



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Bingen

For the period January 1, 2018 through December 31, 2020

Published March 24, 2022

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

March 24, 2022

Mayor and City Council
City of Bingen
Bingen, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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 Bingen January 1, 2018 through December 31, 2020

Mayor and City Council
City of Bingen
Bingen, 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 Bingen, as of and for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 17, 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 4 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 audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

March 17, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

City of Bingen January 1, 2018 through December 31, 2020

Mayor and City Council
City of Bingen
Bingen, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Bingen, for the years ended December 31, 2020, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Bingen 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 Bingen, and its changes in cash and investments, for the years ended December 31, 2020, 2019 and 2018, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Bingen, as of December 31, 2020, 2019 and 2018, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Matters of Emphasis

As discussed in Note 4 to the financial 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.

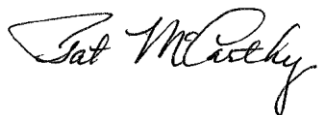
Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Liabilities are 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 17, 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 17, 2022

FINANCIAL SECTION

City of Bingen January 1, 2018 through December 31, 2020

FINANCIAL STATEMENTS

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

		Total for All Funds (Memo Only)	001 General Fund	115 Real Estate Excise Tax Fund	305 Park Construction & Maintenance
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,551,616	1,208,011	73,745	64,062
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	698,805	688,026	10,779	-
320	Licenses and Permits	16,894	16,894	-	-
330	Intergovernmental Revenues	98,413	98,413	-	-
340	Charges for Goods and Services	1,107,913	2,386	-	-
350	Fines and Penalties	6,955	6,955	-	-
360	Miscellaneous Revenues	11,912	3,693	295	200
Total Revenues:		1,940,892	816,367	11,074	200
Expenditures					
510	General Government	394,641	394,641	-	-
520	Public Safety	390,963	390,963	-	-
530	Utilities	1,388,741	101,278	-	-
540	Transportation	668,416	668,416	-	-
550	Natural/Economic Environment	23,393	23,393	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	97,352	97,352	-	-
Total Expenditures:		2,963,506	1,676,043	-	-
Excess (Deficiency) Revenues over Expenditures:		(1,022,614)	(859,676)	11,074	200
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	162,267	137,879	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	197,569	-	-	-
Total Other Increases in Fund Resources:		359,836	137,879	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	372,547	277,254	-	-
591-593, 599	Debt Service	29,744	-	-	-
597	Transfers-Out	162,267	24,388	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	197,892	323	-	-
Total Other Decreases in Fund Resources:		762,450	301,965	-	-
Increase (Decrease) in Cash and Investments:		(1,425,228)	(1,023,762)	11,074	200
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	84,819	-	84,819	-
50841	Committed	-	-	-	-
50851	Assigned	1,868,353	11,031	-	64,262
50891	Unassigned	173,216	173,216	-	-
Total Ending Cash and Investments		2,126,388	184,247	84,819	64,262

The accompanying notes are an integral part of this statement.

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

		352 Fire Equipment Reserve	401 Water Fund	403 Sewer Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	38,552	146,655	2,020,591
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	451,111	654,416
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	274	429	7,021
Total Revenues:		274	451,540	661,437
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	248,014	1,039,449
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	248,014	1,039,449
Excess (Deficiency) Revenues over Expenditures:		274	203,526	(378,012)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	24,388	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	103,000	94,569
Total Other Increases in Fund Resources:		-	127,388	94,569
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	95,293	-
591-593, 599	Debt Service	-	29,744	-
597	Transfers-Out	-	51,192	86,687
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	94,569	103,000
Total Other Decreases in Fund Resources:		-	270,798	189,687
Increase (Decrease) in Cash and Investments:		274	60,116	(473,130)
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	38,826	206,770	1,547,464
50891	Unassigned	-	-	-
Total Ending Cash and Investments		38,826	206,770	1,547,464

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 General Fund	115 Real Estate Excise Tax Fund	305 Park Construction & Maintenance
Beginning Cash and Investments					
30810	Reserved	104,893	-	69,218	-
30880	Unreserved	2,872,362	864,189	-	62,748
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	949,074	945,597	3,477	-
320	Licenses and Permits	87,087	87,087	-	-
330	Intergovernmental Revenues	542,683	542,683	-	-
340	Charges for Goods and Services	1,069,164	2,430	-	-
350	Fines and Penalties	8,830	8,830	-	-
360	Miscellaneous Revenues	60,279	18,427	1,050	1,314
Total Revenues:		2,717,117	1,605,054	4,527	1,314
Expenditures					
510	General Government	335,400	335,400	-	-
520	Public Safety	400,172	400,172	-	-
530	Utilities	713,339	-	-	-
540	Transportation	147,377	147,377	-	-
550	Natural and Economic Environment	194,386	194,386	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	90,534	90,534	-	-
Total Expenditures:		1,881,208	1,167,869	-	-
Excess (Deficiency) Revenues over Expenditures:		835,909	437,185	4,527	1,314
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	138,186	138,186	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	94,154	-	-	-
Total Other Increases in Fund Resources:		232,340	138,186	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	231,830	231,830	-	-
591-593, 599	Debt Service	30,000	-	-	-
597	Transfers-Out	138,186	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	(276)	(276)	-	-
581, 582	Other Uses	94,154	-	-	-
Total Other Decreases in Fund Resources:		493,894	231,554	-	-
Increase (Decrease) in Cash and Investments:		574,355	343,817	4,527	1,314
Ending Cash and Investments					
5081000	Reserved	73,745	-	73,745	-
5088000	Unreserved	3,477,873	1,208,012	-	64,062
Total Ending Cash and Investments		3,551,618	1,208,012	73,745	64,062

The accompanying notes are an integral part of this statement.

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

		352 Fire Equipment Reserve	401 Water Fund	403 Sewer Fund
Beginning Cash and Investments				
30810	Reserved	-	35,675	-
30880	Unreserved	34,780	117,330	1,793,315
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	434,045	632,689
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	3,772	2,105	33,611
Total Revenues:		3,772	436,150	666,300
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	262,351	450,988
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	262,351	450,988
Excess (Deficiency) Revenues over Expenditures:		3,772	173,799	215,312
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	-	-	94,154
Total Other Increases in Fund Resources:		-	-	94,154
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	30,000	-
597	Transfers-Out	-	55,995	82,191
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	94,154	-
Total Other Decreases in Fund Resources:		-	180,149	82,191
Increase (Decrease) in Cash and Investments:		3,772	(6,350)	227,275
Ending Cash and Investments				
5081000	Reserved	-	-	-
5088000	Unreserved	38,552	146,655	2,020,592
Total Ending Cash and Investments		38,552	146,655	2,020,592

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 General Fund	115 Real Estate Excise Tax Fund	156 CDBG Grant - Housing Rehabilitation
Beginning Cash and Investments					
30810	Reserved	94,305	-	60,590	-
30880	Unreserved	2,624,091	641,462	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	978,456	970,648	7,807	-
320	Licenses and Permits	77,284	77,284	-	-
330	Intergovernmental Revenues	219,438	93,069	-	126,369
340	Charges for Goods and Services	990,568	2,447	-	-
350	Fines and Penalties	14,710	14,710	-	-
360	Miscellaneous Revenues	58,728	34,809	820	-
Total Revenues:		2,339,183	1,192,967	8,628	126,369
Expenditures					
510	General Government	333,843	333,843	-	-
520	Public Safety	394,016	394,016	-	-
530	Utilities	691,286	-	-	-
540	Transportation	189,061	189,061	-	-
550	Natural and Economic Environment	150,650	24,281	-	126,369
560	Social Services	-	-	-	-
570	Culture and Recreation	89,809	89,809	-	-
Total Expenditures:		1,848,666	1,031,011	-	126,369
Excess (Deficiency) Revenues over Expenditures:		490,518	161,956	8,627	(0)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	181,769	166,769	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	100	100	-	-
381, 382, 395, 398	Other Resources	280,381	14,543	-	-
Total Other Increases in Fund Resources:		462,250	181,412	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	214,354	102,087	-	-
591-593, 599	Debt Service	123,146	-	-	-
597	Transfers-Out	181,769	15,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	3,553	3,553	-	-
581, 582	Other Uses	171,086	-	-	-
Total Other Decreases in Fund Resources:		693,908	120,640	-	-
Increase (Decrease) in Cash and Investments:		258,860	222,729	8,627	(0)
Ending Cash and Investments					
5081000	Reserved	104,893	-	69,218	-
5088000	Unreserved	2,872,362	864,189	-	-
Total Ending Cash and Investments		2,977,255	864,189	69,218	-

The accompanying notes are an integral part of this statement.

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

		305 Park Construction & Maintenance	352 Fire Equipment Reserve	401 Water Fund	403 Sewer Fund
Beginning Cash and Investments					
30810	Reserved	-	-	33,715	-
30880	Unreserved	46,915	34,281	164,777	1,736,656
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	392,278	595,843
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	833	498	2,580	19,187
Total Revenues:		833	498	394,858	615,030
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	305,147	386,139
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	305,147	386,139
Excess (Deficiency) Revenues over Expenditures:		833	498	89,711	228,891
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	15,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	171,086	94,752
Total Other Increases in Fund Resources:		15,000	-	171,086	94,752
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	112,267	-
591-593, 599	Debt Service	-	-	123,146	-
597	Transfers-Out	-	-	70,871	95,898
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	171,086
Total Other Decreases in Fund Resources:		-	-	306,283	266,984
Increase (Decrease) in Cash and Investments:		15,833	498	(45,486)	56,659
Ending Cash and Investments					
5081000	Reserved	-	-	35,675	-
5088000	Unreserved	62,748	34,780	117,330	1,793,315
Total Ending Cash and Investments		62,748	34,780	153,005	1,793,315

The accompanying notes are an integral part of this statement.

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

		Custodial
308	Beginning Cash and Investments	21,871
388 & 588	Net Adjustments	-
310-390	Additions	6,142
510-590	Deductions	-
	Net Increase (Decrease) in Cash and Investments:	6,142
508	Ending Cash and Investments	28,012

The accompanying notes are an integral part of this statement.

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

		Agency/Custodial Funds
308	Beginning Cash and Investments	14,965
388 & 588	Net Adjustments	-
310-390	Additions	7,201
510-590	Deductions	294
	Net Increase (Decrease) in Cash and Investments:	6,907
508	Ending Cash and Investments	21,871

The accompanying notes are an integral part of this statement.

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

		Agency/Custodial Funds
308	Beginning Cash and Investments	2,157
388 & 588	Prior Period Adjustment, Net	-
310-390	Additions	12,808
510-590	Deductions	-
	Net Increase (Decrease) in Cash and Investments:	12,808
508	Ending Cash and Investments	14,965

The accompanying notes are an integral part of this statement.

City of Bingen
MCAG #0481
Notes to the Financial Statements
For the year ending December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Bingen was incorporated on April 18, 1924 and operates under the laws of the state of Washington applicable to a class three, non-charter code city with a Mayor-Council form of government. The city is a general-purpose local government and provides public safety, fire prevention, street improvement, parks and recreation, water, wastewater collection, and general administrative services.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see *Notes to the Financial Statement*).
- 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 5, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated without limitation, however the amount of accumulated leave that can be carried over into the succeeding calendar year will be limited to 180 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement union employees receive payment for 25% of accumulated unused sick leave (including Washington Paid Sick Leave). Upon retirement, non-union employees receive payment for 25% of accumulated unused sick leave (including Washington Paid Sick Leave). Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 7, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and Commitments of Ending Cash and Investments for 2020 consist of:

Fund	Restricted Balance	Committed Balance	Restrictions
115 – Real Estate Excise Tax Fund	84,818.76	0.00	Restricted by RCW 82.46.030
630 – Court Remittance Fund	28,012.37	0.00	Restricted as Agency Funds

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for general, special revenue, capital project, agency and enterprise funds. These budgets are appropriated at the fund level except the general (current expense) fund, where the budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets for 2020 were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 – General Fund			
General Fund	1,256,958.00	1,603,876.90	-346,918.90
Street Fund	150,322.00	144,262.87	6,059.13
Community Development Fund	0.00	0.00	0.00
General Equipment Fund	0.00	0.00	0.00
Street Construction & Maintenance Fund	213,976.00	229,872.29	-15,896.29
Total 001 – General Fund	1,621,256.00	1,978,012.06	-356,756.06

156 – CDBG Grant – Housing Rehabilitation	0.00	0.00	0.00
305 – Park Construction & Maintenance Fund	0.00	0.00	0.00
352 – Fire Equipment Reserve	0.00	0.00	0.00
401 – Water Fund			
Water Fund	302,741.00	299,206.59	3,534.41
Drinking Water State Revolving Loan Fund	30,001.00	29,743.70	257.30
Water Capital Reserve Fund	201,959.00	189,891.94	12,097.06
Water Equipment Fund	0.00	0.00	0.00
Total 401 – Water Fund	534,701.00	518,812.23	15,888.77
403 – Sewer Fund			
Sewer Fund	85,390.00	69,026.01	16,363.99
Treatment Plant Fund	332,307.00	309,883.45	22,423.55
Sewer Capital Reserve Fund	625,248.00	850,225.45	-224,977.45
Sewer Equipment Fund	0.00	0.00	0.00
Treatment Plant Improvement Fund	0.00	0.00	0.00
Total 402 – Wastewater Collection Fund	1,042,945.00	1,229,134.91	-186,189.91
601 – Remittances	15,640.00	0.00	15,640.00

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

For reporting purposes, the following funds were rolled up: Street Fund, Community Development Fund, General Equipment Fund, and Street Construction and Maintenance Fund were rolled up into the General Fund; Drinking Water State Revolving Fund Loan, Water Capital Reserve Fund, Water Equipment Fund were rolled up into the Water Fund; and Treatment Plan Fund, Sewer Capital Reserve Fund, Sewer Equipment Fund and Treatment Plant Improvement Fund were rolled up into the Sewer Fund.

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

Variances are due to grant and loan reimbursements not being submitted in a timely basis. Budget amendments were also not completed.

Note 3 – Component Units, Joint Ventures and Related Parties

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

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

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

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

Note 4 – 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, canceling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

Pandemic response measures from the City of Bingen included the following:

- 3/13/20 Cancellation of the March 17, 2020, Bingen City Council Meeting and holding subsequent meetings via Zoom telecommunications
- 3/14/2020 Declaration of Emergency via Proclamation 2020-001
- 3/16/2020 Closure Update
- 3/17/2020 Closure of Daubenspeck Park Restrooms
- 3/17/2020 Memo To Employees
- 3/23/2020 Closure of Daubenspeck Park Playground, Basketball Court, Skatepark
- 3/25/2020 Memo To Employees
- 3/25/2020 Message to Citizens
- 6/12/2020 Memo To Employees
- Receipt and use of CARES Act funds
 - Utility Relief program through Washington Gorge Action Programs
 - Pandemic Response items (portable restrooms, cleaning supplies, etc. as documented)

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

Note 5 – Deposits and Investments

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

<u>Type of Investment</u>	City's own investments	Investments held by city as an agent for other local governments, individuals or private organizations	Total
L.G.I.P. State Pool	1,507,354.91	0.00	1,507,394.91
Umpqua Bank Money Market	205,275.05	0.00	205,275.05
Columbia State Bank Money Market	57,943.81	0.00	57,943.81
Columbia State Bank Certificates of Deposit	83,335.00	0.00	83,335.00
Riverview Community Bank Certificates of Deposit	100,000.00	0.00	100,000.00
Riverview Community Bank – Cash Account	172,353.75	28,012.37	200,366.12
Cash on Hand	125.00	0.00	125.00
Total	2,126,387.52	28,012.37	2,154,399.89

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 6 - Interfund Loans

The following table displays interfund loan activity during 2020:

Borrowing Fund	Lending Fund	Balance 1/1/2020	New Loans	Repayment s	Balance 12/31/2020
Water (Water Capital Reserve Fund)	Sewer (Sewer Capital Reserve Fund)	\$57,028.67	\$0.00	\$57,028.67	\$0.00
Water (Water Capital Reserve Fund)	Sewer (Sewer Capital Reserve Fund)	\$0.00	\$103,000.00	\$34,333.33	\$68,666.67
	Totals	\$0.00	\$103,000.00	\$91,362.00	\$68,666.67

Resolution 2019-001 provided for a \$103,000 interfund loan that was not drawn until 2020. Repayment schedule provided for in resolution should be moved forward to 2020 through 2022.

Note 7 – Long-Term Debt

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

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

	Principal	Interest	Total
2021	\$25,641.12	\$3,846.17	\$29,487.29
2022	\$25,641.12	\$3,589.76	\$29,230.88
2023	\$25,641.12	\$3,333.35	\$28,974.47
2024	\$25,641.12	\$3,076.93	\$28,718.05
2025	\$25,641.12	\$2,820.52	\$28,461.64

2026-2030	\$128,205.60	\$10,256.45	\$138,462.05
2031-2035	\$128,205.60	\$3,843.62	\$132,049.22
Total	\$384,616.80	\$30,766.8	\$415,383.56

The City was awarded a USDA loan in 2019 in the amount of \$952,500. Interim bank financing was not set up until 2021. Expenditures were incurred in 2020 without any draws on the loan. This loan funds improvements to the Humboldt Street Water Main and for the replacement of the Old Reservoir. This loan is not included in the above information or on the 2020 Schedule 9.

The City was awarded a SRF Loan in 2018 for \$170,000 with a forgivable principal amount of \$85,000. A second SRF loan was awarded in 2020 for an additional \$2,603,000. These two loans provided funding for the design and construction of improvements to the city's wastewater collection system and the wastewater treatment plant upgrades. Draws were not taken on the loans until 2021, subsequently there has been \$2.603M taken in draws as of March 1, 2022. These loans are not included in the above information or on the 2020 Schedule 9.

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

The City has no other post-employment benefits (OPEB) plans or liabilities.

Note 9 – Pension Plans

State Sponsored Pension Plans

Substantially all city full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: Public Employees' Retirement System (PERS) and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

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

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

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

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

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

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$18,273.41	0.00252100%	\$89,005
PERS 2/3	\$30,060.45	0.00326300%	\$41,731
LEOFF 1	\$0.00	0.00%	\$0
VFFRPF	%0.00	0.00%	\$0

Payments for 2020 to the Board for Volunteer Firefighters (BVFF) for pension benefits were not paid until 2021. Therefore no information was included in the "2020 Proportional Share" document provided by BVFF. The 2018 pension benefits were actually paid in 2019, the 2019 benefits were paid in 2021.

Note 10 - Property Tax

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

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

The city's regular levy for the year 2020 was \$1.60894957 per \$1,000 on an assessed valuation of \$130,897,527 for a total regular levy of \$210,607.52.

Note 11 – Risk Management

The City of Bingen is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2020, 103 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime), pollution liability, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through Lexington Insurance Company and CHUBB in 2020, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, Lexington provides excess insurance up to \$50 million, and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

Note 12 – Health & Welfare

The City of Bingen 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 composed 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 13 – Asset Retirement Obligation

The city owns 4 wells located on city owned property. The life of these wells is perpetual due to the city's aquifer recharge system permit. There are no decommissioning requirements at this time.

City of Bingen
MCAG #0477
Notes to the Financial Statements
For the year ending December 31, 2019

Note 1 - Summary of Significant Accounting Policies

The City of Bingen was incorporated in 1924 and operates under the laws of the state of Washington applicable to a class three, non-charter code city with a Mayor-Council form of government. The city is a general purpose local government and provides prevention, street improvement, parks and recreation, water, wastewater collection, and general administrative services.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see note to financial statements).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 4, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated without limitation, however the amount of accumulated leave that can be carried over into the succeeding calendar year will be limited to 180 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours. Upon separation or retirement union employees receive payment for 25% of accumulated unused sick

leave which may not exceed a maximum of 240 hours. Upon retirement, non-union employees receive payment for 25% of accumulated unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 3, *Debt Service Requirements*.

G. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments for 2019 consist of:

Fund	Amount Reserved	Reason for Restriction
115 – Real Estate Excise Tax Fund	73,744.86	Restricted by RCW 82.46.030
401 – Water Fund	36,221.80	Restricted by external parties (Obligation Debt)
630 – Court Remittance Fund	21,871.24	Restricted as Agency Funds

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for general, special revenue, capital project, agency and enterprise funds. These budgets are appropriated at the fund level except the general (current expense) fund, where the budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 – General Fund			
General Fund	918,843.00	853,080.07	65,762.93
Street Fund	146,764.00	144,105.01	2,658.99
Community Development Fund	167,132.13	167,132.13	0.00
General Equipment Fund	0.00	0.00	0.00
Street Construction & Maintenance Fund	464,084.00	235,101.81	228,982.19
Total 001 – General Fund	1,696,823.13	1,399,419.02	297,404.11
305 – Park Construction & Maintenance Fund	0.00	0.00	0.00
352 – Fire Equipment Reserve	0.00	0.00	0.00
401 – Water Fund			
Water Fund	339,387.00	318,345.14	21,041.86
Drinking Water State Revolving Loan Fund	30,000.99	30,000.11	0.88

Water Capital Reserve Fund	97,654.20	94,154.20	3,500.00
Water Equipment Fund	0.00	0.00	0.00
Total 401 – Water Fund	467,042.19	442,499.45	24,542.74
403 – Sewer Fund			
Sewer Fund	80,959.00	63,055.52	17,903.48
Treatment Plant Fund	385,063.33	326,128.66	58,934.67
Sewer Capital Reserve Fund	211,656.00	122,707.79	88,948.21
Sewer Equipment Fund	0.00	0.00	0.00
Treatment Plant Improvement Fund	0.00	21,285.74	-21,285.74
Total 402 – Wastewater Collection Fund	677,678.33	533,177.71	144,500.62
601 – Remittances	30,604.64	294.08	30,310.56

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

For reporting purposes, the following funds were rolled up: Street Fund, Community Development Fund, General Equipment Fund, and Street Construction and Maintenance Fund were rolled up into the General Fund; Drinking Water State Revolving Fund Loan, Water Capital Reserve Fund, Water Equipment Fund were rolled up into the Water Fund; and Treatment Plant Fund, Sewer Capital Reserve Fund, Sewer Equipment Fund and Treatment Plant Improvement Fund were rolled up into the Sewer Fund.

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

Expenditures for repairing the Treatment Plant backhoe were not budgeted in the Treatment Plant Improvement Fund.

Note 3 – Component Units, Joint Ventures and Related Parties

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

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

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

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

Note 4 – Long Term Debt

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 the year ended December 31, 2019.

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

	Principal	Interest	Total
2020	\$25,641.12	\$4,102.58	\$29,743.70
2021	\$25,641.12	\$3,846.17	\$29,487.29
2022	\$25,641.12	\$3,589.76	\$29,230.88
2023	\$25,641.12	\$3,333.35	\$28,974.47
2024	\$25,641.12	\$3,076.93	\$28,718.05
2025-2029	\$128,205.60	\$11,538.50	\$139,744.10
2030-2034	\$128,205.60	\$5,128.22	\$133,333.82
2035	\$25,641.11	\$253.87	\$25,894.98
Total	\$410,257.91	\$34,869.38	\$445,127.29

The City was awarded a USDA loan in 2019 in the amount of \$952,500. Interim bank financing was not set up until 2021. Expenditures were incurred in 2020 without any draws on the loan. This loan funds improvements to the Humboldt Street Water Main and for the replacement of the Old Reservoir. This loan is not included in the above information or on the 2020 Schedule 9.

The City was awarded a SRF Loan in 2018 for \$170,000 with a forgivable principal amount of \$85,000. A second SRF loan was awarded in 2020 for an additional \$2,603,000. These two loans provided funding for the design and construction of improvements to the city's wastewater collection system and the wastewater treatment plant upgrades. Draws were not taken on the loans until 2021. These loans are not included in the above information or on the 2020 Schedule 9.

Note 5 – Deposits and Investments

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

<u>Type of Investment</u>	City's own investments	Investments held by city as an agent for other local governments, individuals or private organizations	Total
L.G.I.P. State Pool	1,497,796.55	0.00	1,497,796.55
Umpqua Bank Money Market	205,128.88	0.00	205,128.88
Riverview Community Bank – Cash Account	1,712,678.50	\$0.00	1,712,678.50
Columbia State Bank Money Market	57,933.29	0.00	57,933.29
Columbia State Bank Certificates of Deposit	83,335.00	0.00	83,335.00
Riverview Community Bank Certificates of Deposit	100,000.00	0.00	100,000.00

Total	3,656,872.22	0.00	3,656,872.22
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Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 6 - Interfund Loans

Borrowing Fund	Lending Fund	Balance 1/1/2018	New Loans	Repayments	Balance 12/31/2018
Water (Water Capital Reserve Fund)	Sewer (Sewer Capital Reserve Fund)	\$35,500.00	\$0.00	\$35,500.00	\$0.00
Water (Water Capital Reserve Fund)	Sewer (Sewer Capital Reserve Fund)	\$114,057.34	\$0.00	\$57,028.67	\$57,028.67
	Totals	\$149,557.34	\$0.00	\$92,528.67	\$57,028.67

Note 7 - 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, Covid-19. 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, canceling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

Covid-19 Pandemic response measures from the City of Bingen included the following:

- 3/13/20 Cancellation of the March 17, 2020, Bingen City Council Meeting and holding subsequent meetings via Zoom telecommunications
- 3/14/2020 Declaration of Emergency via Proclamation 2020-001
- 3/16/2020 Closure Update
- 3/17/2020 Closure of Daubenspeck Park Restrooms
- 3/17/2020 Memo To Employees
- 3/23/2020 Closure of Daubenspeck Park Playground, Basketball Court, Skatepark
- 3/25/2020 Memo To Employees
- 3/25/2020 Message to Citizens
- 6/12/2020 Memo To Employees
- Receipt and use of CARES Act funds
 - Utility Relief program through Washington Gorge Action Programs
 - Pandemic Response items (portable restrooms, cleaning supplies, etc. as documented)

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

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

The city has no other post-employment benefits (OPEB) plans.

Note 9 – Pension Plans

State Sponsored Pension Plans

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

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

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

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

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

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

At June 30, 2019 (the 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	15,855.28	0.002211%	85,021
PERS 2/3	23,328.15	0.002856%	27,741
VFFRPF	600.00	0.300000%	(205,448)

Note 10 - Property Tax

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

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

The city's regular levy for the year 2019 was \$1.927323477806 per \$1,000 on an assessed valuation of \$108,192,684 for a total regular levy of \$208,522.30.

Note 11 – Risk Management

The City of Bingen is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2019, 100 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime), pollution liability, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

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

coverage is purchased through Lexington Insurance Company and in 2019, AWC RMSA carried a retention of \$200,000 and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

Note 12 – Health & Welfare

The City of Bingen is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2019, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

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

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

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

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

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

Notes to the Financial Statements

For the year ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies

The City of Bingen was incorporated in 1924 and operates under the laws of the state of Washington applicable to a code city. The city is a general purpose local government and provides a full range of services that includes fire, parks, streets, water, and wastewater utilities, and administrative services.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 180 hours and is payable upon separation or retirement. Sick leave may accumulate up to 960 hours. Upon separation or retirement employees receive payment for 2 percent of unused sick leave which may not exceed a maximum of 240 hours. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, *Debt Service Requirements*.

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance. When

expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

Fund Name	Amount Reserved	Reason for Restriction
115 - Real Estate Excise Tax Fund	69218.32	Restricted by RCW 82.46.030
401 - Water Fund	35674.97	Restricted by external parties (Obligation Debt)
630 - Court Remittance Fund	14964.64	Restricted as Agency Funds

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for general, special revenue, capital project, agency, and enterprise funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - General Fund			
General Fund	884,966.00	860,502.53	24,463.47
Street Fund	139,738.00	127,308.34	12,429.66
Community Development Fund			
General Equipment Fund			
Police Car Fund			
Fire Fund			
Street Construction & Maintenance Fund	167,788.00	163,840.38	3,947.62
Total 001 - General Fund	1,192,492.00	1,151,651.25	40,840.75
156 - CDBG Grant - Housing Rehabilitation	250,000.00	126,369.09	123,630.91
401 - Water Fund			
Water Fund	312,172.00	317,849.61	-5,677.61
Drinking Water State Revolving Fund Loan	30,136.00	28,393.74	1,742.26
Water Capital Reserve Fund	265,579.00	265,186.68	392.32
Water Equipment Fund			
Total 401 - Water Fund	607,887.00	611,430.03	-3,543.03
403 - Sewer Fund			
Sewer Fund	110,293.00	116,226.34	-5,933.34
Treatment Plant Fund	274,203.00	272,260.75	1,942.25
Sewer Capital Reserve Fund	382,742.00	264,636.13	118,105.87
Sewer Equipment Fund			
Treatment Plant Improvement Fund			
Total 403 - Sewer Fund	767,238.00	653,123.22	114,114.78
601 - Court Remittance Agency Fund	17,578.00		17,578.00

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

Note 3 – Component Units, Joint Ventures and Related Parties

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

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

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

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

Note 4 – 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, 2018 are as follows:

<u>Type of Investment</u>	City's own investments	Investments held by city as an agent for other local governments, individuals or private organizations	Total
L.G.I.P. State Pool	1,463,684.19	0.00	1,463,684.19
Umpqua Bank Money Market	204,821.43	0.00	204,821.43
Riverview Community Bank – Cash Account	1,168,639.51	\$0.00	1,168,639.51
Columbia State Bank Money Market	57,291.74	0.00	57,921.74

Columbia State Bank Certificates of Deposit	83,335.00	0.00	83,335.00
Riverview Community Bank Certificates of Deposit	100,000.00	0.00	100,000.00
Total	3,078,401.87	0.00	3,078,401.87

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 5 - Property Taxes

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

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

The city's regular levy for the year 2018 was \$1.97666947 per \$1,000 on an assessed valuation of \$105,491,739 for a total regular levy of \$208,522.30.

Note 6 - Interfund Loans

The following table displays interfund loan activity during 2018:

Borrowing Fund	Lending Fund	Balance 1/1/2018	New Loans	Repayments	Balance 12/31/2018
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Water (Water Capital Reserve Fund)	Sewer (Sewer Capital Reserve Fund)	\$71,000.00	\$0.00	\$35,500.00	\$35,500.00
Water (Water Capital Reserve Fund)	Sewer (Sewer Capital Reserve Fund)	\$0.00	\$171,086.00	\$57,028.67	\$114,057.34
	Totals	\$242,086.00	\$0.00	\$92,528.67	\$149,557.34

Resolution 2017-012

From Sewer Capital Reserve Fund to Water Capital Reserve Fund with interest payment to come from water fund and principal to come from the Water Capital Reserve Fund. Interfund loan taken in 2017.

Resolution 2017-016

From Sewer Capital Reserve Fund to Water Capital Reserve Fund with both interest and principal to come from the Water Capital Reserve Fund. Interfund loan taken in 2017.

Note 7 – 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, 2018.

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

	Principal	Interest	Total
2019	\$25,641.12	\$4,358.99	\$30,000.11
2020	\$25,641.12	\$4,102.58	\$29,743.70
2021	\$25,641.12	\$3,846.17	\$29,487.29
2022	\$25,641.12	\$3,589.76	\$29,230.88
2023	\$25,641.12	\$3,333.35	\$28,974.47
2024-2028	\$128,205.60	\$12,820.55	\$141,026.15
2029-2033	\$128,205.60	\$6,410.28	\$134,615.88
2034-2035	\$51,282.23	\$766.69	\$52,048.92
Total	\$435,899.03	\$39,228.37	\$475,127.40

The City was awarded a USDA loan in 2019 in the amount of \$952,500. Interim bank financing was not set up until 2021. Expenditures were incurred in 2020 without any draws on the loan. This loan funds improvements to the Humboldt Street Water Main and for the replacement of the Old Reservoir. This loan is not included in the above information or on the 2020 Schedule 9.

The City was awarded a SRF Loan in 2018 for \$170,000 with a forgivable principal amount of \$85,000. A second SRF loan was awarded in 2020 for an additional \$2,603,000. These two loans provided funding for the design and construction of improvements to the city's wastewater collection system and the wastewater treatment plant upgrades. Draws were not taken on the loans until 2021. These loans are not included in the above information or on the 2020 Schedule 9.

Note 8 – OPEB Plans

The City has no other post-employment benefits (OPEB) plans or liabilities.

Note 9 – Pension Plans

A. State Sponsored Pension Plans

Substantially all city's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1 and PERS 2 & 3.

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

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

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

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

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

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$15,245.52	0.00002281%	\$101,862
PERS 2/3	\$22,651.58	0.00002936%	\$50,123
VFFRPF	\$630.00	.0031%	(\$162,478)

Note 10 – Risk Management

The City of Bingen is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2018, 100 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, cyber liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime), pollution liability, and cyber liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Allied World National Assurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The excess property coverage is purchased through Lexington Insurance Company and in 2018, AWC RMSA carried a retention of \$100,000 and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

Note 11 – Health and Welfare

The City of Bingen 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, 2018, 257 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2018, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers' contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination

date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the 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 HCP. Similarly, the terminating member forfeits all rights and interest to the 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 Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. 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 12 - Other Disclosures

The City of Bingen had staffing changes in 2018 which resulted in a failure to record monthly, quarterly and end of year transactions for 2018 including interfund transfers and payment of city utility taxes. The amounts that should have been paid in 2018 will be added to the 2019 budget to meet budgetary and code requirements of 2018.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.83	DWSRF	10/1/2015	410,258	-	25,641	384,617
	Total General Obligation Debt/Liabilities:		410,258	-	25,641	384,617
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		29,724	7,194	-	36,918
264.30	Pension Liabilities		112,762	17,975	-	130,737
	Total Revenue and Other (non G.O.) Debt/Liabilities:		142,486	25,169	-	167,655
	Total Liabilities:		552,744	25,169	25,641	552,272

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Pension Liabilities		151,985	-	39,223	112,762
263.84	DWSRF	10/1/2015	435,899	-	25,641	410,258
259.12	Compensated Absences		26,642	3,082	-	29,724
Total Revenue and Other (non G.O.) Debt/Liabilities:			614,526	3,082	64,864	552,744
Total Liabilities:			614,526	3,082	64,864	552,744

City of Bingen
Schedule of Liabilities
For the Year Ended December 31, 2018

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		34,275	-	7,633	26,642
264.30	Pension Liabilities		220,413	-	68,428	151,985
263.84	DWSRF	10/1/2015	459,696	-	23,797	435,899
Total Revenue and Other (non G.O.) Debt/Liabilities:			714,384	-	99,858	614,526
Total Liabilities:			714,384	-	99,858	614,526

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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