



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Cashmere

For the period January 1, 2020 through December 31, 2022

Published March 4, 2024

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

March 4, 2024

Mayor and City Council
City of Cashmere
Cashmere, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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

City of Cashmere January 1, 2020 through December 31, 2022

Mayor and City Council
City of Cashmere
Cashmere, 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 Cashmere, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 24, 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.

Given these limitations, during our audits we did not identify any deficiencies in internal control 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 audits, and accordingly, we do not express such an opinions.

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

January 24, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Cashmere January 1, 2020 through December 31, 2022

Mayor and City Council
City of Cashmere
Cashmere, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Cashmere, as of and for the years ended December 31, 2022, 2021 and 2020, 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 Cashmere, and its changes in cash and investments, for the years ended December 31, 2022, 2021 and 2020, 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 Cashmere, as of December 31, 2022, 2021 and 2020, 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 audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits 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.

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 audits;
- 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 audits 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 audits 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 January 24, 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.

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

January 24, 2024

FINANCIAL SECTION

City of Cashmere January 1, 2020 through December 31, 2022

FINANCIAL STATEMENTS

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City of Cashmere
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 GENERAL GOVERNMENT FUND	108 LODGING TAX FUND	302 CAPITAL IMPROVEMENT FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	13,629,722	2,453,445	-	3,676,380
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,455,054	2,384,845	5,713	64,496
320	Licenses and Permits	81,563	81,563	-	-
330	Intergovernmental Revenues	790,628	180,628	-	160,127
340	Charges for Goods and Services	3,730,844	207,820	-	-
350	Fines and Penalties	24,125	24,125	-	-
360	Miscellaneous Revenues	304,840	156,063	-	38,064
Total Revenues:		7,387,054	3,035,044	5,713	262,687
Expenditures					
510	General Government	286,272	286,272	-	-
520	Public Safety	715,670	715,670	-	-
530	Utilities	2,197,478	87,609	-	-
540	Transportation	779,650	695,114	-	-
550	Natural/Economic Environment	154,156	148,443	5,713	-
560	Social Services	967	967	-	-
570	Culture and Recreation	277,820	277,820	-	-
Total Expenditures:		4,412,013	2,211,895	5,713	-
Excess (Deficiency) Revenues over Expenditures:		2,975,041	823,149	-	262,687
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	200,000	-	-	200,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	35,106	5,918	-	-
Total Other Increases in Fund Resources:		235,106	5,918	-	200,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	755,726	-	-	293,432
591-593, 599	Debt Service	537,792	1,694	-	-
597	Transfers-Out	200,000	200,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	5,200	5,200	-	-
Total Other Decreases in Fund Resources:		1,498,718	206,894	-	293,432
Increase (Decrease) in Cash and Investments:		1,711,429	622,173	-	169,255
Ending Cash and Investments					
50821	Nonspendable	286,337	-	-	-
50831	Restricted	443,162	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	11,536,035	-	-	3,845,636
50891	Unassigned	3,075,625	3,075,625	-	-
Total Ending Cash and Investments		15,341,159	3,075,625	-	3,845,636

The accompanying notes are an integral part of this statement.

City of Cashmere
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		401 WATER/WASTE WATER FUND	501 EQUIPMENT RENTAL FUND	702 CEMETERY ENDOWMENT FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	6,120,000	1,106,958	272,939
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	449,873	-	-
340	Charges for Goods and Services	3,261,242	261,782	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	81,709	15,606	13,398
Total Revenues:		3,792,824	277,388	13,398
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	2,109,869	-	-
540	Transportation	-	84,536	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		2,109,869	84,536	-
Excess (Deficiency) Revenues over Expenditures:		1,682,955	192,852	13,398
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	-	29,188	-
Total Other Increases in Fund Resources:		-	29,188	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	331,657	130,637	-
591-593, 599	Debt Service	535,251	847	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		866,908	131,484	-
Increase (Decrease) in Cash and Investments:		816,047	90,556	13,398
Ending Cash and Investments				
50821	Nonspendable	-	-	286,337
50831	Restricted	443,162	-	-
50841	Committed	-	-	-
50851	Assigned	6,492,881	1,197,518	-
50891	Unassigned	-	-	-
Total Ending Cash and Investments		6,936,043	1,197,518	286,337

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 GENERAL GOVERNMENT FUND	108 LODGING TAX FUND	302 CAPITAL IMPROVEMENT FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	12,594,819	1,891,817	-	3,831,691
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,221,213	2,140,027	4,439	76,747
320	Licenses and Permits	136,683	136,683	-	-
330	Intergovernmental Revenues	653,701	187,981	-	172,806
340	Charges for Goods and Services	3,638,192	235,158	-	-
350	Fines and Penalties	250	250	-	-
360	Miscellaneous Revenues	237,787	85,630	-	2,466
Total Revenues:		6,887,826	2,785,729	4,439	252,019
Expenditures					
510	General Government	302,837	302,837	-	-
520	Public Safety	665,831	665,831	-	-
530	Utilities	1,847,561	103,611	-	-
540	Transportation	669,101	577,431	-	-
550	Natural/Economic Environment	179,163	174,724	4,439	-
560	Social Services	945	945	-	-
570	Culture and Recreation	208,428	208,428	-	-
Total Expenditures:		3,873,866	2,033,807	4,439	-
Excess (Deficiency) Revenues over Expenditures:		3,013,960	751,922	-	252,019
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	12,428,222	-	-	-
397	Transfers-In	200,000	-	-	200,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	233,697	14,197	-	-
Total Other Increases in Fund Resources:		12,861,919	14,197	-	200,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,306,012	-	-	607,330
591-593, 599	Debt Service	13,330,476	-	-	-
597	Transfers-Out	200,000	200,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	4,500	4,500	-	-
Total Other Decreases in Fund Resources:		14,840,988	204,500	-	607,330
Increase (Decrease) in Cash and Investments:		1,034,891	561,619	-	(155,311)
Ending Cash and Investments					
50821	Nonspendable	272,939	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	10,903,338	-	-	3,676,380
50891	Unassigned	2,453,445	2,453,445	-	-
Total Ending Cash and Investments		13,629,722	2,453,445	-	3,676,380

The accompanying notes are an integral part of this statement.

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

		401 WATER/WASTE WATER FUND	501 EQUIPMENT RENTAL FUND	702 CEMETERY ENDOWMENT FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	5,550,677	1,059,859	260,775
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	292,914	-	-
340	Charges for Goods and Services	3,141,251	261,783	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	136,813	714	12,164
Total Revenues:		3,570,978	262,497	12,164
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	1,743,950	-	-
540	Transportation	-	91,670	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		1,743,950	91,670	-
Excess (Deficiency) Revenues over Expenditures:		1,827,028	170,827	12,164
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	12,428,222	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	219,500	-	-
Total Other Increases in Fund Resources:		12,647,722	-	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	574,950	123,732	-
591-593, 599	Debt Service	13,330,476	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		13,905,426	123,732	-
Increase (Decrease) in Cash and Investments:		569,324	47,095	12,164
Ending Cash and Investments				
50821	Nonspendable	-	-	272,939
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	6,120,000	1,106,958	-
50891	Unassigned	-	-	-
Total Ending Cash and Investments		6,120,000	1,106,958	272,939

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	001 GENERAL GOVERNMENT FUND	108 LODGING TAX FUND	302 CAPITAL IMPROVEMENT FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	12,786,594	1,503,648	-	3,580,802
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	2,021,421	1,973,163	4,203	44,055
320	Licenses and Permits	70,563	70,563	-	-
330	Intergovernmental Revenues	367,112	155,719	-	161,393
340	Charges for Goods and Services	3,869,019	134,734	-	-
350	Fines and Penalties	6,488	6,488	-	-
360	Miscellaneous Revenues	281,994	207,980	-	12,600
Total Revenues:		6,616,597	2,548,647	4,203	218,048
Expenditures					
510	General Government	411,796	272,296	-	139,500
520	Public Safety	661,561	661,561	-	-
530	Utilities	1,815,627	70,993	-	-
540	Transportation	557,556	483,719	-	-
550	Natural/Economic Environment	136,861	132,658	4,203	-
560	Social Services	889	889	-	-
570	Culture and Recreation	142,724	142,724	-	-
Total Expenditures:		3,727,014	1,764,840	4,203	139,500
Excess (Deficiency) Revenues over Expenditures:		2,889,583	783,807	-	78,548
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	401,502	-	-	401,502
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	237,139	9,360	-	-
Total Other Increases in Fund Resources:		638,641	9,360	-	401,502
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,245,992	-	-	229,162
591-593, 599	Debt Service	1,153,426	-	-	-
597	Transfers-Out	401,502	401,502	-	-
585	Special or Extraordinary Items	915,580	-	-	-
581, 582, 589	Other Uses	3,500	3,500	-	-
Total Other Decreases in Fund Resources:		3,720,000	405,002	-	229,162
Increase (Decrease) in Cash and Investments:		(191,776)	388,165	-	250,888
Ending Cash and Investments					
50821	Nonspendable	260,775	-	-	-
50831	Restricted	373,080	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	10,069,147	-	-	3,831,691
50891	Unassigned	1,891,817	1,891,817	-	-
Total Ending Cash and Investments		12,594,819	1,891,817	-	3,831,691

The accompanying notes are an integral part of this statement.

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

		401 WATER/WASTE WATER FUND	501 EQUIPMENT RENTAL FUND	702 CEMETERY ENDOWMENT FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	6,476,764	972,092	253,288
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	50,000	-	-
340	Charges for Goods and Services	3,472,502	261,783	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	50,542	3,384	7,488
Total Revenues:		3,573,044	265,167	7,488
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	1,744,634	-	-
540	Transportation	-	73,837	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		1,744,634	73,837	-
Excess (Deficiency) Revenues over Expenditures:		1,828,410	191,330	7,488
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	164,632	63,147	-
Total Other Increases in Fund Resources:		164,632	63,147	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	850,119	166,711	-
591-593, 599	Debt Service	1,153,426	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	915,580	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		2,919,125	166,711	-
Increase (Decrease) in Cash and Investments:		(926,083)	87,766	7,488
Ending Cash and Investments				
50821	Nonspendable	-	-	260,775
50831	Restricted	373,080	-	-
50841	Committed	-	-	-
50851	Assigned	5,177,597	1,059,859	-
50891	Unassigned	-	-	-
Total Ending Cash and Investments		5,550,677	1,059,859	260,775

The accompanying notes are an integral part of this statement.

City of Cashmere
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		<u>Custodial</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	4,664
510-590	Deductions	4,664
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	2,696
510-590	Deductions	2,696
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	2,722
510-590	Deductions	<u>2,722</u>
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

City of Cashmere
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The City of Cashmere was incorporated on November 11, 1904 and operates under the laws of the state of Washington applicable to a non-charter code city with a mayor-council form of government. The City of Cashmere is a general-purpose local government and provides public safety, fire protection, street improvement, parks and recreation, and general administrative services. In addition, the City owns and operates, with a management company, a water and wastewater utility system.

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

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

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

Special Revenue Funds

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

Capital Projects Funds

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

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Custodial Funds

These funds are used to account 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 Cashmere also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to a maximum of 55 days, depending on your level of accrual. The allowable amount to be carried over to the following year, is your annual accrual amount plus one week. Maximum carry over is 30 days. The Vacation leave is payable upon separation or retirement.

Sick leave may be accumulated up to 480 hours. Upon separation or retirement employees receive payment for unused sick leave for only those hours above 480 at the rate of one-half of the employee's hourly rate of pay. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash 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 of the City Council. 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 \$286,337.

702 Cemetery Endowment Fund is a permanent fund

Note 2 – Budget Compliance

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

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Government Fund	\$1,106,756	\$1,052,491	\$54,265
Public Works Fund	\$1,444,850	\$1,366,293	\$78,557
Lodging Tax Fund	\$5,000	\$5,713	(\$713)
Capital Improvement Fund	\$967,334	\$293,431	\$673,903
Water/Wastewater Fund	\$2,137,163	\$2,112,169	\$24,994
Water Capital Fund	\$1,553,851	\$96,300	\$1,457,551
Wastewater Capital fund	\$535,712	\$235,358	\$300,354
Revenue Bonds 2021 A&B	\$532,957	\$532,957	\$0
Equipment Rental Fund	\$33,7560	\$216,016	\$121,544
Grand Total	\$8,621,183	\$5,910,727	\$2,710,456

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. Significant budget amendments that alter the total fund appropriations are amended by Ordinance.

The amounts listed above for the Water/Wastewater Fund do not include the transfer-out amount of \$1,32,957 to the debt and capital funds.

Ordinance No. 1307 adopted the budget for 2022. The City Council amended the budget with Ordinance No. 1312 and 1317 due to additional revenues and expenditures not identified at the time of adoption of the original budget.

Note 3 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

Type of deposit or investment	City's own deposits and investments	Deposits and investments held by the City as custodian for other local governments, individuals or private organizations.	Total
Bank Deposits	<u>\$ 1,735,755</u>	<u>\$ _____</u>	<u>\$ 1,735,755</u>
L.G.I.P.	<u>\$10,031,141</u>	<u>\$ _____</u>	<u>\$10,031,141</u>
U.S. Government Securities	<u>\$ 3,984,433</u>	<u>\$ _____</u>	<u>\$ 3,984,433</u>
Total	<u>\$15,751,329</u>	<u>\$ _____</u>	<u>\$15,751,329</u>

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

Investments in the State Local Government Investment Pool (LGIP)

The 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 the federal deposit insurance (FDIC) or by collateral held in a municipal financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 4 – Leases

The City leases a copier which includes maintenance, for a term of 60 months. Before the term ends the City upgrades to a newer copier for another 60 months. This has been an ongoing practice. The City's current copier lease is with Canon Financials, which ends in November 2024. Monthly payments were made in 2022 in the amount of \$3,005.

The City leases a mail machine from ASP Inc. and the meter for the mail machine from FP Mailing Solutions, which includes maintenance, for a term of 63 months. The lease term ends June 2023 with an automatic one-year renewal if the City doesn't terminate the lease, making the end date June 2024. Quarterly payments were made in 2022 for the mail machine and meter in the amount of \$1,228.

The City prefers to lease/rent the copier and mail machine, this enables us to upgrade to newer technology every 5 years, instead of purchasing.

The total amount paid for leases in 2022 was \$ 4,234. As of December 31, 2022, the future minimum lease payments are as follows:

Year ended <u>December 31st</u>	<u>Total</u>
2023	4,234
2024	3,369
2025	0
2026	0
2027	0

Note 5 – Long-Term Debt

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, 2022.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$245,000	\$286,950	\$531,950
2024	\$245,000	\$285,821	\$530,821
2025	\$250,000	\$284,208	\$534,208
2026	\$250,000	\$282,061	\$532,061
2027	\$250,000	\$279,663	\$529,663
2028 – 2032	\$1,330,000	\$1,334,552	\$2,664,552
2033 – 2037	\$1,510,000	\$1,140,750	\$2,650,750
2038 – 2042	\$1,755,000	\$900,000	\$2,655,000
2043 – 2047	\$2,045,000	\$619,800	\$2,664,800
2048 – 2052	\$2,365,000	\$294,150	\$2,659,150
2053 – 2057	\$ 515,000	\$15,450	\$ 530,450
TOTALS	<u>\$10,760,000</u>	<u>\$5,723,405</u>	<u>\$16,483,405</u>

Note 6 – Other Disclosures

Water and Wastewater Management Contract

In March 2022 the City entered a 56-month contract with Woodard & Curran to manage and operate Cashmere's water and wastewater utilities. The effective date of the agreement started May 1, 2022, The annual budget is \$1,159,478 plus a fixed fee rate (8%) of \$92,758. The first year will be prorated for 8 months. The transition costs of \$123,438 will be amortized over the term of the agreement.

In December of 2022 the City Council approved a budget amendment for Woodard and Curran in the amount of \$121,980, due to unforeseen expenses. The total expenses for operations paid to W&C for the first 8 months was \$973,551.

Fund 108 Lodging Tax Fund

The City has a contract in which the City passes the lodging tax funds through to the Chamber of Commerce. The budget amount was \$5,000, however the City received \$5,713. According to the contract the entire amount received was passed on to the Chamber, which exceeded the budget amount by \$713.00.

Note 7 - Pension Plans

State Sponsored Pension Plans

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

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (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
PO 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 Cashmere 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, 2022 (the measurement date of the plans), the City of Cashmere proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$28,883	0.004713%	\$ 131,227
PERS 2/3	\$49,214	0.006126%	\$ (227,200)
VFFRPF	\$ 780	0.41%	\$ (115,946)

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 after the end of each month.

Property tax revenues are recognized when cash is received by the City of Cashmere. 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 2022 was 1.7773 per \$1,000 on an assessed valuation of \$402,990,184 for a total regular levy of \$716,237.

Note 9 – Risk Management

The City of Cashmere is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The following is the liability and program assessments for 2022.

Auto Physical Damage	\$ 9,313
Boiler & Machinery	\$ 1,646
Crime/Fidelity	\$ 222
Liability	\$51,991
Property	\$47,903
TOTAL	\$111,075

Program Deductibles are:

Liability Program - \$0.00
Property Program – \$5,000
Auto Physical Damage Program - \$1,000
Boiler and Machinery Program - \$10,000
Pollution Liability Program - \$100,000
Crime/Fidelity Program - \$10,000
Information Security Insurance - \$100,000 Security and Privacy Liability Insurance
\$100,000 PCI-DSS Assessment
\$100,000 Event Management
\$100,000 Cyber Extortion

The assessment of \$111,075 is prorated to all operating funds according to property and vehicle values and estimated risk.

The City's 5 Year Liability Loss Report shows 14 claims for a total incurred cost of \$118,558. The City's estimate annual claims of approximately \$23,712 is based on a five-year average from 2018 through 2022.

WCIA's financial statements can be viewed at <http://www.wciapool.org/communications/annual-reports>.

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

Note 1 - Summary of Significant Accounting Policies

The City of Cashmere was incorporated on November 11, 1904 and operates under the laws of the state of Washington applicable to a non-charter code city. The City of Cashmere is a general purpose local government and provides public safety, fire protection, street improvement, parks and recreation, and general administrative services. In addition, the City owns and operates water and wastewater utility systems.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Custodial Funds

These funds are used to account 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 Cashmere also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 4, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 480 hours. Upon separation or retirement employees receive payment for unused sick leave for only those hours above 480 at the rate of one-half of the employee's hourly rate of pay. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. 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 \$272,939.12.

702 Cemetery Endowment Fund

Note 2 – Budget Compliance

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

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Government Fund	\$1,082,452	\$1,059,941	\$22,511
Public Works Fund	\$1,338,821	\$1,178,357	\$160,464
Lodging Tax Fund	\$5,000	\$4,439	\$561
Capital Improvement Fund	\$1,183,000	\$607,330	\$575,670
Water/Wastewater Fund	\$1,782,549	\$1,744,757	\$37,792
Water Capital Fund	\$546,200	\$286,915	\$259,285
Wastewater Capital Fund	\$476,000	\$288,034	\$187,966
Revenue Bond 2013 #R1	\$8,000,145	\$8,000,145	\$0
Revenue Bond 2013 #R2	\$4,603,076	\$4,603,076	\$0
Revenue Bonds 2021 A&B	\$753,139	\$753,139	\$0
Equipment Rental Fund	\$226,651	\$215,397	\$51,254
Grand Total	\$20,037,033	\$18,741,533	\$1,295,500

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. Significant budget amendments that alter the total fund appropriations are amended by Ordinance.

Ordinance No. 1296 adopted the budget for 2021. The City Council amended the budget with Ordinance No. 1300 due to additional revenues and expenditures not identified at the time of adoption of the original budget.

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 has experienced minimal financial or operational impact from the COVID-19 pandemic. City staff remained working; however, the office was closed to the public. Delinquent utility accounts are not being charge a fee and water is not being disconnected for non-payment. The number of delinquent accounts has not increased; although, the balance of the delinquent accounts is increasing.

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

Note 4 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2021 are as follows:

<u>Type of Investment</u>	City's own investments	Investments held by City as an agent for other local governments, individuals or private organizations.	Total
Bank Deposits	<u>\$1,987,760</u>	\$ _____	<u>\$1,987,760</u>
L.G.I.P.	<u>\$7,877,917</u>	\$ _____	<u>\$7,877,917</u>
U.S. Government Securities	<u>\$3,984,433</u>	\$ _____	<u>\$3,984,433</u>
Total	<u>\$13,850,110</u>	\$ _____	<u>\$13,850,110</u>

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

Investments in the State Local Government Investment Pool (LGIP)

The 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 the federal deposit insurance (FDIC) or by collateral held in a municipal financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 5 – Long-Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for the year ended December 31, 2021.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$245,000	\$287,957	\$532,957
2023	\$245,000	\$286,950	\$531,950
2024	\$245,000	\$285,821	\$530,821
2025	\$250,000	\$284,208	\$534,208
2026	\$250,000	\$282,061	\$532,061
2027 – 2031	\$1,300,000	\$1,360,115	\$2,660,115
2032 – 2036	\$1,470,000	\$1,184,850	\$2,654,850
2037 – 2041	\$1,700,000	\$951,000	\$2,651,000
2042 – 2046	\$1,985,000	\$679,350	\$2,664,350
2047 – 2051	\$2,300,000	\$363,150	\$2,663,150
2052 – 2056	\$1,015,000	\$45,900	\$1,060,900
TOTALS	<u>\$11,005,000</u>	<u>\$6,011,362</u>	<u>\$17,016,362</u>

Debt Refunding

The City issued \$12,428,221.70 water and sewer revenue refunding bonds to retire \$12,603,221.73 of existing 2013 Water and Sewer Improvement and Refunding Revenue Bonds (USDA Bonds). This refunding was undertaken to reduce total debt service payments over the next 32 years by a net present value savings of \$1,783,663.01. The financial statements reflect other financing sources of \$373,080.24 and other financing uses of \$194,137.14 pertaining to this transaction.

Note 6 – Other Disclosures

Water and Wastewater Management Contract

In September 2021 the City solicited Statements of qualifications from qualified firms to manage and operate the City's water and wastewater utilities. In November the city selected Woodard & Curran as the management company to operate their utilities. In March 2022 the City entered a 56-month contract with Woodard & Curran to manage and operate Cashmere's water and wastewater utilities.

The effective date of the agreement starts May 1, 2022. The annual budget is \$1,159,478 plus a fixed fee rate (8%) of \$92,758. The first year will be prorated for 8 months. The transition costs of \$123,438 will be amortized over the term of the agreement.

Note 7 - Pension Plans

State Sponsored Pension Plans

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

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (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
PO Box 48380
Olympia, WA 98504-8380

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

The City of Cashmere 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, 2021 (the measurement date of the plans), the City of Cashmere proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$36,083	0.004844%	\$ 59,157
PERS 2/3	\$58,928	0.006221%	\$(619,712)
VFFRPF	\$ 900	0.46%	\$(101,812)

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 after the end of each month.

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

The City of Cashmere's regular levy for the year 2021 was 1.88309 per \$1,000 on an assessed valuation of \$374,952,536 for a total regular levy of \$706,072.00.

Note 9 – Risk Management

The City of Cashmere is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$22 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits.

Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

The following is the liability and program assessments for 2021.

Auto Physical Damage	\$ 8,454
Boiler & Machinery	\$ 1,410
Crime/Fidelity	\$ 219
Liability	\$55,406
Property	\$42,057
<hr/> TOTAL	<hr/> \$107,546

Program Deductibles are:

Liability Program - \$0.00
Auto Physical Damage Program - \$1,000
Boiler and Machinery Program - \$10,000
Pollution Liability Program - \$100,000
Crime/Fidelity Program - \$10,000
Information Security Insurance - \$50,000 Security and Privacy Liability Insurance
\$50,000 PCI-DSS Assessment
\$50,000 Event Management
\$50,000 Cyber Extortion

The assessment of \$107,546 is prorated to all operating funds according to property and vehicle values and estimated risk.

The City's 5 Year Liability Loss Report shows 11 claims for a total incurred cost of \$110,267. The City's estimate annual claims of approximately \$22,053 is based on a five-year average from 2017 through 2021.

WCIA's financial statements can be viewed at <http://www.wciapool.org/communications/annual-reports>.

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

Note 1 - Summary of Significant Accounting Policies

The City of Cashmere was incorporated on November 11, 1904 and operates under the laws of the state of Washington applicable to a non-charter code city. The City of Cashmere is a general purpose local government and provides public safety, fire protection, street improvement, parks and recreation, and general administrative services. In addition, the City owns and operates water and wastewater utility systems.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

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

Custodial Funds

These funds are used to account 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 Cashmere also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 4, *Deposits and Investments*.

D. Capital Assets

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

E. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 480 hours. Upon separation or retirement employees receive payment for unused sick leave for only those hours above 480 at the rate of one-half of the employee's hourly rate of pay. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. 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 \$633,855.

401 Water/Wastewater Fund
2013#R1 Revenue Bond Reserves \$236,820
2013#R2 Revenue Bond Reserves \$136,260
702 Cemetery Endowment Fund
Permanent Fund Reserves \$260,775

Note 2 – Budget Compliance

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

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

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Government Fund	\$1,294,052	\$1,164,303	\$129,749
Public Works Fund	\$1,306,623	\$1,005,529	\$301,094
Lodging Tax Fund	\$5,000	\$4,203	\$797
Capital Improvement Fund	\$708,147	\$368,661	\$339,486
Water/Wastewater Fund	\$1,774,667	\$1,745,013	\$29,654
Water Capital Fund	\$771,423	\$586,937	\$184,486
Wastewater Capital fund	\$376,200	\$263,184	\$113,016
Jr. Lien Pretrt Bond 2011	\$1,596,830	\$1,596,830	\$0
Revenue Bond 2013 #R1	\$394,700	\$394,700	\$0
Revenue Bond 2013 #R2	\$227,100	\$227,100	\$0
Equipment Rental Fund	\$374,800	\$240,547	\$134,253
Grand Total	\$8,829,542	\$7,597,007	\$1,232,535

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. Significant budget amendments that alter the total fund appropriations are amended by Ordinance.

Ordinance No. 1283 adopted the budget for 2020. The City Council amended the budget twice with Ordinance No. 1290 and Ordinance No. 1295 due to additional revenues and expenditures not identified at the time of adoption of the original budget.

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 a 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, colleges and universities, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The City has experienced minimal financial or operational impact from the COVID-19 pandemic. City staff remained working; however, the office was closed to the public from March through December. Delinquent utility accounts are not being charge a fee and water is not being disconnected for non-payment. The number of delinquent accounts has not increased; although, the balance of the delinquent accounts is increasing.

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 4 – Deposits and Investments

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

<u>Type of Investment</u>	City's own investments	Investments held by City as an agent for other local governments, individuals or private organizations.	Total
Bank Deposits	<u>\$ 935,319</u>	<u>\$ _____</u>	<u>\$ 935,319</u>
L.G.I.P.	<u>\$7,869,677</u>	<u>\$ _____</u>	<u>\$7,869,677</u>
U.S. Government Securities	<u>\$4,003,966</u>	<u>\$ _____</u>	<u>\$4,003,966</u>
Total	<u>\$12,808,962</u>	<u>\$ _____</u>	<u>\$12,808,962</u>

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

Investments in the State Local Government Investment Pool (LGIP)

The 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 the federal deposit insurance (FDIC) or by collateral held in a municipal financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 5 – Long-Term Debt

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$216,365	\$405,435	\$621,800
2022	\$223,454	\$398,346	\$621,800
2023	\$230,776	\$391,024	\$621,800
2024	\$238,337	\$383,463	\$621,800
2025	\$246,146	\$375,654	\$621,800
2026 – 2030	\$1,357,115	\$1,751,885	\$3,109,000
2031 – 2035	\$1,594,492	\$1,514,508	\$3,109,000
2036 – 2040	\$1,873,388	\$1,235,612	\$3,109,000
2041 – 2045	\$2,201,068	\$907,932	\$3,109,000
2046 – 2050	\$2,586,062	\$522,938	\$3,109,000
2051 – 2055	\$1,763,981	\$101,419	\$1,865,400
TOTALS	<u>\$12,531,184</u>	<u>\$7,988,216</u>	<u>\$20,519,400</u>

Note 6 - Pension Plans

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

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

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

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Olympia, WA 98504-8380

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

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

At June 30, 2020 (the measurement date of the plans), the City of Cashmere proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$42,505	0.005865%	\$207,066
PERS 2/3	\$70,081	0.007607%	\$ 97,289
VFFRPF	\$ 930	0.48%	\$(168,717)

Note 7 – 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 Cashmere. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Cashmere's regular levy for the year 2020 was 1.9923 per \$1,000 on an assessed valuation of \$328,265,454 for a total regular levy of \$654,010.

Note 8 – Risk Management

The City of Cashmere is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

The following is the liability and program assessments for 2020.

Auto Physical Damage	\$ 9,501
Boiler & Machinery	\$ 1,208
Crime/Fidelity	\$ 218
Liability	\$56,918
Property	\$37,984
<hr/>	
TOTAL	\$105,829

Program Deductibles are:

Liability Program - \$0.00
Property Program - \$5,000
Auto Physical Damage Program - \$1,000
Boiler and Machinery Program - \$10,000
Pollution Liability Program - \$100,000
Crime/Fidelity Program - \$10,000
Information Security Insurance - \$25,000/\$25,000

The assessment of \$105,829 is prorated to all operating funds according to property and vehicle values and estimated risk.

The City's 5 Year Liability Loss Report shows 10 claims for a total incurred cost of \$12,838. The City's estimate annual claims of approximately \$2,568 is based on a five-year average from 2016 through 2020.

WCIA's financial statements can be viewed at <http://www.wciapool.org/communications/annual-reports>.

City of Cashmere
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.56	Copy Machine Lease	11/1/2024	8,766	-	3,005	5,761
263.56	Mail Machine Lease	6/1/2024	3,071	-	1,228	1,843
Total General Obligation Debt/Liabilities:			11,837	-	4,233	7,604
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2021 Revenue Refunding Bond	12/1/2053	11,005,000	-	245,000	10,760,000
264.30	Pension Liabilities		59,157	72,070	-	131,227
259.12	Compensated Absences		50,767	52,257	58,974	44,050
Total Revenue and Other (non G.O.) Debt/Liabilities:			11,114,924	124,327	303,974	10,935,277
Total Liabilities:			11,126,761	124,327	308,207	10,942,881

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2013#R1 Revenue Bond	12/19/2053	7,952,702	-	7,952,702	-
252.11	2013#R2 Revenue Bond	12/19/2053	4,575,778	-	4,575,778	-
252.11	2021 Revenue Refunding Bond	12/1/2053	-	11,315,000	310,000	11,005,000
259.12	Compensated Absences		65,431	59,144	73,809	50,766
264.30	Pension Liabilities		304,355	-	245,198	59,157
Total Revenue and Other (non G.O.) Debt/Liabilities:			12,898,266	11,374,144	13,157,487	11,114,923
Total Liabilities:			12,898,266	11,374,144	13,157,487	11,114,923

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2011 W/WW Jr Lien Revenue Bond	10/1/2020	500,000	-	500,000	-
252.11	2013#R1 Revenue Bond	12/19/2053	8,085,697	-	132,995	7,952,702
252.11	2013#R2 Revenue Bond	12/19/2053	4,652,300	-	76,522	4,575,778
259.12	Compensated Absenses		51,300	66,317	52,185	65,432
264.30	Pension Liabilities		293,461	10,894	-	304,355
Total Revenue and Other (non G.O.) Debt/Liabilities:			13,582,758	77,211	761,702	12,898,267
Total Liabilities:			13,582,758	77,211	761,702	12,898,267

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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Other ways to stay in touch

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