, and cemetery.

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.
- 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 classifications 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. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

**Special Revenue Funds**

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

### Debt Service Funds

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

### Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

### 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.

#### 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.

### FIDUCIARY FUND TYPES:

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

#### Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

#### Custodial Funds

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

### B. Basis of Accounting and Measurement Focus

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

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

### C. Budgets

The City adopts annual appropriated budgets for general, special revenue, debt, proprietary, internal service, fiduciary and private-purpose trust 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 follow:

Fund/Department	Original Adopted Budget	Budget Adjustments	Final Adopted Budget	Actual Expenditures	Variance
General Fund	12,721,298	1,382,246	14,103,544	12,443,268	1,660,276
Street Fund	3,138,782	457,462	3,596,244	2,238,158	1,358,086
Transportation Benefit Dist Fund	1,875,282	-	1,875,282	1,021,826	853,456
Lodging Tax Fund	20,000	-	20,000	20,025	(25)
Real Estate Excise Tax Fund 2nd 1/4%	865,000	118,956	983,956	717,453	266,503
Real Estate Excise Tax Fund 1st 1/4%	202,000	866,026	1,068,026	919,969	148,057
Seized Assets Fund	3,525	-	3,525	1,913	1,612
Drug Education & Enforcement	2,035	-	2,035	1,733	302
Impact/Mitigation Fund	1,068,209	319,177	1,387,386	803,482	583,904
Aquatic Center Fund	1,046,606	621,186	1,667,792	1,400,771	267,021
LID Debt Fund	57,023	-	57,023	52,338	4,685
LID Contingency Fund	-	-	-	-	-
Water Fund	5,378,705	275,415	5,654,120	3,876,336	1,777,784
Wastewater Fund	5,778,782	47,121	5,825,903	5,500,080	325,823
Natural Gas Fund	5,506,896	437,999	5,944,895	5,696,972	247,923
Solid Waste Fund	2,800,451	-	2,800,451	2,857,569	(57,118)
Stormwater Fund	1,081,244	242,739	1,323,983	631,130	692,853
ER&R Fund	1,882,747	185,771	2,068,518	1,955,906	112,612
Data Processing Fund	1,171,492	62,310	1,233,802	1,068,752	165,050
Facilities Fund	955,888	45,616	1,001,504	870,462	131,042
Schlotfeldt Endowment Fund	3,200	-	3,200	-	3,200
Cemetery Endowment Fund	-	-	-	-	-
Lafromboise Memorial Trust	2,000	-	2,000	1,900	100
	45,561,165	5,062,024	50,623,189	42,080,043	8,543,146

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body. In 2019, the Solid Waste Fund exceeded authorized appropriations due to rising recycle and disposal costs thru outside vendors.

#### D. Cash and Investments

See Note 2, *Deposits and Investments*.

#### E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 360 hours and is payable upon separation or retirement. After ten years of employment, 25% of accumulated sick leave is payable upon resignation, retirement or death. For this purpose, 120 hours will be the maximum paid out.

G. Long-Term Debt

See Note 5, *Long-Term Debt*.

H. 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 Council. When expenditures that meet restrictions are incurred the city intends to use the most restricted resources first.

Restricted and committed cash balances include:

Fund/Department	Restricted	Committed
General Fund	21,943	456,780
Street Fund	-	-
Transportation Benefit Dist Fund	1,087,233	-
Lodging Tax Fund	12,682	-
Real Estate Excise Tax Fund 2nd 1/4%	1,196,585	-
Real Estate Excise Tax Fund 1st 1/4%	1,243,796	-
Seized Assets Fund	21,564	-
Drug Education & Enforcement	23,792	-
Impact/Mitigation Fund	2,287,803	-
Aquatic Center Fund	-	-
LID Debt Fund	191,983	-
LID Contingency Fund	44,338	-
Water Fund	595,220	1,123,508
Wastewater Fund	430,865	1,063,673
Natural Gas Fund	-	250,000
Solid Waste Fund	-	50,000
Stormwater Fund	-	-
ER&R Fund	-	2,338,079
Data Processing Fund	-	-
Facilities Fund	-	404,000
Lafromboise Memorial Trust	26,480	-
Cemetery Endowment Fund	563,233	-
	\$ 7,747,517	\$ 5,686,040

**Note 2 – Deposits and Investments**

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City or its agent in the government's name.

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

Cash and Cash Equivalents	City Investments	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 257,490		\$ 257,490
Deposits in State LGIP	22,596,187		22,596,187
Non Pooled Investments	5,007,458	24,176	5,031,634
Total Deposits and Investments	<u>\$ 27,861,135</u>	<u>\$ 24,176</u>	<u>\$ 27,885,311</u>

**Note 3 - 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 \$1.30290 per \$1,000 on an assessed valuation of \$1,689,726,791 for a total regular levy of \$2,181,663.

#### **Note 4 - Interfund Loans**

The following table displays interfund loan activity during 2020:

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance</b>
		<b>1/1/2020</b>			<b>12/31/2020</b>
LID 215	ER&R	104,116	-	8,473	95,643
Stormwater	General Fund	150,000	-	78,000	72,000
<b>Totals</b>		<b>254,116</b>	<b>-</b>	<b>86,473</b>	<b>167,643</b>

#### **Note 5 – Debt Service Requirements**

##### **Debt Service**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2020.

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

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	2,558,503	328,488	2,886,991
2022	2,589,681	287,937	2,877,617
2023	2,622,017	244,183	2,866,201
2024	2,078,523	210,116	2,288,638
2025	2,097,201	178,292	2,275,493
2026-2030	5,388,759	502,614	5,891,373
2031-2035	2,162,938	115,923	2,278,861
2036	356,188	5,343	361,530
<b>Total</b>	<b>19,853,809</b>	<b>1,872,895</b>	<b>21,726,705</b>

#### **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.

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 that includes financial statements and required supplementary information for each plan. The DRS financial report may be obtained by writing to:

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

Also, the DRS financial report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.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 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	315,915	.043452%	\$1,534,090
PERS 2/3	463,244	.050285%	\$643,116
PSERS 2	37,021	.0083819%	\$(11,533)
LEOFF 1		.014077%	\$(265,845)
LEOFF 2	94,097	.048102%	\$(981,211)

#### LEOFF Plan 1

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

#### LEOFF Plan 2

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

#### B. Postemployment Benefits Other Than Pensions

During the year ended December 31, 2020, the City adopted guidance for the presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a postemployment benefit liability reported on the Schedule of Liabilities. The City of Enumclaw provides post-retirement health care benefits in accordance with the Revised Code of Washington (RCW) 41.26. These are lifetime medical care for retired LEOFF I public safety employees. Under this requirement, most coverage for eligible retirees is provided in the City's one and only employee medical insurance program. However, under authorization of the LEOFF I Disability Board, direct payment

is also made for retiree medical expenses not covered by standard benefit plan provisions. The City finances the plan on a pay-as-you-go basis.

As of December 31, 2020, the plan had five members, all retirees. As of December 31, 2020 the City's total OPEB liability was \$1,901,701 as calculated using the alternative measurement method. For the year ended December 31, 2020, the City paid \$52,869 in benefits.

#### **Note 7 – Risk Assessment**

The City of Enumclaw 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 8 - Health and Welfare**

The City of Enumclaw 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, 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 9 – Prior Period Adjustments**

The City increased beginning cash and investments by a net amount of \$58,463 to correct minor errors from prior years.

#### **Note 10 – Industrial Development Corporation Of The City Of Enumclaw**

In 1983 the City Council of the City of Enumclaw authorized the establishment of the Industrial Development Corporation of the City of Enumclaw (Ord. No. 1427), a public corporation whose purpose is to issue tax-exempt non-recourse revenue bonds to finance industrial development within the corporate boundaries of the City. The corporation may construct and maintain industrial facilities, which it can lease or sell to industrial users. Revenue bonds issued by the corporation are payable from revenues derived as a result of the industrial development facilities funded by the revenue bonds. The bonds are not a liability or contingent liability of the City or a lien on any of its properties or revenues other than industrial facilities for which they are used.

#### **Note 11 – COVID 19 Pandemic**

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow



the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The City of Enumclaw has had a financial impact in our services including Parks and Recreation, Aquatic Center, Passport services, Court Services, Utility Collections and Jail Services. The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

**City of Enumclaw  
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>General Obligation Debt/Liabilities</b>						
251.11	2016 TBD LTGO Bond	12/1/2024	2,282,000	-	166,000	2,116,000
263.96	Local Loan	12/1/2025	162,209	-	17,935	144,274
263.85	DWSRFL	10/1/2036	4,543,887	-	267,287	4,276,600
263.85	DWSRFL	10/1/2037	1,511,300	-	88,900	1,422,400
263.85	CTED Y BAR S LOAN	10/1/2029	347,828	-	38,647	309,181
263.96	Local Loan	12/1/2025	330,572	-	42,593	287,979
<b>Total General Obligation Debt/Liabilities:</b>			<b>9,177,796</b>	<b>-</b>	<b>621,362</b>	<b>8,556,434</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences	12/31/2020	1,023,466	32,138	18,592	1,037,012
252.11	2011 Water/Sewer Revenue Bond	9/1/2030	1,035,000	-	275,000	760,000
252.11	2017 Water/Sewer Revenue Bond	9/1/2031	4,489,000	-	151,000	4,338,000
252.11	PWTFL SEWER EXPANSION	7/1/2026	7,604,446	-	1,405,112	6,199,334
264.30	PENSION LIABILITY	12/31/2020	2,109,802	67,405	-	2,177,207
264.40	OPEB	12/31/2020	1,992,153	28,546	118,998	1,901,701
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>18,253,867</b>	<b>128,089</b>	<b>1,968,702</b>	<b>16,413,254</b>
<b>Total Liabilities:</b>			<b>27,431,663</b>	<b>128,089</b>	<b>2,590,064</b>	<b>24,969,688</b>

**City of Enumclaw**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	482017009	-	2,896	2,896	2
<b>Highway Planning and Construction Cluster</b>							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	REP-0410(067)	838,817	-	838,817	2
<b>Total Highway Planning and Construction Cluster:</b>				<b>838,817</b>	<b>-</b>	<b>838,817</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA State Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	20-6541C-174	548,984	-	548,984	2
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via King County)	COVID 19 - Coronavirus Relief Fund	21.019	Streateries	18,632	-	18,632	2
<b>Total CFDA 21.019:</b>				<b>567,616</b>	<b>-</b>	<b>567,616</b>	
<b>Total Federal Awards Expended:</b>				<b>1,406,433</b>	<b>2,896</b>	<b>1,409,329</b>	
						<b>48,000</b>	
						<b>48,000</b>	

The accompanying notes are an integral part of this schedule

**City of Enumclaw**

**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.

**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.

## 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.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)