



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Buckley

For the period January 1, 2019 through December 31, 2021

Published February 5, 2024

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

February 5, 2024

Mayor and City Council
City of Buckley
Buckley, Washington

Report on Financial Statements

Please find attached our report on the City of Buckley'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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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

City of Buckley January 1, 2019 through December 31, 2021

2021-001 The City's internal controls were inadequate for ensuring accurate financial reporting.

Background

City management, state and federal agencies, and the public rely on information included in the financial statements and reports to make decisions. Management is responsible for designing and following internal controls that provide reasonable assurance the City's financial reporting is reliable and its financial statements and notes to financial statements are accurate.

The City prepares its financial statements in accordance with the cash basis accounting method prescribed in the State Auditor's Office's *Budgeting, Accounting and Reporting System* (BARS) Manual.

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the City's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses as a finding.

Description of Condition

Our audit found deficiencies in the City's internal controls over financial reporting that, when taken together, represent a material weakness. The City did not have effective internal control in place to:

- Reconcile its financial records to bank statements in a timely manner, and did not have an independent person review the reconciliation to ensure it was accurate
- Ensure financial reports were accurate and prepared in accordance with the BARS Manual
- Perform an effective review to ensure amounts reported in the financial statements, notes to the financial statements, and supplementary schedules were consistent with the underlying accounting records, had supporting documentation, and followed BARS Manual guidance

Cause of Condition

The City experienced significant turnover in key positions responsible for reconciling bank statement activity and preparing the annual report, and did not provide adequate training for new staff who took over these duties. Additionally, the City has not designated someone to perform an independent review of financial activity, including financial statements and related schedules.

Effect of Condition

The City's financial information contained errors that management did not detect. During our audit of the City's financial statements, we found the City:

- Did not have support or explanations for differences of \$644,333, \$1,310,900, and \$627,994 in ending cash balances between the bank statements and financial statements for fiscal years 2019, 2020 and 2021, respectively
- Did not have support or explanations for significant differences we identified in total revenues and expenditures between the bank statements and financial statements

We also identified additional errors in the financial statements, schedules and notes that were not individually significant, but when taken together, impaired the understandability of the financial statements and could lead to a material misstatement.

During the audit, the City contracted with a consultant to help identify and correct the identified misstatements. This review found the City underreported its ending cash and investments balances on the 2018 Fund Resources and Uses Arising from Cash Transactions (Statement C-4) by \$273,305, due to unreconciled errors from prior years. This affected the beginning cash and investments balance on the 2019 Statement C-4.

The City subsequently corrected all of the significant misstatements on the 2019, 2020, and 2021 financial statements.

Recommendation

We recommend the City:

- Reconcile its financial records to bank statements in a timely manner, and have an independent person review the reconciliation to ensure it is accurate
- Dedicate the necessary time and resources to establishing effective internal controls over preparing financial statements to ensure they are accurate
- Establish an effective technical review process for the financial statements, notes, and supplementary schedules to ensure they agree to the underlying accounting records, supporting documentation, and meet BARS Manual reporting standards

City's Response

In response to Audit Finding 2021-001, the City Council and management acknowledge the State Auditors Office's finding that inadequate internal controls over accounting and financial reporting affected the City's ability to produce reliable financial statements.

The City experienced a series of leadership transitions in 2019-2021. The long-term City Administrator retired in 2019 and was subsequently replaced by an individual who resigned in December 2021. During the years 2019-2021 included in this audit period, the City's Finance Department personnel included two positions – the Finance Director and a Finance Assistant. The Finance Director role saw several transitions during the audit period. These personnel changes resulted in difficulty with bank reconciliations being done timely and financial statements do not appear to be accurately prepared. Historically, the Finance Director was the sole person trained and responsible for the preparation of the annual financial statements; during the audit period, there were no other staff available to complete the necessary tasks.

Since 2021, the City has hired an additional position in the Finance Department and taken steps to strengthen its policies and processes for day-to-day recording of receipts, segregation of duties, and maintenance of the accounting ledgers. These steps allow for more timely and accurate reconciliation with the bank statements and more accurate data for the preparation of the financial statements.

As part of this audit process, the City hired an independent CPA to assist with the multiyear cash reconciliation and updates to the financial statements and associated schedules. During the audit process the City reconciled total cash and investments for the three-year period and made necessary adjustments, including a Prior Period Adjustment to 2018 Ending Cash balances. The CPA provided a review of the revised financial statements prior to them being submitted to the Auditors.

Going forward, the City continues to strengthen its financial preparation and review process by contracting with the independent CPA to review the annual financial statements prior to final submission to the State Auditors. This is necessary as the City does not have staff, aside from the Finance Director, with sufficient technical knowledge to review the statements and associated schedules at this time. In addition, the City Administrator now reviews the financial statements from an internal perspective. Moving forward, the City will document the City Administrator's and independent CPA's review of its annual financial statements utilizing the State Auditor's Office checklist. A signed copy will be kept with all year-end financial statement preparation back up documentation. Last, the City will train its current, and any new staff, regularly on the City's financial policies and procedures to ensure accurate record keeping for complete and accurate financial information.

The City Council and staff extend our appreciation to the State Auditor's Office for assisting the City to identify opportunities and procedures to prevent future deficiencies. The corrective actions taken by the City will result in significant improvements in its internal controls and will ensure that all future financial statements will be completed in compliance with City policies and procedures as well as the State's BARS manual.

Auditor's Remarks

We appreciate the City's commitment to resolving the issues noted. We will follow up on these matters during the next audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

The *Budgeting, Accounting and Reporting System* (BARS Manual), 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

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 Buckley **January 1, 2019 through December 31, 2021**

Mayor and City Council
City of Buckley
Buckley, 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 Buckley, as of and for the years ended December 31, 2021, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated February 5, 2024.

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.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2021-001 that we consider to be material weaknesses.

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*.

CITY'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

February 5, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Buckley January 1, 2019 through December 31, 2021

Mayor and City Council
City of Buckley
Buckley, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Buckley, as of and for the years ended December 31, 2021, 2020 and 2019, 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 Buckley, and its changes in cash and investments, for the years ended December 31, 2021, 2020 and 2019, 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 Buckley, as of December 31, 2021, 2020 and 2019, 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 13 to the 2019 financial statements, Note 13 to the 2020 financial statements, and Note 3 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Our opinion is not modified with respect to this matter.

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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024 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

February 5, 2024

City of Buckley
January 1, 2019 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fund Resources and Uses Arising from Cash Transactions – 2020
Fund Resources and Uses Arising from Cash Transactions – 2019
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2019
Notes to Financial Statements – 2021
Notes to Financial Statements – 2020
Notes to Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Liabilities – 2020
Schedule of Liabilities – 2019

City of Buckley
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Operations	102 Street Capital Improvements
Beginning Cash and Investments					
308	Beginning Cash and Investments	14,728,529	7,517,003	10,695	688,660
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	5,059,614	3,734,187	-	-
320	Licenses and Permits	225,779	225,779	-	-
330	Intergovernmental Revenues	1,471,890	942,541	103,692	350,095
340	Charges for Goods and Services	5,963,830	420,592	19,396	268,260
350	Fines and Penalties	92,246	92,246	-	-
360	Miscellaneous Revenues	804,575	184,409	-	348
Total Revenues:		<u>13,617,934</u>	<u>5,599,754</u>	<u>123,088</u>	<u>618,703</u>
Expenditures					
510	General Government	1,767,969	1,767,969	-	-
520	Public Safety	3,209,847	2,849,850	-	-
530	Utilities	3,553,511	430	-	-
540	Transportation	265,486	-	242,262	23,123
550	Natural/Economic Environment	730,446	679,345	-	-
560	Social Services	1,116	1,116	-	-
570	Culture and Recreation	509,340	505,783	-	-
Total Expenditures:		<u>10,037,715</u>	<u>5,804,493</u>	<u>242,262</u>	<u>23,123</u>
Excess (Deficiency) Revenues over Expenditures:		3,580,219	(204,739)	(119,174)	595,580
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,022,635	646,828	154,500	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	9,650	7,650	-	-
Total Other Increases in Fund Resources:		<u>1,032,285</u>	<u>654,478</u>	<u>154,500</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,554,022	225,550	-	346,826
591-593, 599	Debt Service	913,916	-	-	-
597	Transfers-Out	1,022,635	83,807	4,766	69,021
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	9,375	8,875	-	-
Total Other Decreases in Fund Resources:		<u>3,499,948</u>	<u>318,232</u>	<u>4,766</u>	<u>415,847</u>
Increase (Decrease) in Cash and Investments:		<u>1,112,556</u>	<u>131,507</u>	<u>30,560</u>	<u>179,733</u>
Ending Cash and Investments					
50821	Nonspendable	207,035	-	-	-
50831	Restricted	3,964,347	585,000	41,254	868,394
50841	Committed	4,412,685	155,893	-	-
50851	Assigned	6,167,500	5,818,158	-	-
50891	Unassigned	1,089,465	1,089,465	-	-
Total Ending Cash and Investments		<u>15,841,032</u>	<u>7,648,516</u>	<u>41,254</u>	<u>868,394</u>

The accompanying notes are an integral part of this statement.

City of Buckley
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

	103 Transportation Benefit District	105 Emergency Medical Services	109 Crim Just/drug Enforcement	134 Fire Dept Facility Maint & Cap Imp Fund	
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,628	201,977	178,766	207,364
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	105,465	285,529	117,595	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	4,495	8,443	-
340	Charges for Goods and Services	-	80,606	-	8,485
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	12,855	153	3,050
	Total Revenues:	105,465	383,485	126,191	11,535
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	337,511	11,871	6,156
530	Utilities	-	-	-	-
540	Transportation	101	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
	Total Expenditures:	101	337,511	11,871	6,156
	Excess (Deficiency) Revenues over Expenditures:	105,364	45,974	114,320	5,379
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
	Total Other Increases in Fund Resources:	-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	100,100	30,461	50,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
	Total Other Decreases in Fund Resources:	100,100	30,461	50,000	-
	Increase (Decrease) in Cash and Investments:	5,264	15,513	64,320	5,379
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,892	217,430	243,086	-
50841	Committed	-	-	-	212,744
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	8,892	217,430	243,086	212,744

The accompanying notes are an integral part of this statement.

City of Buckley
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

	136 Visitor Promo & Devel	202 Fire Station Const Debt Service	307 Capital Improvement	308 Comp Plan Capital Improve	
Beginning Cash and Investments					
308	Beginning Cash and Investments	168,942	70,375	989,955	346,752
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	47,560	285,850	246,009	237,419
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	268	-	45,385	210
Total Revenues:		47,828	285,850	291,394	237,629
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	4,459
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	7,407	-	-	43,694
560	Social Services	-	-	-	-
570	Culture and Recreation	3,557	-	-	-
Total Expenditures:		10,964	-	-	48,153
Excess (Deficiency) Revenues over Expenditures:		36,864	285,850	291,394	189,476
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	186,307	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	186,307	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	165,941	-
591-593, 599	Debt Service	-	285,047	-	-
597	Transfers-Out	2,554	-	12,084	100,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		2,554	285,047	178,025	100,000
Increase (Decrease) in Cash and Investments:		34,310	803	299,676	89,476
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	203,252	71,178	1,289,632	436,229
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		203,252	71,178	1,289,632	436,229

City of Buckley
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

	401 Natural Gas	402 Water Sewer	403 Solid Waste	407 Storm Water Op & Maint Fund	
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,746	2,478,081	29,265	1,259,622
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	8,228	2,362	52,034
340	Charges for Goods and Services	3,249	3,510,624	1,007,208	645,410
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	229,309	10	321,494
Total Revenues:		3,249	3,748,161	1,009,580	1,018,938
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	292	2,119,753	935,229	490,631
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		292	2,119,753	935,229	490,631
Excess (Deficiency) Revenues over Expenditures:		2,957	1,628,408	74,351	528,307
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	2,000	-	-
Total Other Increases in Fund Resources:		-	2,000	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	626,931	-	101,755
591-593, 599	Debt Service	-	628,869	-	-
597	Transfers-Out	500	355,730	75,028	138,584
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	500	-	-
Total Other Decreases in Fund Resources:		500	1,612,030	75,028	240,339
Increase (Decrease) in Cash and Investments:		2,457	18,378	(677)	287,968
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	2,496,458	-	1,547,590
50851	Assigned	4,202	-	28,589	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		4,202	2,496,458	28,589	1,547,590

The accompanying notes are an integral part of this statement.

City of Buckley
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		430 Utility Equipment Reserve	701 Cemetery Improvement
Beginning Cash and Investments			
308	Beginning Cash and Investments	375,646	200,052
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	101	6,983
Total Revenues:		101	6,983
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	7,176	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		7,176	-
Excess (Deficiency) Revenues over Expenditures:		(7,075)	6,983
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	35,000	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		35,000	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	87,019	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		87,019	-
Increase (Decrease) in Cash and Investments:		(59,094)	6,983
Ending Cash and Investments			
50821	Nonspendable	-	207,035
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	316,551	-
50891	Unassigned	-	-
Total Ending Cash and Investments		316,551	207,035

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Operations	102 Street Capital Improvements
Beginning Cash and Investments					
308	Beginning Cash and Investments	14,643,417	7,352,881	288	631,992
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	4,794,781	3,549,310	-	-
320	Licenses and Permits	511,195	511,195	-	-
330	Intergovernmental Revenues	1,204,604	325,852	99,353	678,220
340	Charges for Goods and Services	6,106,493	350,178	19,716	533,121
350	Fines and Penalties	116,893	116,893	-	-
360	Miscellaneous Revenues	2,374,475	288,405	-	3,573
Total Revenues:		<u>15,108,441</u>	<u>5,141,833</u>	<u>119,069</u>	<u>1,214,914</u>
Expenditures					
510	General Government	1,833,933	1,833,933	-	-
520	Public Safety	3,137,646	2,732,116	-	-
530	Utilities	3,868,005	5,200	-	-
540	Transportation	352,154	-	199,206	124,885
550	Natural/Economic Environment	564,556	488,753	-	-
560	Social Services	1,398	1,398	-	-
570	Culture and Recreation	530,326	526,912	-	-
Total Expenditures:		<u>10,288,018</u>	<u>5,588,312</u>	<u>199,206</u>	<u>124,885</u>
Excess (Deficiency) Revenues over Expenditures:		4,820,423	(446,479)	(80,137)	1,090,029
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	993,269	694,080	108,400	10,002
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	319,063	313,272	-	-
Total Other Increases in Fund Resources:		<u>1,312,332</u>	<u>1,007,352</u>	<u>108,400</u>	<u>10,002</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,137,334	377,627	-	987,710
591-593, 599	Debt Service	906,924	-	-	-
597	Transfers-Out	993,270	9,004	17,856	55,656
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	10,125	10,125	-	-
Total Other Decreases in Fund Resources:		<u>6,047,653</u>	<u>396,756</u>	<u>17,856</u>	<u>1,043,366</u>
Increase (Decrease) in Cash and Investments:		85,102	164,117	10,407	56,665
Ending Cash and Investments					
50821	Nonspendable	200,052	-	-	-
50831	Restricted	3,252,195	592,445	10,695	688,660
50841	Committed	4,178,732	202,654	-	-
50851	Assigned	6,085,569	5,709,923	-	-
50891	Unassigned	1,011,981	1,011,981	-	-
Total Ending Cash and Investments		14,728,529	7,517,003	10,695	688,660

The accompanying notes are an integral part of this statement.

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

	103 Transportation Benefit District	105 Emergency Medical Services	109 Crim Just/drug Enforcement	134 Fire Dept Facility Maint & Cap Imp Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	332	208,456	175,336
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	104,623	264,421	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	4,965	7,717
340	Charges for Goods and Services	-	81,254	8,485
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	1,901	934
	Total Revenues:	104,623	352,541	105,899
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	351,519	2,462
530	Utilities	-	-	-
540	Transportation	18	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
	Total Expenditures:	18	351,519	2,462
	Excess (Deficiency) Revenues over Expenditures:	104,605	1,022	103,437
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	5,791
	Total Other Increases in Fund Resources:	-	-	5,791
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	101,310	7,500	100,008
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
	Total Other Decreases in Fund Resources:	101,310	7,500	100,008
	Increase (Decrease) in Cash and Investments:	3,295	(6,478)	3,429
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	3,628	201,977	178,766
50841	Committed	-	-	207,364
50851	Assigned	-	-	-
50891	Unassigned	-	-	-
	Total Ending Cash and Investments	3,628	201,977	178,766

The accompanying notes are an integral part of this statement.

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

	136 Visitor Promo & Devel	202 Fire Station Const Debt Service	307 Capital Improvement	308 Comp Plan Capital Improve	
Beginning Cash and Investments					
308	Beginning Cash and Investments	155,700	73,466	642,735	308,241
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	28,371	270,985	239,912	239,911
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	6,204	-	49,865	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,235	-	4,505	1,969
	Total Revenues:	<u>35,810</u>	<u>270,985</u>	<u>294,282</u>	<u>241,880</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	44,650
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	17,092	-	-	58,711
560	Social Services	-	-	-	-
570	Culture and Recreation	3,414	-	-	-
	Total Expenditures:	<u>20,506</u>	<u>-</u>	<u>-</u>	<u>103,361</u>
	Excess (Deficiency) Revenues over Expenditures:	15,304	270,985	294,282	138,519
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	943	140,040	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
	Total Other Increases in Fund Resources:	-	943	140,040	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	75,078	-
591-593, 599	Debt Service	-	275,020	-	-
597	Transfers-Out	2,062	-	12,024	100,008
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
	Total Other Decreases in Fund Resources:	<u>2,062</u>	<u>275,020</u>	<u>87,102</u>	<u>100,008</u>
	Increase (Decrease) in Cash and Investments:	13,242	(3,092)	347,220	38,511
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	168,942	70,375	989,955	346,752
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	168,942	70,375	989,955	346,752

The accompanying notes are an integral part of this statement.

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

	401 Natural Gas	402 Water Sewer	403 Solid Waste	407 Storm Water Op & Maint Fund	
Beginning Cash and Investments					
308	Beginning Cash and Investments	11,179	3,115,471	42,259	1,195,220
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	21,376	5,273	5,779
340	Charges for Goods and Services	626	3,170,275	1,316,296	626,542
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	1,410,003	299	647,915
Total Revenues:		626	4,601,654	1,321,868	1,280,236
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	58	2,238,934	1,252,942	367,480
540	Transportation	-	-	-	28,045
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		58	2,238,934	1,252,942	395,525
Excess (Deficiency) Revenues over Expenditures:		568	2,362,720	68,926	884,711
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	2,009,706	-	685,813
591-593, 599	Debt Service	-	631,904	-	-
597	Transfers-Out	10,000	358,498	81,920	134,499
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		10,000	3,000,108	81,920	820,312
Increase (Decrease) in Cash and Investments:		(9,432)	(637,388)	(12,994)	64,399
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	1,746	2,478,081	29,265	1,259,622
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,746	2,478,081	29,265	1,259,622

The accompanying notes are an integral part of this statement.

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

		430 Utility Equipment Reserve	701 Cemetery Improvement
Beginning Cash and Investments			
308	Beginning Cash and Investments	339,233	190,641
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	1,982	10,811
Total Revenues:		1,982	10,811
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	3,391	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		3,391	-
Excess (Deficiency) Revenues over Expenditures:		(1,409)	10,811
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	39,804	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		39,804	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	1,400
591-593, 599	Debt Service	-	-
597	Transfers-Out	1,982	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		1,982	1,400
Increase (Decrease) in Cash and Investments:		36,413	9,411
Ending Cash and Investments			
50821	Nonspendable	-	200,052
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	375,646	-
50891	Unassigned	-	-
Total Ending Cash and Investments		375,646	200,052

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 Current Expense	101 Street Operations	102 Street Capital Improvements
Beginning Cash and Investments					
30810	Reserved	1,965,274	-	21,609	224,994
30880	Unreserved	10,681,420	7,248,800	-	-
388 / 588	Net Adjustments	273,305	273,305	-	-
Revenues					
310	Taxes	4,510,294	3,370,798	-	-
320	Licenses and Permits	570,728	570,728	-	-
330	Intergovernmental Revenues	529,576	116,948	98,990	249,276
340	Charges for Goods and Services	6,355,184	559,027	26,213	552,344
350	Fines and Penalties	143,085	143,085	-	-
360	Miscellaneous Revenues	2,559,205	454,434	1,053	10,775
Total Revenues:		14,668,072	5,215,020	126,256	812,395
Expenditures					
510	General Government	1,711,003	1,711,003	-	-
520	Public Safety	2,903,642	2,500,468	-	-
530	Utilities	3,775,979	3,281	-	-
540	Transportation	338,585	-	209,074	112,753
550	Natural and Economic Environment	616,170	510,727	-	-
560	Social Services	1,353	1,353	-	-
570	Culture and Recreation	570,059	568,674	-	-
Total Expenditures:		9,916,791	5,295,506	209,074	112,753
Excess (Deficiency) Revenues over Expenditures:		4,751,281	(80,486)	(82,818)	699,642
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,040,326	747,150	100,096	31,250
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	245,937	155,774	-	-
381, 382, 395, 398	Other Resources	225,559	225,559	-	-
Total Other Increases in Fund Resources:		2,511,822	1,128,483	100,096	31,250
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,428,600	917,778	-	255,571
591-593, 599	Debt Service	908,960	-	-	-
597	Transfers-Out	2,039,077	138,308	38,600	68,325
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	144,720	142,803	-	-
581, 582	Other Uses	18,325	18,325	-	-
Total Other Decreases in Fund Resources:		5,539,682	1,217,214	38,600	323,896
Increase (Decrease) in Cash and Investments:		1,723,421	(169,217)	(21,322)	406,996
Ending Cash and Investments					
5081000	Reserved	2,587,174	-	288	631,992
5088000	Unreserved	12,056,243	7,352,881	-	-
Total Ending Cash and Investments		14,643,417	7,352,881	288	631,992

The accompanying notes are an integral part of this statement.

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

	103 Transportation Benefit District	105 Emergency Medical Services	109 Crim Just/drug Enforcement	134 Fire Dept Facility Maint & Cap Imp Fund
Beginning Cash and Investments				
30810	Reserved	419	180,159	134,439
30880	Unreserved	-	-	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	100,366	250,719	94,684
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	1,266	7,231
340	Charges for Goods and Services	-	101,293	8,516
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	8	17,401	3,152
Total Revenues:		100,374	370,679	105,067
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	335,474	14,204
530	Utilities	-	-	-
540	Transportation	365	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		365	335,474	14,204
Excess (Deficiency) Revenues over Expenditures:		100,009	35,205	90,863
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	1,498	39
381, 382, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	1,498	39
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	100,096	7,500	50,004
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	906	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		100,096	8,406	50,004
Increase (Decrease) in Cash and Investments:		(87)	28,297	40,898
Ending Cash and Investments				
5081000	Reserved	332	208,456	175,336
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		332	208,456	175,336

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

		136 Visitor Promo & Devel	202 Fire Station Const Debt Service	307 Capital Improvement	308 Comp Plan Capital Improve
Beginning Cash and Investments					
30810	Reserved	132,257	71,376	566,995	247,935
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	36,698	272,734	192,148	192,147
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	7,540
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,695	-	11,663	5,837
Total Revenues:		<u>39,393</u>	<u>272,734</u>	<u>203,811</u>	<u>205,524</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	36,833
530	Utilities	-	-	-	-
540	Transportation	-	-	-	65
550	Natural and Economic Environment	12,124	-	-	93,319
560	Social Services	-	-	-	-
570	Culture and Recreation	1,385	-	-	-
Total Expenditures:		<u>13,509</u>	<u>-</u>	<u>-</u>	<u>130,217</u>
Excess (Deficiency) Revenues over Expenditures:		<u>25,884</u>	<u>272,734</u>	<u>203,811</u>	<u>75,307</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	3,376	95,004	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>3,376</u>	<u>95,004</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	193,819	-
591-593, 599	Debt Service	-	274,020	-	-
597	Transfers-Out	2,442	-	29,256	15,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>2,442</u>	<u>274,020</u>	<u>223,075</u>	<u>15,000</u>
Increase (Decrease) in Cash and Investments:		<u>23,442</u>	<u>2,090</u>	<u>75,740</u>	<u>60,307</u>
Ending Cash and Investments					
5081000	Reserved	155,700	73,466	642,735	308,241
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		<u>155,700</u>	<u>73,466</u>	<u>642,735</u>	<u>308,241</u>

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

	401 Natural Gas	402 Water Sewer	403 Solid Waste	407 Storm Water Op & Maint Fund
Beginning Cash and Investments				
30810	Reserved	-	-	-
30880	Unreserved	3,644	1,762,390	41,960
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	8,313	3,201,847	1,280,225
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	1,536,198	216
Total Revenues:		8,313	4,738,045	1,280,441
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	778	2,204,128	1,205,806
540	Transportation	-	-	16,328
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		778	2,204,128	1,205,806
Excess (Deficiency) Revenues over Expenditures:		7,535	2,533,917	74,635
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	837,859	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	5,636	-
381, 382, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	843,495	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	147,664	-
591-593, 599	Debt Service	-	634,940	-
597	Transfers-Out	-	1,240,721	74,336
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	1,011	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		-	2,024,336	74,336
Increase (Decrease) in Cash and Investments:		7,535	1,353,076	299
Ending Cash and Investments				
5081000	Reserved	-	-	-
5088000	Unreserved	11,179	3,115,471	42,259
Total Ending Cash and Investments		11,179	3,115,471	42,259
		1,195,220	1,195,220	1,195,220

The accompanying notes are an integral part of this statement.

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

		430 Utility Equipment Reserve	701 Cemetery Improvement
Beginning Cash and Investments			
30810	Reserved	-	177,059
30880	Unreserved	172,755	-
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	48,325	-
340	Charges for Goods and Services	-	5,516
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	3,413	8,066
Total Revenues:		51,738	13,582
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	2,398	-
540	Transportation	-	-
550	Natural and Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		2,398	-
Excess (Deficiency) Revenues over Expenditures:		49,340	13,582
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	120,552	-
385	Special or Extraordinary Items	-	-
386 / 389	Custodial Activities	-	-
381, 382, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		120,552	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	3,413	-
585	Special or Extraordinary Items	-	-
586 / 589	Custodial Activities	-	-
581, 582	Other Uses	-	-
Total Other Decreases in Fund Resources:		3,413	-
Increase (Decrease) in Cash and Investments:		166,479	13,582
Ending Cash and Investments			
5081000	Reserved	-	190,641
5088000	Unreserved	339,233	-
Total Ending Cash and Investments		339,233	190,641

The accompanying notes are an integral part of this statement.

City of Buckley
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	26,313	26,313
388 & 588	Net Adjustments	-	-
310-390	Additions	334,469	334,469
510-590	Deductions	308,151	308,151
	Net Increase (Decrease) in Cash and Investments:	26,318	26,318
508	Ending Cash and Investments	52,632	52,632

The accompanying notes are an integral part of this statement.

City of Buckley
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	5,341	5,341
388 & 588	Net Adjustments	-	-
310-390	Additions	395,675	395,675
510-590	Deductions	374,703	374,703
	Net Increase (Decrease) in Cash and Investments:	20,972	20,972
508	Ending Cash and Investments	26,313	26,313

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	3,996
388 & 588	Net Adjustments	-
310-390	Additions	340,102
510-590	Deductions	<u>338,757</u>
	Net Increase (Decrease) in Cash and Investments:	1,345
508	Ending Cash and Investments	5,341

The accompanying notes are an integral part of this statement.

City of Buckley
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies

The City of Buckley was incorporated on May 22, 1890, and operates under the laws of the state of Washington applicable to a non-charter code city (RCW 35A) with a Mayor/Council form of government. The City of Buckley is a general-purpose local government and provides building and planning services; street improvements; public safety; fire protection and EMS services; parks and recreation activities, including senior and youth centers; general administrative services; and the operation of a municipal court. In addition, the City owns and operates a Water/Sewer Utility, Storm Drain Utility, and a Cemetery. The City did own and operate a Natural Gas system, but this was sold to Puget Sound Energy in June 2014, and all surplus funds from the sale were transferred in January 2015. Due to the ongoing collection of outstanding delinquent gas accounts, the fund is being kept open to receipt any payments coming in, and those funds are then transferred to the General Fund.

The City of Buckley 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 43.09RCW. 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

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

Governmental Fund Types:

General Fund (Fund 001)

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

Special Revenue Funds (Funds in the 100 series)

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

Debt Service Funds (Funds in the 200 series)

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

Capital Projects Funds (Funds in the 300 series)

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

Permanent Funds (Funds in the 700 series)

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

Proprietary Fund Types:

Enterprise Funds (Funds in the 400 series)

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

Fiduciary Fund Types:

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

Custodial Funds (Funds in the 630 series)

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 4 –*Deposits and Investments*

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours (30 days), except under unusual circumstances and subject to approval of the department manager and the City Administrator and is payable upon separation or retirement.

Sick leave may be accumulated up to 1,760 hours for both non-union and union employees. Upon retirement, employees receive payment for 25 percent of unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5 – Long-term Debt (*Formerly 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 ordinance or resolution through City Council approval. When expenditures that meet restrictions are incurred, the City of Buckley intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

General Fund (001)	\$740,893
Street Operations (101)	\$41,254
Street Capital Improvements (102)	\$868,394
Transportation Benefit District (103)	\$8,892
EMS Levy (105)	\$216,996
Criminal Justice/Drug Enforcement (109)	\$243,086
Fire Department Facility Maintenance & Capital Improvement (134)	\$212,744
Visitor Promotion & Development (136)	\$203,252
Fire Station Construction Debt Service (GO Bond) (202)	\$71,178
Capital Improvement (307)	\$1,289,632
Comp Plan Capital Improvement (308)	\$436,229
Water/Sewer Utility (402)	\$2,496,458
Stormwater Utility (407)	\$1,547,590
Cemetery Endowment Care (701)	\$207,035

Note 2 – Budget Compliance

The City of Buckley adopts annual appropriated budgets for all funds of the City. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

The appropriated and actual expenditures for the legally adopted budgets are shown in the table on the following page:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General	\$ 6,615,928	\$ 5,856,873	\$ 759,055
General Fund Contingency	-	-	-
General Fund Cum. Reserve	-	-	-
Cemetery	4,350	680	3,670
Police Equipment Reserve	142,201	130,090	12,111
Railroad ROW	76,522	59,934	16,588
Fire Equipment Reserve	89,500	24,598	64,902
Park Construction	376,694	50,549	326,145
Street Operating	247,258	247,029	229
Arterial Street Improvements	878,016	438,969	439,047
Transportation Benefit District	101,598	100,201	1,397
Emergency Medical Services	398,632	367,972	30,660
Criminal Justice/Drug Enforc.	72,000	61,871	10,129
Fire Dept. Facility Maint./Improv.	7,625	6,155	1,470
Visitor Promotion	14,853	13,518	1,335
Fire Station Bond Debt Service	285,050	285,047	3
Capital Improvements	594,635	178,025	416,610
Comp Plan Capital Improvements	239,937	148,153	91,784
Natural Gas Operating	925	792	133
Water/Sewer Operations	2,543,402	2,377,415	165,987
Solid Waste Operations	1,332,089	1,010,257	321,832
Sewer Construction	1,763,825	819,431	944,394
Water Construction	1,412,767	534,938	877,829
Stormwater Operations	523,806	535,949	(12,143)
Stormwater Construction	700,463	195,022	505,441
Utility Equipment Reserve	100,253	94,195	6,058
Municipal Court Trust	400,000	224,286	175,714
Custodial Activities	138,700	83,865	54,835
Cemetery Endowment	1,400	-	1,400
Total	\$ 19,062,429	\$ 13,845,813	\$ 5,216,616

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

The City Council adopted budget amendments two times during 2021 – once in September and again in December 2021. The amendments were necessary to recognize unforeseen grant revenue and expenditures, including \$705,965 of City, State and Local Fiscal Recovery Funds (CSLFRF) as provided for in the American Rescue Plan Act (ARPA); unplanned projects; corrections to the original budget to follow changes to BARS accounting; and additional operating subsidies from the General Fund to the Street Operating Fund (\$30,000) due to the reduction in gas tax revenue and increase in street lighting costs.

Note 3 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The City proactively implemented safety measures and operations have continued. In its initial response to the pandemic, city facilities were closed to the public, many city employees worked remotely, and new procedures were put in place. While some activities were limited or temporarily curtailed, the City continued to operate all major functions and meet its public mandates.

Based on updated guidance from the Governor, City facilities reopened during the summer 2021, offering direct customer services once again to the public. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. The City has remained economically stable and continues to adapt to the changing conditions.

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

Note 4 – Deposits and Investments

Investments are reported at amortized cost with the Local Government Investment Pool (LGIP). Bonds held with Time Value Investments are reported at Market Value. Deposits and investments by type on December 31, 2021, are as follows:

Type of Deposit or Investment	City's Own Deposits and Investments	Deposits & Investments held by City as custodian for other local gov't's, individuals or private organizations	Total
US Bank Checking Acct.	\$ 10,029,870	\$ 34,137	\$ 10,064,007
US Bank Court Acct.		\$18,495	\$ 18,495
LGIP	\$ 5,811,161		\$ 5,811,161
Total	\$ 15,841,031	\$ 52,632	\$ 15,893,663

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds by amount invested, with the interest being left in the funds to be reinvested with the bulk of the original investment.

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

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

All investments are insured, registered, or held by the City of Buckley or its agent in the government’s name.

Note 5 – Long-Term Debt (formerly Debt Service Requirements)

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Buckley and summarizes the City’s debt transactions for year ended December 31, 2021.

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

Year	General Obligation		PW Trust Fund Loans		Total Debt
	Principal	Interest	Principal	Interest	
2022	\$ 135,000	\$ 145,570	\$ 607,091	\$ 18,743	906,404
2023	145,000	141,520	607,091	15,708	909,318
2024	145,000	135,720	567,574	12,672	860,966
2025	155,000	129,920	567,574	9,835	862,328
2026	160,000	123,720	567,574	6,997	858,290
2027-2031	905,000	517,200	732,604	11,692	2,166,496
2032-2036	1,095,000	321,000	99,152	496	1,515,648
2037-2040	1,040,000	90,400	-	-	1,130,400
Total	\$ 3,780,000	\$ 1,605,050	\$ 3,748,659	\$ 76,142	9,209,851

Assets Pledged as Collateral for Debt

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

Debt	Asset
2017 UTGO Refunding Bonds	Fire Station 611 Division Street

Note 6 – Other Disclosures

Fund Classification

The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:

- Current Expense (General) Fund reflects the activities of funds # 001, 002, 003, 004, 007, 008, 030 and 035
- Water/Sewer Utility Fund reflects the activities of fund # 402, 405 and 406
- Stormwater Utility Fund reflects the activities of fund # 407 and 408

Additional Information on Natural Gas Proceeds

The Natural Gas Utility was sold to Puget Sound Energy in June 2014. The monies originally were deposited into the Natural Gas Fund. In 2015 these funds were transferred into the General Fund and then transferred into the General Fund Contingency Fund and the Contingency Reserve Fund.

Transportation Benefit District

In 2016 the Buckley City Council passed Ordinance No. 10-16, an Ordinance of the City of Buckley, Washington assuming the rights, powers, functions, and obligations of the Buckley Transportation Benefit District; amending Chapter 13.18 of the Buckley Municipal Code; and providing for severability and an effective date. The Transportation Benefit District Fund number was changed from Fund 632 to Fund 103.

Solid Waste Utility

On July 13, 2021, the City of Buckley City Council passed Ordinance No. 09-21, an Ordinance of the City of Buckley, Washington amending the franchise agreement for the collection and disposal of solid waste, recyclables, and yard waste with Murrey's Disposal Company, Inc., effective August 1, 2021. The amendment updated the dates of the contract term; put a freeze on the annual CIP adjustment for March 1, 2022, with CPI adjustments resuming on March 1, 2023; and transferred responsibility for billing and customer service from the City of Buckley to Murrey's Disposal Company, Inc. Due to the ongoing collection of outstanding delinquent garbage/recycling accounts, the fund is being kept open to receipt any payments coming in. After the payment of applicable excise taxes on revenue received, excess revenue will be transferred to the General Fund.

Note 7 – Other Post-Employment Benefits (OPEB) Plans

The LEOFF 1 Retiree Healthcare Plan is a closed, single-employer defined-benefit OPEB plan administered by the City of Buckley as required by RCW 41.26. The plan pays for 100% of eligible retiree's healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the plan had one member, who is a retiree. As of December 31, 2021, the City of Buckley's total OPEB liability was \$589,017, as calculated using the alternative measurement method. For the year ended December 31, 2021, the City of Buckley paid \$5,933.48 in benefits.

Note 8 - Pension Plans

A. State Sponsored Pension Plans

Substantially all the City of Buckley'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: Public Employees Retirement System (PERS) or Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF).

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

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

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98504-8380

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

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

At June 30, 2021, the City of Buckley's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities (Schedule 09), was as follows:

Plan	DRS-Schedule of Employer and Nonemployer Allocations		DRS-Schedule of Collective Pension Amounts - 2021	Ending Balance 12/31/2021		
	Employer Contributions	Allocation Percentage*				
PERS 1			1,221,234,000	-		
PERS 1 UAAL <i>(combine with PERS 1 for reporting)</i>	\$ 113,156	0.015191%	1,221,234,000	185,518		
TRS 1			673,298,000	-		
TRS 1 UAAL <i>(combine with TRS 1 for reporting)</i>			673,298,000	-		
	113,156.08	Total Net Pension Liability (Schedule 09)		185,518		
PERS 2/3	\$ 185,087	0.019539%	(9,961,609,000)	(1,946,399)		
SERS 2/3			(1,073,697,000)	-		
Public Safety ERS 2			(229,739,000)	-		
TRS 2/3			(2,748,807,000)	-		
LEOFF 1	0.00	0.005576%	(3,425,562,000)	(191,009)		
LEOFF 2	65,608.39	0.032912%	(5,808,414,000)	(1,911,665)		
		Net Pension Assets (do not net with the liabilities)		(4,049,073)	Assets not reported on Schedule 09	

LEOFF Plan 1

The City of Buckley 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 Buckley 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 9 - Property Tax

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

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

The City of Buckley's regular levy for the year 2021 was \$1.4719 per \$1,000 on an assessed valuation of \$764,921,896 for a total regular levy of \$1,126,190.

In 2021 the City collected \$.3718 per \$1,000 for Emergency Medical Services for a total additional levy of \$284,391.

The City's excess levy for voted general obligation bonds for a Fire Station for 2021 was \$.3763 per \$1,000 on an assessed valuation of \$756,447,142 for an excess levy of \$284,620.

Note 10 – Risk Management

The City of Buckley is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2021, membership includes 192 members in the program.

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

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per occurrence self-insured retention (SIR) of \$100,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim (can vary by member), while the program is responsible for the \$100,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$100,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$3,505,566, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$100,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$100,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

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

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

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

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2021, were \$2,772,986.77.

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

Note 11 – Health & Welfare

The City of Buckley 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, 2021, 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 2021, 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 Intermediary Insurance Services. 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 12 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with an independent plan administrator. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the City of Buckley. The City's rights to this property are subject to the claims of the City's general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan.

It is the opinion of the City of Buckley's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is highly unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Note 13 – Contingencies & Litigation

In the opinion of management, the City of Buckley's insurance policies are adequate to pay all known or pending claims.

The City participates in several federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

City of Buckley
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Buckley was incorporated on May 22, 1890 and operates under the laws of the State of Washington applicable to a non-charter code city (RCW 35A) with a Mayor/Council form of government. The City is a general-purpose local government and provides building and planning services, street improvements, police and fire protection, as well as recreation activities, a senior citizens' program and general administrative services. In addition, the City owns and operates a Water/Sewer, Storm Drain Utility and a Cemetery. The City did own and operate a Natural Gas system, but this was sold to Puget Sound Energy in June 2014, and all surplus funds from the sale were transferred in January 2015. Due to the ongoing collection of outstanding delinquent gas accounts, the fund is being kept open in order to receipt any payments coming in, and those funds are then being transferred to the General Fund.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund (Fund No. 001)

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

Special Revenue Funds (Funds in the 100 series)

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

Debt Service Funds (Funds in the 200 series)

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

Capital Projects Funds (Funds in the 300 series)

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

Permanent Funds (Funds in the 700 series)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (Funds in the 400 series)

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

FIDUCIARY FUND TYPES:

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

Custodial Funds (Funds in the 630 series)

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

It is the City's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of Fund Resources and Uses Arising from Cash Transactions. The interest on these investments is posted to the fund from which the surplus arises. See Note 4 – Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours (30 days), except under unusual circumstances and subject to approval of the department manager and the City Administrator and is payable upon separation or retirement.

Sick leave may be accumulated up to 1,760 hours for both non-union and union employees. Upon retirement, employees receive payment for 25% of unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 3 – Debt Service Requirements.

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and Commitments of Ending Cash and Investments consist of:

- \$ 10,695 Street Operations (101)
- \$ 688,660 Street Capital Improvement (102) – restricted to grant projects and mitigation fees collected for traffic impact projects
- \$ 3,628 Transportation Benefit District (103)
- \$ 201,977 EMS Levy (105)
- \$ 178,766 Criminal Justice (109) – funds restricted by RCW
- \$ 201,364 Fire Department Station Construction (134)
- \$ 168,942 Hotel/Motel fund (136) – RCW 67.28.1815 restricts use
- \$ 70,375 GO Bond (voted) excess levy (202)
- \$ 989,955 Capital Improvement (307)
- \$ 346,752 Comp Plan Capital Improvement (308)
- \$ 200,052 Cemetery Endowment Care (Cemetery Improvement) fund (701)

Note 2 – Budget Compliance

The City adopts annual appropriated budgets for all funds of the City. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General	\$ 5,987,728	\$ 5,582,197	\$ 405,531
Contingency	-	-	-
Cumulative Reserve	-	-	-
Cemetery	8,863	5,452	3,411
Police Reserve	140,000	137,636	2,364
Railroad ROW	30,223	27,868	2,355
Fire Reserve	579,000	210,126	368,874
Park Construction	295,250	66,547	228,703
Street	232,604	217,061	15,543
Arterial	1,624,051	1,168,248	455,803
TBD	101,502	101,328	174
EMS	396,250	359,019	37,231
Criminal Justice	122,000	102,470	19,530
Fire Construction	8,500	7,843	657
Visitor Promotion	24,510	22,568	1,942
FS Bond	275,020	275,020	-
Capital Improvements	827,023	87,101	739,922
Comp Plan	234,982	203,369	31,613
NG Operating	10,225	10,059	166
Water/Sewer	2,538,704	2,460,096	78,608
Solid Waste	1,328,099	1,334,862	(6,763)
Sewer Construction	2,261,306	1,784,290	477,016
Water Construction	1,934,903	994,656	940,247
Stormwater	530,755	467,046	63,709
Storm Construction	970,213	748,789	221,424
Equipment Reserve	135,000	5,373	129,627
Municipal Court Trust	400,000	272,267	127,733
Custodial Activities	-	102,436	(102,436)
Cemetery Improvements	1,400	1,400	-
	\$ 20,998,111	\$ 16,755,126	\$ 4,242,985

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment, must be approved by the City's legislative body. The City is required to record expenditures in the open period per RCW 35A.33.150. The City endeavored to project these open period costs for all funds and adopted a budget amendment in December of 2020 to meet these compliance obligations.

Note 3 – Long-Term Debt

Debt Service

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

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

	General Obligation Debt	Interest	PW Trust Fund Loans	Interest	Total Debt
2021	\$ 135,000.00	\$149,620.00	\$607,090.63	\$21,778.75	\$ 913,489.38
2022	\$ 135,000.00	\$145,570.00	\$607,090.65	\$18,743.29	\$ 906,403.94
2023	\$ 145,000.00	\$141,520.00	\$607,090.63	\$15,707.84	\$ 909,318.47
2024	\$ 145,000.00	\$135,720.00	\$567,573.54	\$12,672.40	\$ 860,965.94
2025	\$ 155,000.00	\$129,920.00	\$567,573.51	\$ 9,834.52	\$ 862,328.03
2026-2030	\$ 870,000.00	\$351,760.00	\$1,201,025.33	\$ 17,696.70	\$2,440,482.03
2031-2035	\$ 830,000.00	\$161,840.00	\$198,304.94	\$ 1,487.29	\$1,191,632.23
2036-2040	\$1,500,000.00	\$110,160.00			\$1,610,160.00
Total	\$3,915,000.00	\$1,326,110.00	\$4,355,749.23	\$ 97,920.79	\$9,645,780.02

Note 4 – Deposits and Investments

Investments are reported at amortized cost with the LGIP. The Time Value Investment Bonds are reported at Market Value. Investments by type at December 31, 2020 are as follows:

Type of Deposit or Investment	City’s Own Deposits and Investments	Deposits and Investments held by City for others	Total
LGIP	\$ 5,099,646		\$ 5,099,646
Time Value Invest. Bonds	\$ 1,002,861		\$ 1,002,861
US Bank Checking	\$ 8,626,025	\$ 16,196	\$ 8,642,221
US Bank Court Account		\$ 10,117	\$ 10,117
Total	\$ 14,728,532	\$ 26,313	\$ 14,754,845

It is the City’s policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds by amount actually invested, with the amount of the interest being left in the funds to be reinvested with the bulk of the original investment.

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

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

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

Note 5 – Other Disclosures

Fund Classification

The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:

- Current Expense (General) Fund reflects the activities of funds # 001, 002, 003, 004, 007, 008, 030 and 035
- Water/Sewer Utility Fund reflects the activities of fund # 402, 405 and 406
- Stormwater Utility Fund reflects the activities of fund # 407 and 408

Budget Compliance

The City endeavored to project a budget appropriation for this fiduciary activity for the 2020 budget year. These funds are "fiduciary" and therefore not required to be appropriated in order to disburse. All of the monies collected are disbursed to incorporate this fiduciary fund into its annual appropriations ordinance.

Additional Information on Natural Gas Proceeds

The Natural Gas Utility was sold to Puget Sound Energy in June 2014. The monies originally were deposited into the Natural Gas Fund. In 2015 these funds were transferred into the General Fund and then transferred into the General Fund Contingency Fund and the Contingency Reserve Fund.

Transportation Benefit District

In 2016 the Buckley City Council passed Ordinance No. 10-16, an Ordinance of the City of Buckley, Washington assuming the rights, powers, functions and obligations of the Buckley Transportation Benefit District; amending Chapter 13.18 of the Buckley Municipal Code; and providing for severability and an effective date. The Transportation Benefit District Fund number was changed from Fund 632 to Fund 103.

Note 6 – Other Post-Employment Benefits (OPEB) Plans

The LEOFF 1 Retiree Healthcare Plan is a closed, single-employer defined-benefit OPEB plan administered by the City of Buckley as required by RCW 41.26. The plan pays for 100% of eligible retiree's healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan had one member, who is a retiree. As of December 31, 2020, the City of Buckley's total OPEB liability was \$727,498, as calculated using the alternative measurement method. For the year ended December 31, 2020, the City of Buckley paid \$2,080.02 in benefits.

Note 7 - Pension Plans

State Sponsored Pension Plans

Substantially all of the City’s full-time and qualifying part-time employees participate in either the Public Employees Retirement System (PERS), or Law Enforcement Officers and Fire Fighters’ Retirement System (LEOFF), administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City’s financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

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

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 98504-8380

Also, the DRS Annual Comprehensive Financial Report may be downloaded from the DRS website at www.drs.wa.gov.

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

At June 30, 2020, the City of Buckley’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	DRS-Schedule of Employer and Nonemployer Allocations		DRS-Schedule of Collective Pension Amounts - 2020	Ending Balance 12/31/2020		
	Employer Contributions	Allocation Percentage*				
PERS 1			3,530,540,000	-		
PERS 1 UAAL <i>(combine with PERS 1 for reporting)</i>				494,629		
PERS 2/3	\$ 101,539	0.014010%	3,530,540,000	234,545		
SERS 2/3	\$ 168,947	0.018339%	1,278,943,000	-		
TRS 1			531,964,000	-		
TRS 1 UAAL <i>(combine with TRS 1 for reporting)</i>			2,408,786,000	-		
TRS 2/3			2,408,786,000	-		
			1,535,981,000	-		
	270,486.48	Total Net Pension Liability (Schedule 09)		729,174		
Public Safety ERS 2			(13,760,000)	-		
LEOFF 1		0.005442%	(1,888,509,000)	(102,773)		
LEOFF 2	63,306.88	0.032362%	(2,039,854,000)	(660,138)		
		Net Pension Assets (do not net with the liabilities)		(762,910)	Assets not reported on Schedule 09	

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 - Property Tax

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

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

The City's regular levy for the year 2020 was \$1.52 per \$1,000 on an assessed valuation of \$696,539,020 for a total regular levy of \$1,059,044.

In 2020 the City collected \$.383 per \$1,000 for Emergency Medical Services for a total additional levy of \$267,435.

The City's excess levy for voted general obligation bonds for a Fire Station for 2020 was \$.3939 per \$1,000 for an excess levy of \$275,000.

Note 9 – Risk Management

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

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

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention.

Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$2,147,814.

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

Privacy and Network Liability coverage is offered with a \$10,000 member deductible that is part of a \$25,000 self-insured retention. The CIAW is responsible for the \$15,000 balance.

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

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

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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 11 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with an independent plan administrator. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the City. The City's rights to this property are subject to the claims of the City's general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is highly unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Note 12 – Contingencies & Litigation

In the opinion of management, the City's insurance policies are adequate to pay all known or pending claims.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

Note 13 – 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 implemented several expenditure reduction strategies to mitigate expected revenue losses. These measures included limiting spending to items essential for operations and placing several capital projects on hold. By the end of 2020, expenditure reductions had mitigated minimal revenue losses. However, the length of time the restrictive measures will be in place, and the full extent of the financial impact on the City, is unknown at this time.

City of Buckley
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

The City of Buckley was incorporated on May 22, 1890 and operates under the laws of the State of Washington applicable to a non-charter code city (RCW 35A) with a Mayor/Council form of government. The City is a general purpose local government and provides building and planning services, street improvements, police and fire protection, as well as recreation activities, a senior citizens' program and general administrative services. In addition, the City owns and operates a Water/Sewer, Storm Drain Utility and a Cemetery. The City did own and operate a Natural Gas system, but this was sold to Puget Sound Energy in June 2014, and all surplus funds from the sale were transferred in January, 2015. Due to the ongoing collection of outstanding delinquent gas accounts, the fund is being kept open in order to receipt any payments coming in, and those funds are then being transferred to the General Fund.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund (Fund No. 001)

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

Special Revenue Funds (Funds in the 100 series)

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

Debt Service Funds (Funds in the 200 series)

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

Capital Projects Funds (Funds in the 300 series)

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

Permanent Funds (Funds in the 700 series)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (Funds in the 400 series)

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

It is the City's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of Fund Resources and Uses Arising from Cash Transactions. The interest on these investments is posted to the fund from which the surplus arises. See Note 4 – Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours (30 days), except under unusual circumstances and subject to approval of the department manager and the City Administrator and is payable upon separation or retirement.

Sick leave may be accumulated up to 1,760 hours for both non-union and union employees. Upon retirement, employees receive payment for 25% of unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 3 – Debt Service Requirements.

G. Reserved Portion of Ending Cash and Investments

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

Reservations of Ending Cash and Investments consist of:

- \$ 288 Street Operations (101)
- \$ 631,992 Street Capital Improvement (102) – restricted to grant projects and mitigation fees collected for traffic impact
- \$ 332 Transportation Benefit District (103)
- \$ 208,456 Special EMS Levy (105)
- \$ 175,336 Criminal Justice (109) – funds restricted by RCW
- \$ 199,987 Fire Department Station Construction (134)
- \$ 155,700 Hotel/Motel fund (136) – RCW 67.28.1815 restricts use
- \$ 73,466 GO Bond (voted) excess levy (202)
- \$ 642,735 Capital Improvement (307)
- \$ 308,241 Comp Plan Capital Improvement (308)
- \$ 190,641 Cemetery Endowment Care (Cemetery Improvement) fund (701)

Note 2 – Budget Compliance

The City adopts annual appropriated budgets for all funds of the City. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General	\$ 5,382,054	\$ 5,447,839	\$ (65,785)
Contingency	-	-	-
Cumulative Reserve	103,000	76,004	26,996
Cemetery	5,041	4,730	311
Police Reserve	353,642	303,818	49,824
Railroad ROW	27,729	24,304	3,425
Fire Reserve	1,158,250	537,862	620,388
Park Construction	196,250	122,665	73,585
Street	248,207	247,673	534
Arterial	385,131	436,647	(51,516)
TBD	103,305	100,461	2,844
EMS	342,500	343,880	(1,380)
Criminal Justice	72,000	64,209	7,791
Fire Construction	21,406	20,039	1,367
Visitor Promotion	28,510	15,951	12,559
FS Bond	274,020	274,020	-
Capital Improvements	438,254	223,075	215,179
Comp Plan	141,656	145,219	(3,563)
NG Operating	5,225	778	4,447
Water/Sewer	3,358,908	3,280,421	78,487
Solid Waste	1,271,869	1,280,143	(8,274)
Sewer Construction	1,764,709	779,418	985,291
Water Construction	622,721	244,789	377,932
Stormwater	596,412	569,351	27,061
Storm Construction	934,985	997,584	(62,599)
Equipment Reserve	83,500	5,811	77,689
Municipal Court Trust	400,000	338,757	61,243
Custodial Activities	-	-	-
Cemetery Improvements	1,000	-	1,000
	\$ 18,320,284	\$15,885,447	\$ 2,434,837

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment, must be approved by the City's legislative body. The City is required to record expenditures in the open period per RCW 35A.33.150. The City endeavored to project these open period costs for all funds and adopted a budget amendment in December of 2019 to meet these compliance obligations.

Note 3 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City’s debt transactions for year ended December 31, 2019.

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

	General Obligation Debt	Interest	Other Debt	Interest	Total Debt
2020	\$ 120,000.00	\$154,420.00	\$607,090.63	\$24,814.20	\$ 906,324.83
2021	\$ 135,000.00	\$149,620.00	\$607,090.63	\$21,778.75	\$ 913,489.38
2022	\$ 135,000.00	\$145,570.00	\$607,090.65	\$18,743.29	\$ 906,403.94
2023	\$ 145,000.00	\$141,520.00	\$607,090.63	\$15,707.84	\$ 909,318.47
2024	\$ 145,000.00	\$135,720.00	\$567,573.54	\$12,672.40	\$ 860,965.94
2025-2029	\$ 835,000.00	\$585,400.00	\$1,669,446.56	\$ 26,043.93	\$3,115,890.49
2030-2034	\$1,020,000.00	\$404,200.00	\$297,457.42	\$ 2,974.58	\$1,724,632.00
2035-2039	\$1,230,000.00	\$184,200.00			\$1,414,200.00
2040	\$ 270,000.00	\$8,640.00			\$ 278,640.00
Total	\$4,035,000.00	\$1,909,290.00	\$4,962,840.06	\$122,734.99	\$11,029,865.05

Note 4 – Deposits and Investments

Investments are reported at amortized cost with the L.G.I.P. The Time Value Investment Bonds are reported at Market Value. Investments by type at December 31, 2019 are as follows:

Type of Investment	City’s Own Deposits & Investments	Investments Held	Total
LGIP	\$5,067,308		\$5,067,308
US Bank Checking	\$2,050,875		\$2,050,875
US Bank Court Account	\$5,341		\$5,341
US Gov’t Securities Bonds	\$7,525,236		\$7,525,236
Total	\$14,648,760		\$14,648,760

It is the City’s policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds by amount actually invested, with the amount of the interest being left in the funds to be reinvested with the bulk of the original investment.

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

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

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

Note 5 – Other Disclosures

Fund Classification

The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. The funds are:

- Current Expense (General) Fund reflects the activities of funds # 001, 002, 003, 004, 007, 008, 030 and 035
- Natural Gas Utility Fund reflects the activities of fund # 401
- Water/Sewer Utility Fund reflects the activities of fund # 402, 405 and 406
- Stormwater Utility Fund reflects the activities of fund # 407 and 408

Year-end Reconciliation Items

The City has implemented several internal controls over the reconciliation of its financial transactions to the bank statements. External reviews by an independent accountant are performed on a monthly basis. The results of this external review are timely bank reconciliations for the City as a backup to the City's automated accounting software system.

Budget Compliance

Incorporating the Municipal Court Trust into the City's financial and budget reports has been a new requirement. The City endeavored to project a budget appropriation for this fiduciary activity for the 2019 budget year. These funds are "fiduciary" and therefore not required to be appropriated in order to disburse. All of the monies collected are disbursed to incorporate this fiduciary fund into its annual appropriations ordinance.

Additional Information on Natural Gas Proceeds

The Natural Gas Utility was sold to Puget Sound Energy in June, 2014. The monies originally were deposited into the Natural Gas Fund. In 2015 these funds were transferred in to the General Fund and then transferred in to the General Fund Contingency Fund and the Contingency Reserve Fund.

Transportation Benefit District

In 2016 the Buckley City Council passed Ordinance No. 10-16, an Ordinance of the City of Buckley, Washington assuming the rights, powers, functions and obligations of the Buckley Transportation Benefit District; amending Chapter 13.18 of the Buckley Municipal Code; and providing for severability and an effective date. The Transportation Benefit District Fund number was changed from Fund 632 to Fund 103.

Note 6 – Other Post-Employment Benefits (OPEB) Plans

During the year ended December 31, 2019, the City of Buckley adopted guidance for the presentation and disclosure of post-employment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a post-employment benefit liability reported on the Schedule of Liabilities.

The LEOFF 1 Retiree Healthcare Plan is a closed, single-employer defined-benefit OPEB plan administered by the City of Buckley as required by RCW 41.26. The plan pays for 100% of eligible retiree’s healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had one member, who is a retiree. As of December 31, 2019, the City of Buckley’s total OPEB liability was \$610,885, as calculated using the alternative measurement method. For the year ended December 31, 2019, the City of Buckley paid \$3,608.73 in benefits.

Note 7 - Pension Plans

State Sponsored Pension Plans

Substantially all of the City’s full-time and qualifying part-time employees participate in either the Public Employees Retirement System (PERS), or Law Enforcement Officers and Fire Fighters’ Retirement System (LEOFF), administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City’s financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

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 98504-8380

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

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

At June 30, 2019, the City of Buckley's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	DRS-Schedule of Employer and Nonemployer Allocations		DRS-Schedule of Collective Pension Amounts - 2019	Ending Balance 12/31/2019	
	Employer Contributions	Allocation Percentage*			
PERS 1			3,845,355,000	-	
PERS 1 UAAL <i>(combine with PERS 1 for reporting)</i>	\$ 105,335	0.014690%	3,845,355,000	564,883	
PERS 2/3	\$ 154,792	0.018952%	971,340,000	184,088	
Public Safety ERS 2			(13,004,000)	-	
SERS 2/3			234,498,000	-	
TRS 1			2,475,803,000	-	
TRS 1 UAAL <i>(combine with TRS 1 for reporting)</i>			2,475,803,000	-	
TRS 2/3			602,534,000	-	
	260,127.00	Total Net Pension Liability (Schedule 09)		748,971	
LEOFF 1		0.005325%	(1,976,611,000)	(105,255)	
LEOFF 2	62,748.00	0.034033%	(2,316,693,000)	(788,440)	
		Net Pension Assets (do not net with the liabilities)		(893,695)	Assets not reported on Schedule 09

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 - Property Tax

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

Property tax revenues are recognized when cash is received by Buckley. 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 \$1.68379 per \$1,000 on an assessed valuation of \$592,610,331 for a total regular levy of \$997,837.

In 2019 the City collected \$.42519 per \$1,000 for Emergency Medical Services for a total additional levy of \$251,973.

The City's excess levy for voted general obligation bonds for a Fire Station for 2019 was \$.46803 per \$1,000 on an assessed valuation of \$585,470,627 for an excess levy of \$270,020.

Note 9 – Risk Management

The City of Buckley is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2019, there are 191 members in the program.

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

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$1,910,871.

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

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

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

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

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

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2019, were \$2,687,104.78.

Note 10 – Health & Welfare

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

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through 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.

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The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with an independent plan administrator. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the City. The City's rights to this property are subject to the claims of the City's general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is highly unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Note 12 – Contingencies & Litigation

In the opinion of management, the City's insurance policies are adequate to pay all known or pending claims.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

Note 13 – Subsequent Events

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

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

Note 14 – Prior Period Adjustment

A prior period adjustment of \$273,305 is reported in the General Fund. This adjustment corrects (increases) the previously reported 2018 cash balance as per updated bank reconciliations.

**City of Buckley
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	Fire Station - GO Bond (voted)	12/1/2040	3,915,000	-	135,000	3,780,000
Total General Obligation Debt/Liabilities:			3,915,000	-	135,000	3,780,000
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	Sewer - PW 03	6/30/2023	118,553	-	39,517	79,036
263.88	STP Upgrade - PW 06	6/30/2026	2,100,000	-	350,000	1,750,000
263.88	Sewer - PC08	6/30/2028	947,369	-	118,421	828,948
263.88	Water - PC 13	6/1/2032	1,189,831	-	99,152	1,090,679
264.30	Pension Liability	12/31/2021	-	185,518	-	185,518
259.12	General Govt Obligation - Compensated Absences	12/31/2021	368,533	17,832	-	386,365
259.12	Utility Obligation - Compensated Absences	12/31/2021	122,038	5,575	-	127,613
264.40	OPEB Liabilities	12/31/2021	727,498	-	138,481	589,017
Total Revenue and Other (non G.O.) Debt/Liabilities:			5,573,822	208,925	745,571	5,037,176
Total Liabilities:			9,488,822	208,925	880,571	8,817,176

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	Fire Station - GO Bond (voted)	12/1/2040	4,035,000	-	120,000	3,915,000
Total General Obligation Debt/Liabilities:			4,035,000	-	120,000	3,915,000
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	Sewer - PW 03	6/30/2023	158,070	-	39,517	118,553
263.88	STP Upgrade - PW 06	6/30/2026	2,450,000	-	350,000	2,100,000
263.88	Sewer - PC08	6/30/2028	1,065,790	-	118,421	947,369
263.88	Water - PC 13	6/1/2032	1,288,983	-	99,152	1,189,831
264.30	Pension Liability	12/31/2020	-	729,174	-	729,174
259.12	General Government Obligation - Compensated Absences	12/31/2020	422,267	-	53,734	368,533
259.12	Utility Obligation - Compensated Absences	12/31/2020	91,355	30,683	-	122,038
264.40	OPEB Liabilities	12/31/2020	610,885	116,613	-	727,498
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,087,350	876,470	660,824	6,302,996
Total Liabilities:			10,122,350	876,470	780,824	10,217,996

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	Fire Station - GO Bond (voted)	12/1/2040	4,150,000	-	115,000	4,035,000
Total General Obligation Debt/Liabilities:			4,150,000	-	115,000	4,035,000
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	Sewer - PW 03	6/30/2023	197,587	-	39,517	158,070
263.88	STP Upgrade - PW 06	6/30/2026	2,800,000	-	350,000	2,450,000
263.88	Sewer - PC08	6/30/2028	1,184,211	-	118,421	1,065,790
263.88	Water - PC 13	6/1/2032	1,388,135	-	99,152	1,288,983
259.12	Gen'l Obligation - Compensated Absence Liability	12/31/2019	386,611	35,656	-	422,267
259.12	W/S/WWTP - Compensated Absence Liability	12/31/2019	78,870	12,485	-	91,355
264.30	Pension Liability	12/31/2019	498,189	433,189	182,407	748,971
264.40	Other Post-Employment Benefits (OPEB) Liabilities		-	610,885	-	610,885
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,533,603	1,092,215	789,497	6,836,321
Total Liabilities:			10,683,603	1,092,215	904,497	10,871,321

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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