



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Black Diamond

For the period January 1, 2017 through December 31, 2020

Published January 4, 2024

Report No. 1033952



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

January 4, 2024

Council
City of Black Diamond
Black Diamond, Washington

Report on Financial Statements

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

We are issuing this report in order to provide information on the City's financial activities and 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 Black Diamond January 1, 2017 through December 31, 2020

Mayor and City Council
City of Black Diamond
Black Diamond, 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 Black Diamond, as of and for the years ended December 31, 2020, 2019, 2018, and 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 28, 2023.

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.

REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we will report to the management of the City in a separate letter dated December 28, 2023.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

December 28, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Black Diamond January 1, 2017 through December 31, 2020

Mayor and City Council
City of Black Diamond
Black Diamond, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Black Diamond, as of and for the years ended December 31, 2020, 2019, 2018, and 2017, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Black Diamond, and its changes in cash and investments, for the years ended December 31, 2020, 2019, 2018, and 2017, on the basis of accounting described in Note 1.

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 Black Diamond, as of December 31, 2020, 2019, 2018, and 2017, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matters of Emphasis

As discussed in Note 9 to the financial statements, in 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual. Our opinion is not modified with respect to this matter.

As discussed in Note 12 of the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Management's plans in response to this matter are also described in Note 12. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 December 28, 2023 on our consideration of the City's internal control over financial reporting and on the 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 the effectiveness of the City's 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

December 28, 2023

FINANCIAL SECTION

City of Black Diamond January 1, 2017 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020
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Schedule of Liabilities – 2018
Schedule of Liabilities – 2017

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	101 CITY STREET FUND	107 FIRE IMPACT MIT. FEE FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	8,395,895	3,501,660	76,743	936,627
388 / 588	Net Adjustments	(185,235)	(185,235)	-	-
Revenues					
310	Taxes	5,208,029	3,871,035	-	-
320	Licenses and Permits	2,120,198	2,099,897	20,301	-
330	Intergovernmental Revenues	801,952	419,350	89,521	-
340	Charges for Goods and Services	8,479,807	2,025,900	33,367	791,918
350	Fines and Penalties	116,036	116,036	-	-
360	Miscellaneous Revenues	3,274,675	872,809	243	7,345
Total Revenues:		20,000,697	9,405,027	143,432	799,263
Expenditures					
510	General Government	4,050,569	1,244,576	-	-
520	Public Safety	2,964,603	2,939,055	-	-
530	Utilities	2,640,565	14,687	-	-
540	Transportation	483,493	-	294,051	-
550	Natural/Economic Environment	2,225,447	2,221,966	-	-
560	Social Services	1,293	1,293	-	-
570	Culture and Recreation	91,867	90,892	-	-
Total Expenditures:		12,457,837	6,512,469	294,051	-
Excess (Deficiency) Revenues over Expenditures:		7,542,860	2,892,558	(150,619)	799,263
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,052,000	-	270,000	-
385	Special or Extraordinary Items	262,017	-	-	-
381, 382, 389, 395, 398	Other Resources	125,700	38,114	2,034	-
Total Other Increases in Fund Resources:		1,439,717	38,114	272,034	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,263,538	25,810	-	-
591-593, 599	Debt Service	314,294	-	-	-
597	Transfers-Out	1,052,000	167,000	10,000	600,000
585	Special or Extraordinary Items	235,815	-	-	-
581, 582, 589	Other Uses	120,805	32,000	-	-
Total Other Decreases in Fund Resources:		2,986,452	224,810	10,000	600,000
Increase (Decrease) in Cash and Investments:		5,996,125	2,705,862	111,415	199,263
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,556,097	21,908	88,158	-
50841	Committed	1,735,891	-	-	1,135,891
50851	Assigned	2,914,421	-	100,000	-
50891	Unassigned	6,000,377	6,000,377	-	-
Total Ending Cash and Investments		14,206,786	6,022,285	188,158	1,135,891

The accompanying notes are an integral part of this statement.

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

		108 TRANSPORTATION BENEFIT	109 TRAFFIC MITIGATION FUND	111 School Impact Fees Fund	310 CIP FUND GENERAL GOVERNMENT
Beginning Cash and Investments					
308	Beginning Cash and Investments	22,429	136,539	-	699,890
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	110,900	-	-	613,047
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	110,364
340	Charges for Goods and Services	-	32,865	2,797,838	350
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	278	937	-	2,665
Total Revenues:		111,178	33,802	2,797,838	726,426
Expenditures					
510	General Government	-	-	2,797,838	8,155
520	Public Safety	-	-	-	25,548
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	3,481
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	975
Total Expenditures:		-	-	2,797,838	38,159
Excess (Deficiency) Revenues over Expenditures:		111,178	33,802	-	688,267
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	600,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	600,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	71,209
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	100,000	-	-	60,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		100,000	-	-	131,209
Increase (Decrease) in Cash and Investments:		11,178	33,802	-	1,157,058
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	33,607	-	-	1,256,948
50841	Committed	-	-	-	600,000
50851	Assigned	-	170,342	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		33,607	170,342	-	1,856,948

The accompanying notes are an integral part of this statement.

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

		320 CIP FUND- STREETS	401 WATER FUND	407 SEWER FUND	410 STORMWATER FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	599,844	1,337,504	511,148	265,964
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	613,047	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	182,717	-	-	-
340	Charges for Goods and Services	-	1,104,563	1,145,367	547,639
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,920	2,225,983	113,709	35,887
Total Revenues:		798,684	3,330,546	1,259,076	583,526
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,040,114	1,122,564	463,200
540	Transportation	189,442	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		189,442	1,040,114	1,122,564	463,200
Excess (Deficiency) Revenues over Expenditures:		609,242	2,290,432	136,512	120,326
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	262,017	-
381, 382, 389, 395, 398	Other Resources	53,552	-	32,000	-
Total Other Increases in Fund Resources:		53,552	-	294,017	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	163,638	800,994	4,244	1,640
591-593, 599	Debt Service	-	314,294	-	-
597	Transfers-Out	95,000	10,000	10,000	-
585	Special or Extraordinary Items	-	-	235,815	-
581, 582, 589	Other Uses	88,805	-	-	-
Total Other Decreases in Fund Resources:		347,443	1,125,288	250,059	1,640
Increase (Decrease) in Cash and Investments:		315,351	1,165,144	180,470	118,686
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	915,195	1,240,281	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	1,262,367	691,618	384,649
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		915,195	2,502,648	691,618	384,649

The accompanying notes are an integral part of this statement.

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

		510 INTERNAL SERVICE FUND
Beginning Cash and Investments		
308	Beginning Cash and Investments	307,547
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	11,899
Total Revenues:		11,899
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		-
Excess (Deficiency) Revenues over Expenditures:		11,899
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	182,000
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		182,000
Other Decreases in Fund Resources		
594-595	Capital Expenditures	196,003
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		196,003
Increase (Decrease) in Cash and Investments:		(2,104)
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	305,445
50891	Unassigned	-
Total Ending Cash and Investments		305,445

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	101 CITY STREET FUND	107 FIRE IMPACT MIT. FEE FUND
Beginning Cash and Investments					
30810	Reserved	1,471,641	10,825	114,449	497,099
30880	Unreserved	4,166,648	1,846,636	-	-
388 / 588	Net Adjustments	221,717	182,960	-	-
Revenues					
310	Taxes	4,222,095	3,292,785	-	-
320	Licenses and Permits	1,194,640	1,185,961	8,679	-
330	Intergovernmental Revenues	1,122,853	209,543	97,956	-
340	Charges for Goods and Services	4,753,197	1,919,984	20,959	424,051
350	Fines and Penalties	140,532	140,532	-	-
360	Miscellaneous Revenues	2,077,227	930,198	1,446	15,477
Total Revenues:		13,510,544	7,679,003	129,040	439,528
Expenditures					
510	General Government	1,180,029	1,172,114	-	-
520	Public Safety	2,468,620	2,468,620	-	-
530	Utilities	2,315,339	13,091	-	-
540	Transportation	295,658	-	285,960	-
550	Natural and Economic Environment	2,394,756	2,379,756	-	-
560	Social Services	1,189	1,189	-	-
570	Culture and Recreation	91,497	81,361	-	-
Total Expenditures:		8,747,088	6,116,131	285,960	-
Excess (Deficiency) Revenues over Expenditures:		4,763,456	1,562,872	(156,920)	439,528
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	347,000	-	120,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	1,919	1,919	-	-
381, 382, 395, 398	Other Resources	86,308	-	9,215	-
Total Other Increases in Fund Resources:		435,227	1,919	129,215	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,953,284	4,554	-	-
591-593, 599	Debt Service	315,828	-	-	-
597	Transfers-Out	347,000	67,000	10,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	46,684	32,000	-	-
Total Other Decreases in Fund Resources:		2,662,796	103,554	10,000	-
Increase (Decrease) in Cash and Investments:		2,535,887	1,461,237	(37,705)	439,528
Ending Cash and Investments					
5081000	Reserved	2,231,835	26,531	76,743	936,627
5088000	Unreserved	6,164,060	3,475,129	-	-
Total Ending Cash and Investments		8,395,895	3,501,660	76,743	936,627

The accompanying notes are an integral part of this statement.

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

		108 TRANSPORTATI ON BENEFIT	109 TRAFFIC MITIGATION FUND	310 CIP FUND GENERAL GOVERNMENT	320 CIP FUND- STREETS
Beginning Cash and Investments					
30810	Reserved	2,155	133,404	192,220	249,003
30880	Unreserved	-	-	291,327	113,621
388 / 588	Net Adjustments	-	-	-	38,757
Revenues					
310	Taxes	104,801	-	412,512	411,997
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	34,128	482,731
340	Charges for Goods and Services	-	-	20,950	12,000
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	472	3,135	4,086	6,123
Total Revenues:		105,273	3,135	471,676	912,851
Expenditures					
510	General Government	-	-	7,915	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	9,698
550	Natural and Economic Environment	-	-	15,000	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	10,136	-
Total Expenditures:		-	-	33,051	9,698
Excess (Deficiency) Revenues over Expenditures:		105,273	3,135	438,625	903,153
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	-	-	-	42,928
Total Other Increases in Fund Resources:		-	-	-	42,928
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	167,282	622,934
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	85,000	-	55,000	110,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	14,684
Total Other Decreases in Fund Resources:		85,000	-	222,282	747,618
Increase (Decrease) in Cash and Investments:		20,273	3,135	216,343	198,463
Ending Cash and Investments					
5081000	Reserved	22,429	136,539	349,427	432,055
5088000	Unreserved	-	-	350,463	167,789
Total Ending Cash and Investments		22,429	136,539	699,890	599,844

The accompanying notes are an integral part of this statement.

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

		401 WATER FUND	407 SEWER FUND	410 STORMWATER FUND	510 INTERNAL SERVICE FUND
Beginning Cash and Investments					
30810	Reserved	272,486	-	-	-
30880	Unreserved	911,073	498,193	141,250	364,548
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	298,495	-
340	Charges for Goods and Services	937,947	929,668	487,638	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	877,930	68,071	157,264	13,025
Total Revenues:		1,815,877	997,739	943,397	13,025
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	823,231	1,023,360	455,657	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		823,231	1,023,360	455,657	-
Excess (Deficiency) Revenues over Expenditures:		992,646	(25,621)	487,740	13,025
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	75,000	-	152,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	2,165	32,000	-	-
Total Other Increases in Fund Resources:		2,165	107,000	-	152,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	515,037	58,424	363,027	222,026
591-593, 599	Debt Service	315,828	-	-	-
597	Transfers-Out	10,000	10,000	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		840,865	68,424	363,027	222,026
Increase (Decrease) in Cash and Investments:		153,946	12,955	124,713	(57,001)
Ending Cash and Investments					
5081000	Reserved	251,484	-	-	-
5088000	Unreserved	1,086,020	511,148	265,964	307,547
Total Ending Cash and Investments		1,337,504	511,148	265,964	307,547

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	101 CITY STREET FUND	107 FIRE IMPACT MIT. FEE FUND
Beginning Cash and Investments					
30810	Reserved	902,871	10,656	134,234	205,493
30880	Unreserved	3,101,499	1,207,000	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	3,549,228	2,913,714	-	-
320	Licenses and Permits	967,896	956,287	11,609	-
330	Intergovernmental Revenues	460,669	205,550	101,006	-
340	Charges for Goods and Services	3,955,479	1,443,210	21,967	285,370
350	Fines and Penalties	140,155	140,155	-	-
360	Miscellaneous Revenues	1,770,256	1,017,405	1,854	6,236
Total Revenues:		10,843,683	6,676,321	136,436	291,606
Expenditures					
510	General Government	1,220,502	1,220,451	-	-
520	Public Safety	2,421,864	2,421,864	-	-
530	Utilities	1,993,884	10,460	-	-
540	Transportation	268,556	-	257,022	-
550	Natural and Economic Environment	2,182,704	2,136,539	-	-
560	Social Services	1,159	1,159	-	-
570	Culture and Recreation	73,347	68,525	-	-
Total Expenditures:		8,162,016	5,858,998	257,022	-
Excess (Deficiency) Revenues over Expenditures:		2,681,667	817,323	(120,586)	291,606
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	259,000	-	112,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	32,000	-	-	-
Total Other Increases in Fund Resources:		291,000	-	112,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	730,377	83,513	1,200	-
591-593, 599	Debt Service	317,361	-	-	-
597	Transfers-Out	259,000	62,000	10,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	32,000	32,000	-	-
Total Other Decreases in Fund Resources:		1,338,738	177,513	11,200	-
Increase (Decrease) in Cash and Investments:		1,633,929	639,810	(19,786)	291,606
Ending Cash and Investments					
5081000	Reserved	1,471,641	10,825	114,449	497,099
5088000	Unreserved	4,166,648	1,846,636	-	-
Total Ending Cash and Investments		5,638,289	1,857,461	114,449	497,099

The accompanying notes are an integral part of this statement.

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

		108 TRANSPORTATI ON BENEFIT	109 TRAFFIC MITIGATION FUND	310 CIP FUND GENERAL GOVERNMENT	320 CIP FUND- STREETS
Beginning Cash and Investments					
30810	Reserved	9,398	84,305	131,816	139,055
30880	Unreserved	-	-	210,806	91,806
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	104,439	-	265,855	265,220
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	9,596	117,566
340	Charges for Goods and Services	-	76,907	14,000	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	318	2,193	2,049	48,727
Total Revenues:		104,757	79,100	291,500	431,513
Expenditures					
510	General Government	-	-	51	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	11,534
550	Natural and Economic Environment	-	-	46,165	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	4,822	-
Total Expenditures:		-	-	51,038	11,534
Excess (Deficiency) Revenues over Expenditures:		104,757	79,100	240,462	419,979
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	30,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	30,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	99,536	303,217
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	112,000	30,000	-	15,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		112,000	30,000	99,536	318,217
Increase (Decrease) in Cash and Investments:		(7,243)	49,100	140,926	131,762
Ending Cash and Investments					
5081000	Reserved	2,155	133,404	192,220	249,003
5088000	Unreserved	-	-	291,327	113,621
Total Ending Cash and Investments		2,155	133,404	483,547	362,624

The accompanying notes are an integral part of this statement.

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

		401 WATER FUND	407 SEWER FUND	410 STORMWATER FUND	510 INTERNAL SERVICE FUND
Beginning Cash and Investments					
30810	Reserved	187,914	-	-	-
30880	Unreserved	639,125	461,365	159,435	331,962
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	26,951	-
340	Charges for Goods and Services	864,715	883,218	366,092	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	571,254	85,357	26,819	8,044
Total Revenues:		1,435,969	968,575	419,862	8,044
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	613,740	957,488	412,196	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		613,740	957,488	412,196	-
Excess (Deficiency) Revenues over Expenditures:		822,229	11,087	7,666	8,044
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	15,000	-	102,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	32,000	-	-
Total Other Increases in Fund Resources:		-	47,000	-	102,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	138,346	11,257	15,851	77,457
591-593, 599	Debt Service	317,361	-	-	-
597	Transfers-Out	10,000	10,000	10,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		465,707	21,257	25,851	77,457
Increase (Decrease) in Cash and Investments:		356,522	36,830	(18,185)	32,587
Ending Cash and Investments					
5081000	Reserved	272,486	-	-	-
5088000	Unreserved	911,073	498,193	141,250	364,548
Total Ending Cash and Investments		1,183,559	498,193	141,250	364,548

The accompanying notes are an integral part of this statement.

City of Black Diamond
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 CURRENT EXPENSE FUND	101 CITY STREET FUND	107 FIRE IMPACT MIT. FEE FUND
Beginning Cash and Investments					
30810	Reserved	507,481	-	129,840	183,127
30880	Unreserved	3,730,791	1,455,070	-	-
388 / 588	Net Adjustments	11,006	11,006	-	-
Revenues					
310	Taxes	3,171,087	2,850,383	-	-
320	Licenses and Permits	245,036	227,360	17,676	-
330	Intergovernmental Revenues	1,558,314	240,839	97,760	-
340	Charges for Goods and Services	2,970,593	931,080	12,287	20,540
350	Fines and Penalties	89,010	89,010	-	-
360	Miscellaneous Revenues	1,209,220	646,984	985	1,826
Total Revenues:		9,243,260	4,985,656	128,708	22,366
Expenditures					
510	General Government	1,222,666	1,220,166	-	-
520	Public Safety	2,267,691	2,267,691	-	-
530	Utilities	1,905,048	15,630	-	-
540	Transportation	320,264	-	214,316	-
550	Natural and Economic Environment	1,661,212	1,653,098	-	-
560	Social Services	1,141	1,141	-	-
570	Culture and Recreation	71,346	71,227	-	-
Total Expenditures:		7,449,368	5,228,953	214,316	-
Excess (Deficiency) Revenues over Expenditures:		1,793,892	(243,297)	(85,608)	22,366
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	157,500	-	100,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	179,750	-	-	-
Total Other Increases in Fund Resources:		337,250	-	100,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,739,649	5,117	-	-
591-593, 599	Debt Service	318,895	-	-	-
597	Transfers-Out	157,500	-	10,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	160,000	-	-	-
Total Other Decreases in Fund Resources:		2,376,044	5,117	10,000	-
Increase (Decrease) in Cash and Investments:		(244,902)	(248,414)	4,392	22,366
Ending Cash and Investments					
5081000	Reserved	902,871	10,656	134,234	205,493
5088000	Unreserved	3,101,499	1,207,000	-	-
Total Ending Cash and Investments		4,004,370	1,217,656	134,234	205,493

The accompanying notes are an integral part of this statement.

City of Black Diamond
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		108 TRANSPORTATION BENEFIT	109 TRAFFIC MITIGATION FUND	310 CIP FUND GENERAL GOVERNMENT	320 CIP FUND- STREETS
Beginning Cash and Investments					
30810	Reserved	3,666	74,307	-	-
30880	Unreserved	-	-	311,926	306,020
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	105,460	-	107,622	107,622
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	9,791	1,091,387
340	Charges for Goods and Services	-	9,258	27,700	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	273	739	1,295	87,436
Total Revenues:		105,733	9,997	146,408	1,286,445
Expenditures					
510	General Government	-	-	2,500	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	105,948
550	Natural and Economic Environment	-	-	8,114	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	119	-
Total Expenditures:		-	-	10,733	105,948
Excess (Deficiency) Revenues over Expenditures:		105,733	9,997	135,675	1,180,497
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	-	-	19,750	-
Total Other Increases in Fund Resources:		-	-	19,750	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	117,229	1,255,656
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	100,000	-	7,500	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		100,000	-	124,729	1,255,656
Increase (Decrease) in Cash and Investments:		5,733	9,997	30,696	(75,159)
Ending Cash and Investments					
5081000	Reserved	9,398	84,305	131,816	139,055
5088000	Unreserved	-	-	210,806	91,806
Total Ending Cash and Investments		9,398	84,305	342,622	230,861

The accompanying notes are an integral part of this statement.

City of Black Diamond
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		401 WATER FUND	407 SEWER FUND	410 STORMWATER FUND	510 INTERNAL SERVICE FUND
Beginning Cash and Investments					
30810	Reserved	116,541	-	-	-
30880	Unreserved	529,413	759,633	72,199	296,530
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	118,537	-
340	Charges for Goods and Services	764,720	826,365	378,643	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	418,016	28,622	15,369	7,675
Total Revenues:		1,182,736	854,987	512,549	7,675
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	507,699	966,406	415,313	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		507,699	966,406	415,313	-
Excess (Deficiency) Revenues over Expenditures:		675,037	(111,419)	97,236	7,675
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	10,000	-	47,500
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	160,000
Total Other Increases in Fund Resources:		-	10,000	-	207,500
Other Decreases in Fund Resources					
594-595	Capital Expenditures	155,055	26,848	-	179,744
591-593, 599	Debt Service	318,895	-	-	-
597	Transfers-Out	20,000	10,000	10,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	160,000	-	-
Total Other Decreases in Fund Resources:		493,950	196,848	10,000	179,744
Increase (Decrease) in Cash and Investments:		181,087	(298,267)	87,236	35,431
Ending Cash and Investments					
5081000	Reserved	187,914	-	-	-
5088000	Unreserved	639,125	461,365	159,435	331,962
Total Ending Cash and Investments		827,039	461,365	159,435	331,962

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	1,441	1,441
388 & 588	Net Adjustments	-	-
310-390	Additions	365,326	365,326
510-590	Deductions	362,445	362,445
	Net Increase (Decrease) in Cash and Investments:	2,881	2,881
508	Ending Cash and Investments	4,322	4,322

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	204,177	204,177
388 & 588	Net Adjustments	(202,127)	(202,127)
310-390	Additions	2,322,479	2,322,479
510-590	Deductions	2,323,089	2,323,089
	Net Increase (Decrease) in Cash and Investments:	(610)	(610)
508	Ending Cash and Investments	1,441	1,441

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	183,825	183,825
388 & 588	Net Adjustments	-	-
310-390	Additions	1,690,029	1,690,029
510-590	Deductions	1,669,676	1,669,676
	Net Increase (Decrease) in Cash and Investments:	20,353	20,353
508	Ending Cash and Investments	204,177	204,177

The accompanying notes are an integral part of this statement.

City of Black Diamond
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	190,554	190,554
388 & 588	Net Adjustments	-	-
310-390	Additions	442,340	442,340
510-590	Deductions	449,068	449,068
	Net Increase (Decrease) in Cash and Investments:	(6,728)	(6,728)
508	Ending Cash and Investments	183,825	183,825

The accompanying notes are an integral part of this statement.

MCAG 0379
City of Black Diamond
Notes to Financial Statements
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Black Diamond was incorporated in February 1959 and operates under the laws of the State of Washington applicable to a non-charter Code City in 1990 with a Mayor-Council form of government. The City is a general purpose government and provides a broad range of general government services including a law enforcement, planning and community development, street maintenance and improvements, parks and recreation, public works, and general administrative services. Fire services are provided through a contract with Mountain View Fire and Rescue. In addition, the City owns and operates water, sewer and storm water utility systems.

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 types are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:**General Fund**

This fund is the primary operating fund of the City. 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, committed, or assigned to expenditures for specified purposes of the City.

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.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

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

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 have an estimated useful life in excess of three years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave for regular employees may be accumulated based on years of service with the City and is payable upon separation or retirement.

VACATION LEAVE

Length of Service		Days per Year	Maximum Accrual*
0 - 5	Years	12	144 hours
6 - 9	Years	15	180 hours
10-15	Years	18	216 hours
16-19	Years	21	252 hours
20 +	Years	24	288 hours

**The Mayor may adjust maximum accruals during periods when staff are unable to take a leave time due to unforeseen circumstances.*

Sick leave for regular employees may be accumulated up to 1040 hours. Upon separation or retirement non-commissioned employees are compensated for unused sick leave as follows:

SICK LEAVE

0-1 Years	0%
1-5 Years	10%
6-12 Years	20%
13-20 Years	30%
21-24 Years	40%
25+ Years	50%

Sick leave for retiring Police Officers Association employees is cashed out at 25% of accumulated hours at their current rate of pay if their LEOFF plan requirements are fulfilled. Comp time is overtime compensated for in time off rather than overtime pay. It can be accrued by non-exempt employees up to 40 hours at any given time. Any balance of comp time hours remaining at separation or retirement is paid at 100%.

Compensated absence liabilities as of December 31, 2020 are shown in the following chart and on the Schedule 9.

	Police	Gen Govt	Street	Water	Sewer	Storm	Total
Total	\$104,168	\$123,362	\$19,375	\$30,929	\$25,253	\$26,057	\$329,144

Payments are recognized as expenditures when paid.

F. Long-term Debt

See note 6 Debt Service Requirements

G. Restricted and Committed Portion of Ending Cash and Investments

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

At December 31, 2020 the City reported the following restricted fund balances:

- General Fund - \$21,908 - police drug funds restricted per RCW.
- 101 - Street Special Revenue Fund – \$88,158 – motor vehicle fuel taxes and TBD transfers in restricted per RCW and grant funds restricted by grantors.
- 109 - Transportation Benefit District Fund - \$33,607 restricted per RCW.
- 310 – CIP Fund- \$1,256,948 restricted REET revenues per RCW 82.46.010.
- 320 – CIP Street Fund- \$915,195 restricted REET revenues RCW 82.46.035.
- Water Utility Fund - \$1,240,281 - Developer pre-funding of Capital Projects per the Water Facility Funding Agreement with the Developers.

At December 31, 2020 the City reported the following committed fund balances:

- 107 – Fire Impact Fee Fund - \$1,135,891 committed for fire facilities and equipment per Ordinance 12-890.
- 310 – CIP Fund - \$600,000 committed for fire facilities and equipment (transferred in from Fire Impact Fee Fund).

Note 2. Budget Compliance

The City adopts annual appropriated budgets for all governmental funds except for Fiduciary and Agency Funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for operating funds lapse at the fiscal year end. Per Washington State RCW 35a.33.150, budgets for capital projects are established for a special purpose or purposes and shall not lapse, but be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned, without necessity of re-appropriation. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriations (excluding ending fund balance) and actual expenditures for the legally adopted budgets for 2020 were as follows:

	Description	Final Appropriated Amounts 2020	Actual Expenditures 2020	Variance Over (Under)
001	General Fund Total	\$11,078,846	\$7,141,938	\$3,936,908
101	Street Fund	\$460,804	\$304,051	\$156,753
107	Fire Impact Fee Fund	\$741,099	\$600,000	\$141,099
108	Transportation Benefit District Fund	\$116,398	\$100,000	\$16,398
109	Traffic Mitigation Fund	\$277,204	\$0	\$277,204
111	School Impact Fees	\$3,000,000	\$2,797,838	\$202,162
31X	Gen Government Capital Funds	\$2,689,998	\$575,757	\$2,114,241
32X	Street Capital Projects Funds	\$1,976,314	\$904,785	\$1,071,529
40X	Water Operating/Capital Funds	\$5,049,256	\$2,624,401	\$2,424,855
40X	Sewer Operating/Capital Funds	\$1,639,891	\$1,372,622	\$267,269
410	Stormwater Operating/Capital Funds	\$783,872	\$464,840	\$319,032
510	Internal Service & Equipment Repl Fund	\$471,247	\$196,001	\$275,246
	Total All Funds	\$28,284,929	\$17,082,234	\$11,202,695

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by ordinance by a majority vote of the City Council.

Note 3. Deposits and Investments

CASH - At December 31, 2020 the City had an ending cash balance of \$576,304 in short term cash. This total includes \$950 in change funds and petty cash.

INVESTMENTS – It is the City's policy to invest all temporary cash surpluses. Investment interest earned is prorated to the various funds. Investments are reported at original cost value.

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 costs, 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 402000, Olympia, Washington 98504-0200 or online at www.tre.wa.gov.

The balance in the Local Government Investment Pool as of December 31, 2020 was as follows:

Type of Investment	City's Investments	Own	Investments held for other Entities	Total
L.G.I.P.	\$13,634,803		\$0	\$13,634,803

NOTE 4. Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed by King County daily following each month collection.

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 \$1.88310 per \$1,000 on an assessed valuation of \$1,010,636,849 for a total regular levy of \$1,889,456.

NOTE 5. Internal Loans

In 2016, Council adopted Ordinance 16-1078 approving a 2017 loan from the Sewer Capital Reserve Fund to the Equipment Replacement Fund for \$160,000 to be used to replace four police vehicles. The first payment for the loan was from the General Fund in 2018, with continued annual payments due until paid in full 2022. Interest is paid each year based on the current LGIP Pool rate. The following table displays interfund loan activity from origination with the 2018 principal payment and balance as of December 31, 2020:

Receiving Fund	Loaning Fund	2020 Balance	2020 Issued	2020 Repayment	12/31/2020 Balance
Equip. Replace Fund	Sewer Reserves	\$96,000	\$0	\$32,000	\$64,000

Note 6. Debt Service Requirements

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

Debt service requirements for outstanding loans are as follows:

Year	Principal	Interest	Total
2021	\$306,738	\$6,023	\$312,761
2022	\$306,738	\$4,455	\$311,193
2023	\$295,488	\$2,955	\$298,443
2024	\$295,488	\$1,477	\$296,965
Total	\$1,204,454	\$14,910	\$1,219,364

Private developers reimburse the City annually for their portion of Public Works trust debt payment. A developer line of credit covers their portion of the debt service. The Bank Credit Lines are reduced each year after their portion of the debt principal is paid.

Note 7. Pension Plans

State Sponsored Pension Plans

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

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

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

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

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

At June 30, 2020, the City's proportionate share of the collective net pension liabilities, as reported on Schedule 9, were as follows:

Pension Liability	Employer Contributions	Allocation %	Black Diamond's Liability (Asset)
PERS 1	\$93,995	0.012969%	\$457,876
PERS 2/3	\$154,806	0.016804%	\$214,914
LEOFF 1	\$0	0.000813%	(\$15,354)
LEOFF 2	\$56,742	0.029006%	(\$591,680)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8. Risk Management

The City 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 9. Health and Welfare

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

of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust. As of December 31, 2020, 262 cities/towns/non-city entities participate in the AWC Trust HCP. The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

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

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee

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

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

Note 10. OPEB

LEOFF 1 Retiree Medical Plan

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW XX.XX. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan had one retired member. As of December 31, 2020, the City's OPEB liability was \$575,656, as calculated using the alternative measurement method. For the year ended December 31, 2020, the City of Black Diamond paid \$16,890 in benefits.

Note 11. Other Disclosures

The City received an extraordinary refund of \$262,016.67 in 2020 from King County Metro Sewer. This occurred as a result of the repair of a significant five-year-old water leak into the sewer system in a local mobile home park. The leak had caused increased revenue to the city and pass through to King County over the five year period, and once repaired, caused a significant decrease. King County Metro's audit of that five year period determined that a refund was due to the city. Since this revenue had previously been paid by the mobile home park the city in turn passed 94% of the refund, or \$235,815, back to the mobile home park. This unusual event is reported as a special item in the sewer fund.

School impact fees totaling \$2,797,838 were reclassified from trust funds to special revenue funds, as per state requirements.

Note 12. COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary

measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The City had no significant revenue loss during the 2020 COVID year. The Federal Cares COVID 19 Grant funds were used to cover the costs of PPE and safety supplies, telecommuting and computer related costs as well as providing some rent and utility assistance to our most vulnerable citizens who were affected as a result of COVID.

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

MCAG 0379
City of Black Diamond
Notes to Financial Statements
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Black Diamond was incorporated in February 1959 and operates under the laws of the State of Washington applicable to a non-charter Code City in 1990 with a Mayor-Council form of government. The City is a general purpose government and provides a broad range of general government services including a law enforcement, planning and community development, street maintenance and improvements, parks and recreation, public works, and general administrative services. Fire services are provided through a contract with Mountain View Fire and Rescue. In addition, the City owns and operates water, sewer and storm water utility systems. The City uses single-entry, cash basis accounting which is a departure from Generally Accepted Accounting Principles (GAAP).

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

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the City of Black Diamond. 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 City of Black Diamond.

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.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City of Black Diamond on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

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

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 of Black Diamond 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 have an estimated useful life in excess of three years. Capital assets and inventory are recorded as Capital expenditures when purchased.

E. Compensated Absences

Vacation leave for regular employees may be accumulated based on years of service with the City and is payable upon separation or retirement.

VACATION LEAVE

Length of Service		Days per Year	Maximum Accrual*
0 - 5	Years	12	144 hours
6 - 9	Years	15	180 hours
10-15	Years	18	216 hours
16-19	Years	21	252 hours
Over	20 Years	24	288 hours

**The Mayor may adjust maximum accruals during periods when staff are unable to take a leave time due to unforeseen circumstances.*

Sick leave for regular employees may be accumulated up to 1040 hours. Upon separation or retirement non-commissioned employees are compensated for unused sick leave as follows:

SICK LEAVE

0-1 Year	0%
1-5 Year	10%
6-12 Year	20%
13-20 Year	30%
Over 20 Yrs	40%
Over 25 Yrs	50%

Sick leave for retiring Police Officers Association employees is cashed out at 25% of accumulated hours at their current rate of pay if their LEOFF plan requirements are fulfilled. Comp time is overtime compensated for in time off rather than overtime pay. It can be accrued by non-exempt employees up to 40 hours at any given time. Any balance of comp time hours remaining at separation or retirement is paid at 100%.

The following table illustrates the potential total liability if all compensated absences were paid as of December 31, 2019. The total includes the liability costs of required taxes. The total of \$241,077 represents a \$16,625 decrease from 2018. Compensated absence liabilities are shown in the following chart and on Schedule 9.

	Police	Gen Govt	Street	Water	Sewer	Storm	Total
Total	\$63,063	\$96,305	\$14,959	\$22,897	\$18,972	\$19,881	\$241,077

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 are reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by enabling legislation. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

The City of Black Diamond has the following funds identified as Ending Reserved Fund Balances:

- General Fund has a reserve of \$15,137.36 -the State requires that Police drug investigation Funds can only be used for drug related purposes.
- 101 - Street Special Revenue Fund - \$76,743.04 - the State requires that the gas tax resources only be used for Street purposes.
- 107 - Fire Impact Fees - \$936,626.92 - restricted by State RCW 82.02 and Ordinance 12-980 for Fire Facilities and Equipment.
- 108 - Traffic Mitigation Fund - \$136,539.41 - restricted by Resolutions 16-1118 and Developer agreements for designated improvements.
- 109 - Transportation Benefit District Fund - \$22,429.09 – established by Ordinance 15-1057, and assumed in Ordinance 15-1059 only to be used for Street Expenditures.
- 311 – REET I - \$349,426.73 Restricted by State RCW 82.46.010.
- 321 – REET II \$432,054.94 Restricted by State RCW 82.46.035.
- Water Utility Fund - \$251,484.48 - Developer pre-funding of Capital Projects per the Water Facility Funding Agreement with the Developers.

Note 2. Budget Compliance

The City of Black Diamond adopts annual appropriated budgets for all governmental funds except for Fiduciary and Agency Funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for operating funds lapse at the fiscal year end. Per Washington State RCW 35a.33.150, budgets for capital projects are established for a special purpose or purposes and shall not lapse, but be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned, without necessity of re-appropriation. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriations (excluding ending fund balance) and actual expenditures for the legally adopted budgets for 2019 were as follows:

	Description	Final Appropriated Amounts 2019	Actual Expenditures 2019	Variance Over (Under)
001	General Fund Total	\$7,294,898	\$6,382,947	(\$911,950)
101	Street Fund	\$311,852	\$295,960	(\$15,892)
107	Fire Impact Fee Fund	\$600,000	\$0	(\$600,000)
108	Transportation Benefit District Fund	\$120,000	\$85,000	(\$35,000)
109	Traffic Mitigation Fund	\$198,005	\$0	(\$198,005)
31X	Gen Government Capital Funds	\$1,479,019	\$459,723	(\$1,019,296)
32X	Street Capital Projects Funds	\$1,636,723	\$992,732	(\$643,991)
40X	Water Operating/Capital Funds	\$5,055,358	\$1,901,419	(\$3,153,940)
40X	Sewer Operating/Capital Funds	\$1,372,345	\$1,221,784	(\$150,561)
410	Stormwater Operating/Capital Funds	\$1,625,439	\$818,685	(\$806,754)
510	Internal Service & Equipment Repl Fund	\$389,679	\$222,026	(\$167,653)
	Total All Funds	\$20,083,318	\$12,380,276	(\$7,703,042)

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Black Diamond's legislative body. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by ordinance by a majority vote of the City Council.

Note 3

Deposits and Investments

The City of Black Diamond has a total deposit and investment amount of \$8,397,334.87 as of December 31, 2019. Including Investments of \$7,879,749.81 and a bank balance of \$517,585.060

CASH - It is the City's policy to invest all temporary cash surpluses. At December 31, 2019 the City had an ending cash balance of \$517,585.06 in short term cash. This total includes \$950 in change funds and petty cash.

INVESTMENTS - All investments are held by the General/State Investment Pool (LGIP). Investment interest earned is distributed monthly to the various funds in proportion to their investment amounts. The balance in the State Local Investment Pool saving account as of December 31, 2019 was \$7,379,749.81. Investments are reported at original cost value.

Type of Investment	COBD's Own Investments	Investments held for other Entities	Total
L.G.I.P.	\$7,879,749.81	\$0	\$7,879,749.81

NOTE 4. Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed by King County daily following each month collection.

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 \$1.90542 per \$1,000 on an assessed valuation of \$865,017,265 for a total regular levy of \$1,648,224.

NOTE 5. Internal Loans

In 2016, Council adopted Ordinance 16-1078 approving a 2017 loan from the Sewer Capital Reserve Fund to the Equipment Replacement Fund for \$160,000 to be used to replace four police vehicles. The first payment for the loan was from the General Fund in 2018, with continued annual payments due until paid in full 2022. Interest is paid each year based on the current LGIP Pool rate. The following table displays interfund loan activity from origination with the 2018 principal payment and balance as of December 31, 2019:

Receiving Fund	Loaning Fund	2019 Balance	2019 Issued	2019 Repayment	12/31/2019 Balance
Equip. Replace Fund	Sewer Reserves	\$128,000	\$0	\$32,000	\$96,000

Note 6. Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Black Diamond and summarizes the City's debt transactions for year ended December 31, 2019. The City of Black Diamond has no General Obligation or Revenue bonds debt.

The Water Fund has Long Term Debt for two Public Works Trust Fund Loans for Water Projects. A portion of one of the Public Works Trust Loans is reimbursed by a developer and the city holds a Bank letter of Credit for their portion.

The accompanying Schedule of Other Long-Term Debt provides a listing of the outstanding long-term debt of the Water Fund which includes both Principal and Interest.

Water Fund Other Long Term Debt is as Follows:

Year	Principal	Interest	Total
2020	\$306,738	\$7,556	\$314,294
2021	\$306,738	\$6,023	\$312,761
2022	\$306,738	\$4,455	\$311,193
2023	\$295,488	\$2,955	\$298,443
2024	\$295,488	\$1,477	\$296,965

Private developers reimburse the city annually for their portion of Public Works trust debt payment. A developer line of credit covers their portion of the debt service. The Bank Credit Lines are reduced each year after their portion of the debt principal is paid. See Schedule 9.

Note 7. Pension Plans

State Sponsored Pension Plans

Substantially all Black Diamond'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. They are PERS 1, PERS 2, PERS 3, LEOFF 1 and LEOFF 2.

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.

At June 30, 2019, the City of Black Diamond's PERS 1, 2 & 3's proportionate share of the collective net pension liabilities, as reported on Schedule 9, were as follows:

Pension Liability	Employer Contributions	Allocation %	Black Diamond's Liability (Asset)
Pers 1	91,471	0.012757%	490,552
Pers 2 & 3	134,596	0.016480%	160,077
Leoff 1	0	0.000805%	(15,912)
Leoff 2	44,473	0.026291%	(609,082)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8. Risk Management

The City of Black Diamond 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 comprised of elected officials of participating members.

Note 9 OPEB**LEOFF 1 Retiree Medical Plan**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Black Diamond as required by RCW. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had one member, all retirees. As of December 31, 2019, the City of Black Diamond's total OPEB liability was \$546,405, as calculated using the alternative measurement method. For the year ended December 31, 2019, the City of Black Diamond paid \$16,839.84 in benefits.

Note 10. Other Disclosures

In 2019 the State of Washington redefined Custodial Funds to clarify custodial fund effective for 2019. This resulted in a cumulative effect of the accounting change which moved Retainage held for Capital Project from Custodial Funds to Capital Projects funds in the amount of \$38,757 and moved deposits held for Medical Insurance and not due until 2020 from Custodial funds to the General Fund in the amount of \$161,565.

MCAG 0379
City of Black Diamond
Notes to Financial Statements
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Black Diamond was incorporated in February 1959 and operates under the laws of the State of Washington applicable to a non-charter Code City in 1990 with a Mayor-Council form of government. The City is a general purpose government and provides a broad range of general government services including a law enforcement, planning and community development, street maintenance and improvements, parks and recreation, public works, and general administrative services. Fire services are provided through a partnership with Mountain View Fire and Rescue. In addition, the City owns and operates water, sewer and storm water utility systems. The City uses single-entry, cash basis accounting which is a departure from Generally Accepted Accounting Principles (GAAP).

The City of Black Diamond 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 City of Black Diamond 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 City's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund type is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used by the City of Black Diamond:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the City of Black Diamond. 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 City of Black Diamond.

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.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City of Black Diamond a cost reimbursement basis.

FIDUCIARY FUND TYPES:

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

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 of Black Diamond 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 2, Deposits and Investments

D. Capital Assets

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

E. Compensated Absences

Vacation leave for regular employees may be accumulated based on years of service with the City and is payable upon separation or retirement.

VACATION LEAVE

Length of Service		Days per Year	Maximum Accrual*
0 - 5	Years	12	144 hours
6 - 9	Years	15	180 hours
10-15	Years	18	216 hours
16-19	Years	21	252 hours
Over	20 Years	24	288 hours

**The Mayor may adjust maximum accruals during periods when staff are unable to take a leave time due to unforeseen circumstances.*

Sick leave for regular employees may be accumulated up to 1040 hours. Upon separation or retirement non-commissioned employees are compensated for unused sick leave as follows:

SICK LEAVE

0-1 Year	0%
1-5 Year	10%
6-12 Year	20%
13-20 Year	30%
Over 20 Yrs	40%
Over 25 Yrs	50%

Sick leave for retiring Police Officers Association employees is cashed out at 25% of accumulated hours at their current rate of pay if their LEOFF plan requirements are fulfilled. Comp time is overtime compensated for in time off rather than overtime pay. It can be accrued by non-exempt employees up to 40 hours at any given time. Any balance of comp time hours remaining at separation or retirement is paid at 100%.

An Executive Leave Bank of 40 hours per year was granted to exempt employees in 2018, due to workload increases. This leave is not carried over at year end.

The following table illustrates the potential total liability if all compensated absences were paid as of December 31, 2018. The total includes the liability costs of required taxes. The total of \$257,702 represents a \$24,344 decrease from 2017. Compensated absence liabilities are shown in the following chart and on Schedule 9.

	Police	GenGovt	Street	Water	Sewer	Storm	Total
Total	\$105,919	\$84,279	\$13,779	\$18,046	\$17,909	\$17,770	\$257,702

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 are reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by enabling legislation. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

The City of Black Diamond has the following funds identified as Ending Reserved Fund Balances:

- General Fund - \$10,655.96 - The State requires that the Police Investigation Funds only be used for Police Investigations.
- Street Special Revenue Fund - \$114,449.06 - the State requires that the gas tax resources only be used for Street purposes.
- Fire Impact Fees - \$497,098.77 - restricted by State RCW 82.02 and Ordinance 12-980 for Fire Facilities and Equipment.
- Traffic Mitigation Fund - \$133,404.28 - restricted by Resolutions 16-1118 and Developer agreements for designated improvements.
- Transportation Benefit District Fund - \$2,155.43 – established by Ordinance 15-1057, and assumed in Ordinance 15-1059 only to be used for Street Expenditures.
- Water Utility Fund - \$272,486.10 - Developer pre-funding of Capital Projects per the Water Facility Funding Agreement with the Developers.

Note 2. Budget Compliance

The City of Black Diamond adopts annual appropriated budgets for all governmental funds except for Fiduciary and Agency Funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for operating funds lapse at the fiscal year end. Per Washington State RCW 35a.33.150, budgets for capital projects are established for a special purpose or purposes and shall not lapse, but be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned, without necessity of re-appropriation. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriations (excluding ending fund balance) and actual expenditures for the legally adopted budgets for 2018 were as follows:

	Description	Final Appropriated Amounts 2018	Actual Expenditures 2018	Variance Over (Under)
001	General Fund Total	\$6,588,061	\$6,036,513	(\$551,548)
101	Street Fund	\$297,083	\$268,220	(\$28,863)
107	Fire Impact Fee Fund	\$475,000	\$0	(\$475,000)
108	Transportation Benefit District Fund	\$120,000	\$112,000	(\$8,000)
109	Traffic Mitigation Fund	\$234,640	\$30,000	(\$204,640)
31X	Gen Government Capital Funds	\$1,143,607	\$358,075	(\$785,532)
32X	Street Capital Projects Funds	\$1,103,935	\$586,628	(\$517,307)
40X	Water Operating/Capital Funds	\$3,628,809	\$1,331,770	(\$2,297,039)
40X	Sewer Operating/Capital Funds	\$1,273,866	\$1,108,747	(\$165,119)
410	Stormwater Operating/Capital Funds	\$1,536,579	\$438,045	(\$1,098,534)
510	Internal Service & Equipment Repl Fund	\$188,342	\$77,457	(\$110,885)
	Total All Funds	\$16,589,922	\$10,347,455	(\$6,242,467)

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Black Diamond's legislative body. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by ordinance by a majority vote of the City Council.

Note 3. Deposits and Investments

The City of Black Diamond has a total deposit and investment amount of \$ 5,842,487.65 as of December 31, 2018. This includes:

CASH - It is the City's policy to invest all temporary cash surpluses. At December 31, 2018 the City had an ending cash balance of \$397,363.81 in short term cash. This total includes \$750 in change funds and petty cash, and an account at Columbia Bank of \$10,825.26 in Police Investigation funds plus an account for general short-term cash of \$385,788.55.

INVESTMENTS - All investments are held by the General/State Investment Pool (LGIP). Investment interest earned is distributed monthly to the various funds in proportion to their investment amounts. The balance in the State Local Investment Pool saving account as of December 31, 2018 was \$5,445,103.84. Investments are reported at original cost value.

Type of Investment	COBD's Own Investments	Investments held for other Entities	Total
L.G.I.P.	\$5,445,103.84	\$0	\$5,445,103.84

NOTE 4. Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed by King County daily following each month collection.

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 \$2.02747 per \$1,000 on an assessed valuation of \$757,568,459 for a total regular levy of \$1,535,942.

NOTE 5. Internal Loans

In 2016, Council adopted Ordinance 16-1078 approving a 2017 loan from the Sewer Capital Reserve Fund to the Equipment Replacement Fund for \$160,000 to be used to replace four police vehicles. The first payment for the loan was from the General Fund in 2018, with continued annual payments due until paid in full 2022. Interest is paid each year based on the current LGIP Pool rate. The following table displays interfund loan activity from origination with the 2018 principal payment and balance as of December 31, 2018:

Receiving Fund	Loaning Fund	2017 Balance	2018 Issued	2018 Repayment	12/31/2018 Balance
Equip. Replace Fund	Sewer Reserves	\$160,000	\$0	\$32,000	\$128,000

Note 6. Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Black Diamond and summarizes the City's debt transactions for year ended December 31, 2018. The City of Black Diamond has no General Obligation or Revenue bonds debt.

The Water Fund has Long Term Debt for two Public Works Trust Fund Loans for Water Projects. A portion of one of the Public Works Trust Loans is reimbursed by a developer and the city holds a Bank letter of Credit for their portion.

The accompanying Schedule of Other Long-Term Debt provides a listing of the outstanding long-term debt of the Water Fund which includes both Principal and Interest.

Water Fund Other Long Term Debt is as Follows:

Year	Principal	Interest	Total
2019	\$306,738	\$9,090	\$315,828
2020	\$306,738	\$7,556	\$314,294
2021	\$306,738	\$6,023	\$312,761
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Private developers reimburse the city annually for their portion of Public Works trust debt payment. A developer line of credit covers their portion of the debt service. The Bank Credit Lines are reduced each year after their portion of the debt principal is paid. See Schedule 9.

Note 7. Pension Plans

State Sponsored Pension Plans

Substantially all Black Diamond'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. They are PERS 1, PERS 2, PERS 3, LEOFF 1 and LEOFF 2.

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

At June 30, 2018, the City of Black Diamond's PERS 2&3's proportionate share of the collective net pension liabilities, as reported on Schedule 9, were as follows:

Pension Liability	Employer Contributions	Allocation %	Black Diamond's Liability (Asset)
Pers 1	71,711	0.010728%	479,116
Pers 2 & 3	106,783	0.013839%	236,289
Leoff 1	0	0.000785%	(14,252)
Leoff 2	44,481.37	0.025651%	(520,771)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8. Risk Management

The City of Black Diamond 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 9. Other Disclosures

EXTRAORDINARY LEGAL COSTS

During 2018 the City of Black Diamond paid \$48,722.79 in extraordinary legal costs from its General Fund Plus \$58,000 in the final settlement costs. These legal costs were incurred in defending the City against an unusually complex Superior Court lawsuit brought by a developer alleging numerous violations of the Open Public Meetings Act (OPMA) by three individual Councilmembers during 2016 and 2017. The individual Councilmembers (now former Councilmembers) cross-claimed against the City for defense costs and indemnification, and the City cross-claimed against the individual Councilmembers for contribution and indemnification. The OPMA lawsuit was eventually settled at a mediation occurring in January 2018, and the resulting settlement agreement was approved by the City Council at their meeting of February 1, 2018 to pay the partially reimbursement of their defense costs in the amount of \$58,000.

MCAG 0379
City of Black Diamond
Notes to Financial Statements
December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Black Diamond was incorporated in February 1959 and operates under the laws of the State of Washington applicable to a non-charter Code City in 1990 with a Mayor-Council form of government. The City is a general purpose government and provides a broad range of general government services including a law enforcement, planning and community development, street maintenance and improvements, parks and recreation, public works, and general administrative services. Fire services are provided through a partnership with Mountain View Fire and Rescue. In addition, the City owns and operates water, sewer and storm water utility systems. The City uses single-entry, cash basis accounting which is a departure from Generally Accepted Accounting Principles (GAAP).

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- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
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A. Fund Accounting

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GOVERNMENTAL FUND TYPES:**General Fund**

This fund is the primary operating fund of the City of Black Diamond. 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 City of Black Diamond.

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.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City of Black Diamond a cost reimbursement basis.

Fiduciary Funds

Fiduciary Funds account for assets held by the City of Black Diamond in a trustee capacity or as an agent on behalf of others.

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 of Black Diamond also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City of Black Diamond adopts annual appropriated budgets for all governmental funds except for Fiduciary and Agency Funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for operating funds lapse at the fiscal year end. Per Washington State RCW 35a.33.150, budgets for capital projects are established for a special purpose or purposes and shall not lapse, but be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned, without necessity of reappropriation. 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:

		Final	Actual	Variance
Description		Appropriated	Expenditures	
		Amounts		Over(Under)
		2017	2017	
	Legislative Department	\$15,814	\$12,618	(\$3,196)
	Municipal Court Department	\$232,041	\$192,968	(\$39,073)
	Executive Department	\$14,877	\$13,723	(\$1,154)
	Administrative Services	\$458,757	\$428,186	(\$30,571)
	Legal Department	\$414,250	\$379,135	(\$35,115)
	Facilities, Spec Prog and EMS Mgmt	\$154,059	\$142,957	(\$11,102)
	Police Department	\$1,940,365	\$1,758,243	(\$182,122)
	Community Development	\$480,608	\$367,757	(\$112,851)
	MDRT & Consultants	\$1,313,975	\$1,337,268	\$23,293
	Parks Department	\$81,363	\$71,228	(\$10,135)
	Cemetery Department	\$18,951	\$15,630	(\$3,321)
	Fire Department	\$534,905	\$514,360	(\$20,545)
001	General Fund Total	\$5,659,965	\$5,234,072	(\$425,893)
101	Street Fund	\$244,210	\$224,315	(\$19,895)
107	Fire Impact Fee Fund	\$255,490	\$0	(\$255,490)
108	Transportation Benefit District Fund	\$100,000	\$100,000	\$0
109	Traffic Mitigation Fund	\$74,655	\$0	(\$74,655)
310	General Government CIP Fund	\$203,500	\$127,962	(\$75,538)
311	REET I Fund General Government	\$142,958	\$142,958	\$0
320	Street Capital Projects Fund	\$2,043,944	\$1,401,604	(\$642,340)
321	REET II Fund Street Projects	\$135,226	\$135,226	\$0
401	Water Operating Fund	\$856,635	\$802,931	(\$53,704)
402	Water Supply and Facility Fund	\$465,000	\$164,897	(\$300,103)
404	Water Capital Projects Fund	\$136,000	\$33,821	(\$102,179)
407	Sewer Operating Fund	\$989,032	\$976,372	(\$12,660)
408	Sewer Capital Projects Fund	\$468,000	\$350,882	(\$117,118)
410	Stormwater Operating Fund	\$434,830	\$389,809	(\$45,021)
410	Stormwater Capital Fund	\$92,000	\$35,504	(\$56,497)
510	Fund	\$229,237	\$179,743	(\$49,494)
	Total All Funds	\$12,530,682	\$10,300,097	(\$2,230,585)

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Black Diamond's legislative body. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by ordinance by a majority vote of the City Council.

D. Cash and Investments

CASH - It is the City's policy to invest all temporary cash surpluses. At December 31, 2017 the City had an ending cash balance of \$324,644.05 in short term cash. This amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The total includes 750 in change funds and petty cash, and a net \$10,655.96 in Reserved Police Investigation imprest funds.

DEPOSITS - The City's deposits and savings are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All other Black Diamond funds are at the General/State Investment Pool (LGIP). Interest earned is distributed to the various funds in proportion to their investment amounts. The balance in the State Local Investment Pool saving account as of December 31, 2017 was \$3,863,552.23. See Note #3.

E. Capital Assets

General fixed assets are long-lived assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than three years. The Capital Assets of the City are recorded under cash basis accounting, as expenditures when purchased.

F. Compensated Absences

Vacation leave for regular employees may be accumulated based on years of service with the City, and is payable upon separation or retirement.

VACATION LEAVE

Length of Service		Days per Year	Maximum Accrual*
0 - 5	Years	12	144 hours
6 - 9	Years	15	180 hours
10-15	Years	18	216 hours
16-19	Years	21	252 hours
Over	20 Years	24	288 hours

**The Mayor may adjust maximum accruals during periods when staff is unable to take a leave time due to unforeseen circumstances.*

Sick leave for regular employees may be accumulated up to 1040 hours. Upon separation or retirement non-commissioned employees are compensated for unused sick leave as follows:

SICK LEAVE

0-1 Year	0%
1-5 Year	10%
6-12 Year	20%
13-20 Year	30%
Over 20 Yrs	40%
Over 25 Yrs	50%

Sick leave for retiring Police Officers Association employees is cashed out at 25% of accumulated hours at their current rate of pay if their LEOFF plan requirements are fulfilled. Comp time is overtime compensated for in time off rather than overtime pay. It can be accrued by non-exempt employees up to 40 hours at any given time. Any balance of comp time hours remaining at separation or retirement is paid at 100%.

An Executive Leave Bank of 40 hours per year was granted to exempt employees in 2017, due to workload increases. This leave is not carried over at year end, nor is available to cash out.

The following table illustrates the potential total liability if all compensated absences were paid as of December 31, 2017. The total includes the liability costs of required taxes. The total of \$233,359 represents a \$7,439 increase from 2016. Compensated absence liabilities are shown in the following chart and on Schedule 9.

	Police	GenGovt	Street	Water	Sewer	Storm	Total
Comp	3,718						3,718
Sick	24,902	21,209	6,393	7,230	7,230	7,229	74,193
Vacation	56,945	55,055	7,198	12,076	12,079	12,094	155,448
Total	\$ 85,565	\$ 76,264	\$ 13,591	\$ 19,306	\$ 19,309	\$ 19,323	\$ 233,358

G. Long-Term Debt

See Note 4 - *Debt Service Requirements*.

H. Risk Management

AWC- RMSA Insurance

The City of Black Diamond 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, 2017, 99 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, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime) and pollution 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 2017, 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.

I. Reserved Portion of Ending Cash and Investments

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

The City of Black Diamond has the following funds identified as Ending Reserved Fund Balances:

- 001 – General Fund—\$10,655.96—The State required that Police Investigation Funds may only be used for Police Investigation.
- 101 – Street Special Revenue Fund – \$134,234.32 – the State requires that the gas tax resources only be used for Street purposes.
- 107 – Fire Impact Fees – \$205,492.75 – restricted by State RCW 82.02 and Ordinance 12-980 for Future Fire Facilities and Equipment.
- 109 – Traffic Mitigation Fund – \$84,304.61 – restricted by Resolution 16-1118.
- 108 – Transportation Benefit District Fund – \$9,398.43 – established by Ordinance 15-1057 and assumed in Ordinance 15-1059.
- 311 – REET I – \$131,815.61 – restricted by State RCW 82.46.010
- 321 – REET II – \$139,055.20 – restricted by State RCW 82.46.035
- 402 – Water Utility Fund – \$187,914.24 – Developer pre-funding of Capital Projects per the Water Facility Funding Agreement with the Developers.

NOTE 2 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed by King County daily following the receipt of collections.

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 2017 was \$2.12965 per \$1,000 on an assessed valuation of \$706,229,627 for a total collected regular levy of \$1,498,568 including taxes on new construction.

NOTE 3 – Deposits and Investments

It is the City of Black Diamond's policy to invest temporary cash surpluses with the State Local Investment Pool. 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 of Black Diamond or its agent in the government's name.

The City of Black Diamond's Investments are reported at original cost. Investments by type as of December 31, 2017 are as follows:

Type of Investment	COBD's Own Investments	Investments held for other Entities	Total
L.G.I.P.	\$3,863,552.23	\$0	\$3,863,552.23

NOTE 4 - Debt Service Requirements

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, 2017. The City of Black Diamond has no General Obligation or Revenue bonds.

The Water Fund has Long Term Debt for two Public Works Trust Fund Loans for Water Projects. A portion of one of the Public Works Trust Loans is reimbursed by a developer and the city holds a Bank letter of Credit for their portion.

The accompanying Schedule of Other Long-Term Debt provides a listing of the outstanding long term debt of the Water Fund which includes both Principal and Interest and the amount the developer reimbursed toward the debt.

Water Fund Other Long Term Debt is as Follows:

Year	Principal	Interest	Total
2018	\$ 306,738	\$ 10,623	\$ 317,361
2019	\$306,738	\$9,090	\$315,828
2020	\$306,738	\$7,556	\$314,294
2021	\$306,738	\$6,023	\$312,761
2022	\$306,738	\$4,489	\$311,227
2023	\$295,488	\$2,955	\$298,443
2024	\$295,488	\$1,477	\$296,965

Private developers reimburse the city annually for their portion of Public Works trust debt payment. A developer line of credit covers their portion of the debt service. The Bank Credit Lines are reduced each year after their portion of the debt principal is paid. See Schedule 9.

#	Water Fund Debt	Original Date of Debt	Year of Final Payment	Original Amount	Interest Rate	Purpose of Loan	Principal Only Debt Balance as of 12/31/2017
1	PW Trust Loan 02-691-005	2006	2022	\$180,000	.5%	Corrosion Control	\$56,250
2	PW Trust Loan 5-691-006	2005	2024	\$5,447,820	.5%	\$3,407,063- 500 mp Tacoma Water \$2,040,757 Reservoir Pump & Waterline *Developer reimburses \$2,053,160 plus interest. Letter of credit held for security	\$2,068,419
Total Water Debt (principal only)				\$5,827,820			2,124,669
Less Public Works Trust Fund Loan – Developer Reimbursed Loan 2							(\$659,273)
Net City Debt Responsibility							\$1,465,396

NOTE 5 – Internal Loans

In 2017 the Sewer Capital Reserve Fund loaned the Equipment Replacement Fund \$160,000 to replace four police vehicles. The first payment from the General Fund is scheduled for 2018, and the last being 2022. The current LGIP Pool rate of interest will be paid each year on the principal balance. The following table displays interfund loan activity during 2017:

Receiving Fund	Loaning Fund	Balance	2017 New Loan	Repayment	Balance
Equip. Replace Fund	Sewer Reserves		\$160,000		\$160,000

NOTE 6 - Pension Plans**A. State Sponsored Pension Plans**

Substantially all Black Diamond'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. They are PERS 1, PERS 2, PERS 3, LEOFF 1 and LEOFF 2.

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.

At June 30, 2017, the City of Black Diamond's PERS 2&3's proportionate share of the collective net pension liabilities, as reported on Schedule 9, were as follows:

Pension Liability				
	Employer Contributions	Allocation %	DRS's Collective Liabilities	Black Diamond's Liability
Plan 1 UAAL	62,779	0.000104370	\$ 4,745,078,000	\$ 495,243.79
PERS 2 & 3	81,994	0.000134240	\$ 3,474,522,000	\$ 466,419.83
Total Net Liability (as shown on Schedule 9)				\$ 961,663.62

Plan 1 UAAL is the Unfunded Actuarial Accrued Liability (UAAL) for pension commitment to retirees on PERS 1 and TRS 1.

The State's LEOFF1 and LEOFF2 pension plans are not underfunded as shown as follows:

Pension Assets	Employer Contributions	Allocation %	DRS's Collective Assets	Black Diamond's Portion
Leoff 1		0.000008210	\$ (1,517,220,000)	\$ (12,456.38)
Leoff 2	45,443	0.000287660	\$ (1,387,676,000)	\$ (399,178.88)
Net Pension Assets				\$ (411,635.25)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 7 – Other Disclosures

EXTRAORDINARY LEGAL COSTS

During 2017 the City of Black Diamond paid \$257,638 in extraordinary legal costs from its General Fund. These legal costs were incurred in defending the City against an unusually complex Superior Court lawsuit brought by a developer alleging numerous violations of the Open Public Meetings Act (OPMA) by three individual Councilmembers during 2016 and 2017. The individual Councilmembers (now former Councilmembers) cross-claimed against the City for defense costs and indemnification, and the City cross-claimed against the individual Councilmembers for contribution and indemnification. The OPMA lawsuit was eventually settled at a mediation occurring in early 2018.

SUBSEQUENT EVENTS

During the first four months of 2018, the City of Black Diamond paid an additional \$105,022.39 in extraordinary legal costs from its General Fund. These costs pertained to the OPMA lawsuit referenced above. This amount includes a \$58,000 payment to the law firm retained by the individual Councilmembers to partially offset their costs of defense. The OPMA lawsuit, including all potential liabilities of the City, was settled at a mediation occurring in January 2018, and the resulting settlement agreement was approved by the City Council on February 1, 2018. Legal costs associated with the OPMA lawsuit and settlement continued to be accrued while the settlement and dismissal papers were finalized by the parties' counsel.

388.10 PRIOR YEAR CORRECTION

In 2017 the resources were increased by \$350 in prior year for the correction of: Petty Cash

388.20 PRIOR YEAR CORRECTION

In 2017, \$10,655.96 was added for Police Imprest Investigation Funds that were deposited in a new separate bank account for Police for Reserved undercover operations or investigations.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	Water Purchase 2005	1/1/2024	1,477,444	-	295,488	1,181,956
263.88	Corrosion Control 2006	1/1/2022	33,750	-	11,250	22,500
259.12	Compensated Absences GF/Street	12/31/2020	179,327	67,578	-	246,905
259.12	Compensated Absences Water	12/31/2020	22,897	8,032	-	30,929
259.12	Compensated Absences Sewer	12/31/2020	18,972	6,281	-	25,253
259.12	Compensated Absences Storm	12/31/2020	19,880	6,177	-	26,057
264.30	Pension Liabilities	12/31/2020	650,629	22,160	-	672,789
264.40	OPEB	12/31/2020	546,405	29,251	-	575,656
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,949,304	139,479	306,738	2,782,045
Total Liabilities:			2,949,304	139,479	306,738	2,782,045

SCHEDULE OF LIABILITIES

For the Year Ending December 31, 2019

ID. No.	Description	Maturity Payment Due Date	Beginning Balance 01/01/2019	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/2019
263.88	Water Purchase 2005	1/1/2024	\$1,772,932		\$295,488	591.34	\$1,477,444
263.88	Corrosion Control 2006	1/1/2022	\$45,000		\$11,250	591.34	\$33,750
259.12	Compensate d Absences GF/Street	12/31/2019	\$203,977		\$24,650		\$179,327
259.12	Compensate d Absences Water	12/31/2019	\$18,046	\$4,851			\$22,897
259.12	Compensate d Absences Sewer	12/31/2019	\$17,909	\$1,063			\$18,972
259.12	Compensate d Absences Storm	12/31/2019	\$17,770	\$2,110			\$19,880
264.30	Pension Liabilities	12/31/2019	\$715,405		\$64,776		\$650,629
264.40	OPEB	12/31/2019	\$517,912	\$28,493			\$546,405
			\$3,308,951	\$36,517	\$396,164		\$2,949,304

**City of Black Diamond
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						
263.88	Water Purchase 2005	1/1/2024	2,068,420	-	295,488	1,772,932
263.88	Corrosion 2006	1/1/2022	56,250	-	11,250	45,000
259.12	Compensated Absences GF/Street	12/31/2018	175,421	28,556	-	203,977
259.12	Compensated Absences Water	12/31/2018	19,306	-	1,260	18,046
259.12	Compensated Absences Sewer	12/31/2018	19,310	-	1,401	17,909
259.12	Compensated Absences Storm	12/31/2018	19,322	-	1,552	17,770
264.30	Pension Liabilities	12/31/2018	961,664	-	246,259	715,405
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,319,693	28,556	557,210	2,791,039
Total Liabilities:			3,319,693	28,556	557,210	2,791,039

**City of Black Diamond
Schedule of Liabilities
For the Year Ended December 31, 2017**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	Water Purchase 2005	1/1/2024	2,363,908	-	295,488	2,068,420
263.88	Corrosion Control 2006	1/1/2022	67,500	-	11,250	56,250
259.12	Compensated Absences GF/Street	12/31/2017	165,218	10,203	-	175,421
259.12	Compensated Absences Water	12/31/2017	20,257	-	951	19,306
259.12	Compensated Absences Sewer	12/31/2017	20,262	-	952	19,310
259.12	Compensated Absences Storm	12/31/2017	20,183	-	861	19,322
264.30	Pension Liabilities	12/31/2017	1,275,783	-	314,119	961,664
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,933,111	10,203	623,621	3,319,693
Total Liabilities:			3,933,111	10,203	623,621	3,319,693

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.

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