



Office of the Washington State Auditor

Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Selah

For the period January 1, 2018 through December 31, 2019

Published September 28, 2020

Report No. 1027001





Office of the Washington State Auditor Pat McCarthy

September 28, 2020

Mayor and City Council
City of Selah
Selah, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Selah's financial statements and compliance with federal laws and regulations.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Selah
January 1, 2019 through December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the City's compliance with requirements applicable to its major federal program.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2019-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Selah January 1, 2019 through December 31, 2019

2019-001 The City did not have adequate internal controls to ensure compliance with federal procurement requirements.

CFDA Number and Title:	Highway Planning and Construction – CFDA 20.205
Federal Grantor Name:	Federal Highway Administration
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	Washington State Department of Transportation
Pass-through Award/Contract Number:	STPUS-4709(001), STPUS-4710 (001), CM-1155(007)
Questioned Cost Amount:	\$0

Description of Condition

During fiscal year 2019, the City spent \$857,488 in Highway Planning and Construction grant funding. The City used \$853,298 on one project during fiscal year 2019.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Additionally, federal regulations require grant recipients to follow their own written procurement procedures, which must reflect the most restrictive of applicable federal, state, and local laws. Established procedures must conform to federal thresholds to ensure recipients follow the most restrictive of local, state or federal procurement methods when using federal funds. Last, federal regulations require recipients to maintain written standards of conduct covering conflicts of interest and governing the actions of employees involved in the selection, award, or administration of contracts procured with federal funds.

Although the City's adopted procedures include state and local regulations for the purchase of supplies, materials, equipment and services, the procedures do not

conform to or include federal procurement requirements and do not include procedures for other methods of procurement, such as public works contracts or professional services.

Furthermore, the City adopted written standards of conduct, but those do not include the required elements relating to employees involved in the selection, award, and administration of federal contracts.

We consider this deficiency in internal controls to be a material weakness.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The City has not received a federal grant compliance audit recently and relied on its grant agreement to understand procurement requirements. City staff did not know of the federal requirements to establish written procedures for procurement and standards of conduct.

Effect of Condition

Without written procedures in place, the City is at greater risk of non-compliance with the most restrictive of federal, state, or local procurement methods and standards of conduct requirements when procuring contractors paid all or in part with federal funds. Although the City did not have written procedures in place, it did comply with federal requirements when soliciting competitive bids for the project.

Recommendation

We recommend the City establish and maintain written procedures for procurement and standards of conduct, as required by federal regulations.

City's Response

The City is attempting to clarify with the State Auditor the substance of the Federal regulation deficiencies noted in our written Procurement Policies. The City always endeavors to be compliant with Federal regulations, however we do not agree that the reported deficiencies constitute a material weakness in internal controls over Federal programs.

Auditor's Remarks

We reaffirm our finding. Without written procedures covering public works or standards of conduct the City does not meet the federal requirement for Procurement. Therefore, we are unable to reach a low final internal control risk and

by federal standards, must report a material weakness in internal controls and issue a finding.

We appreciated the City's efforts to resolve this finding and thank the City for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11. *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303 Internal controls, established requirements for non-Federal entities to establish and maintain effective internal control over its Federal awards, comply with Federal statutes, regulations, and the terms and conditions of the award, evaluate and monitor compliance, and take prompt action on audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 318 General procurement standards, establishes requirements for documented procurement procedures which reflect applicable state, local and federal laws and regulations, and written standards of conduct covering conflicts of interest and governing the action of employees engaged in the selection, award, and administrations of contracts.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**City of Selah
January 1, 2018 through December 31, 2019**

Mayor and City Council
City of Selah
Selah, 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 Selah, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 22, 2020.

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

As discussed in Note 7 to the financial statements, during the year ended December 31, 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual.

As discussed in Note 10 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 10.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the

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



Pat McCarthy

State Auditor

Olympia, WA

September 22, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**City of Selah
January 1, 2019 through December 31, 2019**

Mayor and City Council

City of Selah

Selah, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the City of Selah, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

City's Response to Findings

The City's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not

for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2019-001, that we consider to be a material weakness.

City's Response to Findings

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also

serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive, with "Pat" on the first line and "McCarthy" on the second line.

Pat McCarthy

State Auditor

Olympia, WA

September 22, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Selah January 1, 2018 through December 31, 2019

Mayor and City Council
City of Selah
Selah, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Selah, for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 20.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting, and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Selah, and its changes in cash and investments, for the years ended December 31, 2019 and 2018, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

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

Matters of Emphasis

As discussed in Note 7 to the financial statements, during the year ended December 31, 2019, the City adopted new accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual.

As discussed in Note 10 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 10. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

September 22, 2020

FINANCIAL SECTION

City of Selah January 1, 2018 through December 31, 2019

FINANCIAL STATEMENTS

- Fund Resources and Uses Arising from Cash Transactions – 2019
- Fund Resources and Uses Arising from Cash Transactions – 2018
- Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2019
- Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018
- Notes to Financial Statements – 2019
- Notes to Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

- Schedule of Liabilities – 2019
- Schedule of Liabilities – 2018
- Schedule of Expenditures of Federal Awards – 2019
- Notes to the Schedule of Expenditures of Federal Awards – 2019

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

		Total for All Funds (Memo Only)	001 General Fund	103 Fire Control	110 City Street
Beginning Cash and Investments					
30810	Reserved	3,497,938	1,079,958	848,382	160,816
30880	Unreserved	6,197,622	381,972	9,153	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	6,410,950	4,796,925	708,090	288,133
320	Licenses and Permits	285,116	285,116	-	-
330	Intergovernmental Revenues	1,729,504	190,662	2,065	157,978
340	Charges for Goods and Services	6,556,587	254,199	989,715	11,000
350	Fines and Penalties	56,787	55,879	-	-
360	Miscellaneous Revenues	653,551	227,745	54,265	784
Total Revenues:		<u>15,692,495</u>	<u>5,810,526</u>	<u>1,754,135</u>	<u>457,895</u>
Expenditures					
510	General Government	826,290	826,290	-	-
520	Public Safety	3,651,414	2,425,358	1,223,736	-
530	Utilities	3,913,181	-	-	-
540	Transportation	876,454	-	-	453,982
550	Natural and Economic Environment	443,316	443,316	-	-
560	Social Services	1,063	1,063	-	-
570	Culture and Recreation	840,358	840,358	-	-
Total Expenditures:		<u>10,552,076</u>	<u>4,536,385</u>	<u>1,223,736</u>	<u>453,982</u>
Excess (Deficiency) Revenues over Expenditures:		<u>5,140,419</u>	<u>1,274,141</u>	<u>530,399</u>	<u>3,913</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,534,522	118,809	-	110,828
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	75,921	75,321	-	-
381, 382, 395, 398	Other Resources	167,361	14,875	-	-
Total Other Increases in Fund Resources:		<u>1,777,804</u>	<u>209,005</u>	<u>-</u>	<u>110,828</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	2,621,993	179,701	340,315	35,185
591-593, 599	Debt Service	1,203,482	453,243	-	-
597	Transfers-Out	1,534,523	544,295	-	55,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	121,039	74,697	-	-
581, 582	Other Uses	14,825	14,825	-	-
Total Other Decreases in Fund Resources:		<u>5,495,862</u>	<u>1,266,761</u>	<u>340,315</u>	<u>90,185</u>
Increase (Decrease) in Cash and Investments:		<u>1,422,361</u>	<u>216,385</u>	<u>190,084</u>	<u>24,556</u>
Ending Cash and Investments					
5081000	Reserved	3,919,351	980,611	1,033,330	185,371
5088000	Unreserved	7,198,583	697,711	14,292	-
Total Ending Cash and Investments		<u>11,117,934</u>	<u>1,678,322</u>	<u>1,047,622</u>	<u>185,371</u>

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

		111 Street Improvement	113 Paths & Trails	115 Local Access Street Improv.	119 Transit
Beginning Cash and Investments					
30810	Reserved	(149,824)	1,594	241,552	222,398
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	497,943
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,345,619	692	-	15,461
340	Charges for Goods and Services	-	-	525	7,367
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	104,975	4	4,700	3,520
Total Revenues:		1,450,594	696	5,225	524,291
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	422,472
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	422,472
Excess (Deficiency) Revenues over Expenditures:		1,450,594	696	5,225	101,819
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	520,790	-	154,259	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		520,790	-	154,259	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,671,291	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	200,000	12,268
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	46,342	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,717,633	-	200,000	12,268
Increase (Decrease) in Cash and Investments:		253,751	696	(40,516)	89,551
Ending Cash and Investments					
5081000	Reserved	103,928	2,291	201,036	311,950
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		103,928	2,291	201,036	311,950

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

		171 Public Works Equipment	180 Drugs & Alcohol Community	181 Crime Prevention Accum. Res.	190 SPRSA Pool
Beginning Cash and Investments					
30810	Reserved	471,233	5,641	4,569	(28,206)
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	4,950
350	Fines and Penalties	-	501	380	-
360	Miscellaneous Revenues	4,923	91	18	-
Total Revenues:		4,923	592	398	4,950
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		4,923	592	398	4,950
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	40,000	-	-	23,256
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	-	-
398		-	-	-	-
Total Other Increases in Fund Resources:		40,000	-	-	23,256
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	79,102	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		79,102	-	-	-
Increase (Decrease) in Cash and Investments:		(34,179)	592	398	28,206
Ending Cash and Investments					
5081000	Reserved	437,055	6,234	4,967	-
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		437,055	6,234	4,967	-

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

		202 Goodlander LID	220 LI Guaranty	301 Capital Improvement	308 Civic Center Capital Project
Beginning Cash and Investments					
30810	Reserved	-	47,875	-	-
30880	Unreserved	19,600	-	371,988	11,311
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	119,859	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	27	-	-	-
360	Miscellaneous Revenues	731	1,027	9,789	255
Total Revenues:		758	1,027	129,648	255
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	2,320	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	2,320	-
Excess (Deficiency) Revenues over Expenditures:		758	1,027	127,328	255
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	311,381	10,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	-	-
398		-	-	-	-
Total Other Increases in Fund Resources:		-	-	311,381	10,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	20,357	48,902	318,701	4,170
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		20,357	48,902	318,701	4,170
Increase (Decrease) in Cash and Investments:		(19,599)	(47,875)	120,008	6,085
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	-	-	491,996	17,396
Total Ending Cash and Investments		-	-	491,996	17,396

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

		310 CE Building/Proper ty Reserve	411 Water	415 Sewer	420 Solid Waste
Beginning Cash and Investments					
30810	Reserved	-	591,950	-	-
30880	Unreserved	1,027,258	2,258,557	1,828,811	288,972
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	17,027	-
340	Charges for Goods and Services	-	1,987,010	2,282,295	1,019,526
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	22,137	115,695	98,154	4,738
Total Revenues:		22,137	2,102,705	2,397,476	1,024,264
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,240,157	1,674,860	998,164
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,240,157	1,674,860	998,164
Excess (Deficiency) Revenues over Expenditures:		22,137	862,548	722,616	26,100
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	199,079	22,398	23,722	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	600	-	-
381, 382, 395, 398	Other Resources	-	152,486	-	-
Total Other Increases in Fund Resources:		199,079	175,484	23,722	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	261,772	133,051	678
591-593, 599	Debt Service	-	473,448	276,791	-
597	Transfers-Out	106,728	50,000	60,000	35,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		106,728	785,220	469,842	35,678
Increase (Decrease) in Cash and Investments:		114,488	252,812	276,496	(9,578)
Ending Cash and Investments					
5081000	Reserved	-	652,578	-	-
5088000	Unreserved	1,141,746	2,450,742	2,105,304	279,396
Total Ending Cash and Investments		1,141,746	3,103,320	2,105,304	279,396

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

		Total for All Funds (Memo Only)	001 General Fund	103 Fire Control	110 City Street
Beginning Cash and Investments					
30810	Reserved	3,178,363	786,147	650,394	93,090
30880	Unreserved	5,446,805	312,477	1,307	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	6,110,531	4,569,298	701,509	279,131
320	Licenses and Permits	249,064	249,064	-	-
330	Intergovernmental Revenues	581,852	192,896	9,014	157,996
340	Charges for Goods and Services	6,548,654	210,476	962,398	11,000
350	Fines and Penalties	68,787	67,810	-	-
360	Miscellaneous Revenues	389,893	171,237	19,453	678
Total Revenues:		<u>13,948,780</u>	<u>5,460,780</u>	<u>1,692,374</u>	<u>448,805</u>
Expenditures					
510	General Government	776,636	776,636	-	-
520	Public Safety	3,651,054	2,321,278	1,329,776	-
530	Utilities	4,045,109	-	-	-
540	Transportation	915,964	-	-	423,765
550	Natural and Economic Environment	400,490	400,490	-	-
560	Social Services	2,460	2,460	-	-
570	Culture and Recreation	998,271	820,494	-	-
Total Expenditures:		<u>10,789,984</u>	<u>4,321,358</u>	<u>1,329,776</u>	<u>423,765</u>
Excess (Deficiency) Revenues over Expenditures:		<u>3,158,797</u>	<u>1,139,423</u>	<u>362,598</u>	<u>25,040</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	405,822	84,149	-	94,533
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	178,323	117,925	-	-
381, 382, 395, 398	Other Resources	735,556	-	-	-
Total Other Increases in Fund Resources:		<u>1,319,701</u>	<u>202,074</u>	<u>-</u>	<u>94,533</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,612,741	388,359	156,693	26,847
591-593, 599	Debt Service	1,210,669	455,630	-	-
597	Transfers-Out	405,822	14,796	-	25,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	178,875	119,404	71	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>3,408,107</u>	<u>978,190</u>	<u>156,764</u>	<u>51,847</u>
Increase (Decrease) in Cash and Investments:		<u>1,070,391</u>	<u>363,307</u>	<u>205,834</u>	<u>67,726</u>
Ending Cash and Investments					
5081000	Reserved	3,497,937	1,079,958	848,382	160,816
5088000	Unreserved	6,197,620	381,972	9,153	-
Total Ending Cash and Investments		<u>9,695,558</u>	<u>1,461,930</u>	<u>857,535</u>	<u>160,816</u>

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

		111 Street Improvement	113 Paths & Trails	115 Local Access Street Improv.	119 Transit
Beginning Cash and Investments					
30810	Reserved	42,148	8,812	227,245	312,467
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	446,562
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	186,945	702	-	-
340	Charges for Goods and Services	-	-	35	130
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	155	81	2,398	3,296
Total Revenues:		<u>187,099</u>	<u>782</u>	<u>2,433</u>	<u>449,988</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	492,199
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>-</u>	<u>-</u>	<u>-</u>	<u>492,199</u>
Excess (Deficiency) Revenues over Expenditures:		<u>187,099</u>	<u>783</u>	<u>2,433</u>	<u>(42,211)</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	80,985	-	45,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	59,400	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>140,385</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	460,056	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	8,000	33,126	47,859
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	59,400	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>519,456</u>	<u>8,000</u>	<u>33,126</u>	<u>47,859</u>
Increase (Decrease) in Cash and Investments:		(191,972)	(7,217)	14,307	(90,070)
Ending Cash and Investments					
5081000	Reserved	(149,824)	1,594	241,552	222,398
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		(149,824)	1,594	241,552	222,398

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

		171 Public Works Equipment	180 Drugs & Alcohol Community	181 Crime Prevention Accum. Res.	190 SPRSA Pool
Beginning Cash and Investments					
30810	Reserved	466,105	11,285	3,988	(9,923)
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	154,655
350	Fines and Penalties	-	383	567	-
360	Miscellaneous Revenues	4,631	86	14	4,741
Total Revenues:		4,631	469	581	159,396
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	177,777
Total Expenditures:		-	-	-	177,777
Excess (Deficiency) Revenues over Expenditures:		4,631	469	581	(18,381)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	60,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	99
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		60,000	-	-	99
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	59,503	6,113	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		59,503	6,113	-	-
Increase (Decrease) in Cash and Investments:		5,128	(5,644)	581	(18,282)
Ending Cash and Investments					
5081000	Reserved	471,233	5,641	4,569	(28,206)
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		471,233	5,641	4,569	(28,206)

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

		202 Goodlander LID	220 LI Guaranty	301 Capital Improvement	308 Civic Center Capital Project
Beginning Cash and Investments					
30810	Reserved	-	46,986	-	-
30880	Unreserved	18,894	-	256,169	1,256
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	114,031	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	26	-	-	-
360	Miscellaneous Revenues	680	889	1,788	56
Total Revenues:		706	889	115,819	56
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		706	889	115,819	56
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	10,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	-	-
398		-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	10,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		706	889	115,819	10,056
Ending Cash and Investments					
5081000	Reserved	-	47,875	-	-
5088000	Unreserved	19,600	-	371,988	11,311
Total Ending Cash and Investments		19,600	47,875	371,988	11,311

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

		310 CE Building/Proper ty Reserve	411 Water	415 Sewer	420 Solid Waste
Beginning Cash and Investments					
30810	Reserved	-	539,620	-	-
30880	Unreserved	648,596	2,137,694	1,676,657	393,756
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	34,300	-
340	Charges for Goods and Services	-	2,013,716	2,243,637	952,607
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	11,000	79,725	83,618	5,368
Total Revenues:		11,000	2,093,441	2,361,554	957,976
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,254,514	1,828,664	961,932
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,254,514	1,828,664	961,932
Excess (Deficiency) Revenues over Expenditures:		11,000	838,927	532,891	(3,957)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	15,274	14,985	896
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	900	-	-
381, 382, 395, 398	Other Resources	367,662	367,894	-	-
Total Other Increases in Fund Resources:		367,662	384,068	14,985	896
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	522,642	57,844	299
591-593, 599	Debt Service	-	477,161	277,877	-
597	Transfers-Out	-	50,000	60,000	101,425
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	1,049,803	395,721	101,724
Increase (Decrease) in Cash and Investments:		378,662	173,192	152,155	(104,785)
Ending Cash and Investments					
5081000	Reserved	-	591,950	-	-
5088000	Unreserved	1,027,258	2,258,556	1,828,811	288,972
Total Ending Cash and Investments		1,027,258	2,850,506	1,828,811	288,972

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

		Custodial
308	Beginning Cash and Investments	10,447
388 & 588	Net Adjustments	-
310-390	Additions	148,073
510-590	Deductions	<u>149,119</u>
	Net Increase (Decrease) in Cash and Investments:	(1,046)
508	Ending Cash and Investments	9,401

The accompanying notes are an integral part of this statement.

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

		Custodial
308	Beginning Cash and Investments	6,009
388 & 588	Net Adjustments	-
310-390	Additions	178,276
510-590	Deductions	<u>173,838</u>
	Net Increase (Decrease) in Cash and Investments:	4,438
508	Ending Cash and Investments	10,447

The accompanying notes are an integral part of this statement.

CITY OF SELAH

NOTES TO FINANCIAL STATEMENTS

2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Selah was incorporated on March 17, 1919 and operates under the laws of the state of Washington applicable to a non-charter code city. The city is a general purpose government and provides Public Safety, Solid Waste Disposal, Fire Prevention, Street Maintenance & Improvement, Parks & Recreation, Municipal Court and General Administration Services.

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

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

a. **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. 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 (Current Expense)

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds are used to account assets held by the city in a trustee capacity or as a custodian on behalf of others.

b. Basis of Accounting and Measurement Focus

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

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

c. Cash and Investments

See Note 3, Deposits and Investments

d. Capital Assets

Capital assets are long-lived assets of the city and are recorded as 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 indefinitely. Sick leave accrued after January 1, 2000 will be accounted for such that employees may, upon retirement (which shall be defined as immediately receiving PERS or LEOFF payments), exercise an option to convert any of this unused sick leave at a rate equal to one (1) full day of the employee's monetary compensation for each four (4) full days accrued sick leave up to a maximum of 180 days converted to a maximum of 45 days pay.

Upon separation employees do not receive payment for unused sick leave.

f. Long-Term Debt

See Note 6, Debt Service Requirements

g. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council and we have reserved all Special Revenue fund balances at the direction of State Auditor's Office personnel.

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

As of year-end the following Reservations of Ending Cash and Investments were on hand:

Fund 001 General \$ 980,611, Fund 103 Fire Control \$ 1,033,329, Fund 110 City Street \$ 185,371, Fund 111 Street Improvement \$ 103,928, Fund 113 Paths & Trails \$ 2,291, Fund 115 Local Access Street Improvement \$ 201,036, Fund 119 Transit \$ 311,950, Fund 171 PW Equipment Reserve \$ 437,055, Fund 180 Drugs & Alcohol Community Reserve \$ 6,234, Fund 181 Crime Prevention Reserve \$ 4,967, and Fund 411 Water - \$652,578.

NOTE 2 - BUDGET COMPLIANCE

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the General fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 General Fund:			
Legislative	\$ 44,529	\$ 43,596	\$ 933
Court	147,629	141,274	6,355
Executive	225,280	225,250	30
Financial/Record Svcs.	175,523	155,009	20,514
Legal	220,750	221,707	(957)
Facilities	45,090	39,455	5,635
Police	2,313,986	2,298,876	15,110
Detention/Corrections	112,309	120,967	(8,658)
Emergency Services	4,597	5,514	(917)
Pollution Control	3,052	3,052	0
Animal Control	55,101	54,493	608
Planning	125,842	112,832	13,010
Housing & Community Dev.	249,952	248,296	1,656
Substance Abuse	2,080	1,063	1,017
Participant Recreation	257,219	241,221	15,998
Parks	493,008	444,753	48,255
Transfers	598,723	596,302	2,421
Debt Service	452,613	453,243	(630)
Capital Expenditures	232,640	161,709	70,931
Total General Fund	\$ 5,759,923	\$ 5,568,612	\$ 191,311

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
103 Fire Control	\$ 1,773,985	\$ 1,564,049	\$ 209,936
110 City Street	598,362	544,168	54,194
111 Street Improvement	2,775,416	1,671,290	1,104,126
113 Paths & Trails	0	0	0
115 Local Access St Improv	200,000	200,000	0
118 Civic Center	191,864	182,373	9,491
119 Transit	465,059	434,740	30,319
121 Tourism	39,197	30,574	8,623
140 Contingency Reserve	0	0	0
150 Fire Equip Reserve	357,000	340,315	16,685
153 EMS Equip Reserve	0	0	0
170 CE Equipment Reserve	93,664	40,600	53,064
171 PW Equip Reserve	90,600	79,102	11,498
180 Drugs & Alcohol Com Res	0	0	0
181 Crime Prevention Res	0	0	0
202 Goodlander LID	20,345	20,357	(12)
220 LI Guaranty	48,830	48,902	(72)
301 Capital Improvement	476,176	321,020	155,156
303 Fire Control Bldg Reserve	2,320	0	2,320
308 Civic Center Capital Project	4,655	4,170	485
310 CE Bldg/Prop Reserve	236,877	106,728	130,149
411 Water	2,211,933	2,095,720	116,213
415 Sewer	3,015,064	2,194,704	820,360
420 Solid Waste	1,042,479	1,033,840	8,639
461 Water Reserve	174,825	174,825	0
465 Sewer Reserve	302,231	39,927	262,304

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Investments by type at December 31, 2019 are as follows:

Type of Investment	Balance
L.G.I.P.	\$ 2,100,856
Money Market Account	2,397,551
Certificate of Deposit	1,000,000
FNMA/FFCB/RFCSP/FHLMC	
Govt Obligations	4,990,555
Total	\$10,489,962

NOTE 4 - PROPERTY TAX

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

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

The city's regular levy for the year 2019 was \$2.27 per \$1,000 on an assessed valuation of \$731,636,691 for a total regular levy of \$1,658,715.

NOTE 5 - INTERFUND LOANS

As of December 31, 2019 the city had no interfund loans.

NOTE 6 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long Term Liabilities (09) provides a listing of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for 2019. The debt service requirements for future payment requirements, including interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	966,995	81,204	1,048,199
2021	604,702	65,461	670,163
2022	748,044	53,508	801,552
2023	372,881	39,523	412,404
2024	305,784	34,944	340,728
2025 – 2029	1,071,636	107,897	1,179,533
2030 - 2034	848,695	47,804	896,499
2035 - 2036	<u>198,605</u>	<u>4,469</u>	<u>203,074</u>
TOTALS	\$ <u>5,117,342</u>	\$ <u>434,810</u>	\$ <u>5,552,152</u>

NOTE 7 – OPEB PLANS

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the city as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had 2 members, all retirees. As of December 31, 2019, the city's total OPEB liability was \$ 1,050,242, as calculated using the alternative measurement method. For the year ended December 31, 2019, the city paid \$ 24,238 in benefits.

NOTE 8 - PENSION PLANS

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

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

At June 30, 2019 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	.017374	\$ 668,092
PERS 2/3	.022414	217,716
LEOFF 1	.003440	(67,995)
LEOFF 2	.049567	(1,148,315)

The city also participates in LEOFF Plan 1. The LEOFF 1 Plan 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.

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 9 – RISK MANAGEMENT

The city 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 163 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 \$20 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 \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded

from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

NOTE 10 – 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.

It is anticipated that the closure of nonessential businesses, which began on March 16, may result in a significant reduction of Sales Tax revenue. We will monitor these revenues and take budget action as needed.

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

CITY OF SELAH
NOTES TO FINANCIAL STATEMENTS
2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Selah was incorporated on March 17, 1919 and operates under the laws of the state of Washington applicable to a non-charter code city. The city is a general purpose government and provides Public Safety, Solid Waste Disposal, Fire Prevention, Street Maintenance & Improvement, Parks & Recreation, Municipal Court and General Administration Services.

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

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

a. **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund (Current Expense)

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition

or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

b. **Basis of Accounting and Measurement Focus**

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

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

c. **Cash and Investments**

See Note 3, Deposits and Investments

d. **Capital Assets**

Capital assets are long-lived assets of the city and are recorded as 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 indefinitely. Sick leave accrued after January 1, 2000 will be accounted for such that employees may, upon retirement (which shall be defined as immediately receiving PERS or LEOFF payments), exercise an option to convert any of this unused sick leave at a rate equal to one (1) full day of the employee's monetary compensation for each four (4) full days accrued sick leave up to a maximum of 180 days converted to a maximum of 45 days pay.

Upon separation employees do not receive payment for unused sick leave.

f. **Long-Term Debt**

See Note 6, Debt Service Requirements

g. **Reserved Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council and we have reserved all Special Revenue fund balances at the direction of State Auditor's Office personnel.

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

As of year-end the following Reservations of Ending Cash and Investments were on hand:

Fund 001 General \$ 1,079,958, Fund 103 Fire Control \$ 848,382, Fund 110 City Street \$ 160,816, Fund 111 Street Improvement \$ (149,824), Fund 113 Paths & Trails \$ 1,594, Fund 115 Local Access Street Improvement \$ 241,552, Fund 119 Transit \$ 222,398, Fund 171 PW Equipment Reserve \$ 471,233, Fund 180 Drugs & Alcohol Community Reserve \$ 5,641, Fund 181 Crime Prevention Reserve \$ 4,569, Fund 190 SPRSA Pool \$ (28,206), Fund 220 LI Guaranty \$ 47,875, and Fund 411 Water - \$ 591,950.

NOTE 2 - BUDGET COMPLIANCE

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the General fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

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

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 General Fund:			
Legislative	\$ 42,514	\$ 41,637	\$ 877
Court	140,415	142,365	(1,950)
Executive	175,817	172,895	2,922
Financial/Record Svcs.	165,327	174,530	(9,203)
Legal	217,510	221,053	(3,543)
Facilities	29,257	24,156	5,101
Police	2,211,772	2,188,632	23,140
Detention/Corrections	122,680	127,910	(5,230)
Emergency Services	3,767	4,736	(969)
Pollution Control	3,012	3,012	0
Animal Control	40,560	39,032	1,528
Planning	139,457	126,396	13,061
Housing & Community Dev.	210,927	207,433	3,494
Substance Abuse	2,000	2,460	(460)
Participant Recreation	223,091	233,277	(10,186)
Parks	521,862	463,539	58,323
Transfers	88,263	85,552	2,711
Debt Service	455,000	455,630	(630)
Capital Expenditures	451,469	384,680	66,789
Total General Fund	\$ 5,244,700	\$ 5,098,925	\$ 145,775

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
103 Fire Control	\$ 1,608,179	\$ 1,486,541	\$ 121,638
110 City Street	593,863	475,612	118,251
111 Street Improvement	550,085	519,456	30,629
113 Paths & Trails	8,000	8,000	0
115 Local Access St Improv	109,314	33,126	76,188
118 Civic Center	163,651	137,357	26,294
119 Transit	523,708	540,058	(16,350)
121 Tourism	29,437	29,124	313
140 Contingency Reserve	0	0	0
150 Fire Equip Reserve	227,500	156,693	70,807
153 EMS Equip Reserve	0	0	0
170 CE Equipment Reserve	159,264	157,462	1,802
171 PW Equip Reserve	69,500	59,503	9,997
180 Drugs & Alcohol Com Res	6,400	6,113	287
181 Crime Prevention Res	0	0	0
190 SPRSA Pool	181,152	177,777	3,375
202 Goodlander LID	0	0	0
220 LI Guaranty	0	0	0
301 Capital Improvement	0	0	0
303 Fire Control Bldg Reserve	3,479	3,479	0
308 Civic Center Capital Project	0	0	0
310 CE Bldg/Prop Reserve	0	0	0
411 Water	3,076,381	3,070,755	5,626
415 Sewer	2,388,679	2,224,385	164,294
420 Solid Waste	1,011,219	1,013,060	(1,841)
461 Water Reserve	488,287	441,958	46,329
465 Sewer Reserve	76,000	40,960	35,040
470 Solid Waste Reserve	49,700	50,596	(896)

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Investments by type at December 31, 2018 are as follows:

Type of Investment	Balance
L.G.I.P.	\$ 1,559,191
Money Market Account	1,022,573
Certificate of Deposit	2,000,000
FNMA/FFCB Govt Obligations	4,489,266
Total	\$ 9,071,030

NOTE 4 - PROPERTY TAX

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

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

The city's regular levy for the year 2018 was \$2.51 per \$1,000 on an assessed valuation of \$640,029,974 for a total regular levy of \$1,606,875.

NOTE 5 - INTERFUND LOANS

As of December 31, 2018 the city has no interfund loans.

NOTE 6 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long Term Liabilities (09) provides a listing of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for 2018. The debt service requirements for future payment requirements, including interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	1,103,294	98,836	1,202,130
2020	966,883	81,197	1,048,080
2021	604,590	65,454	670,044
2022	747,932	53,503	801,435
2023	372,769	39,518	412,287
2024 – 2028	1,208,241	126,692	1,334,933
2029 - 2033	848,695	58,773	907,468
2034 - 2036	<u>368,344</u>	<u>9,642</u>	<u>377,986</u>
TOTALS	\$ <u>6,220,748</u>	\$ <u>533,615</u>	\$ <u>6,754,363</u>

NOTE 7 - PENSION PLANS

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

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 also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF)

administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

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

	Allocation %	Liability (Asset)
PERS 1	.018084	\$ 807,638
PERS 2/3	.023321	398,185
LEOFF 1	.003380	(61,364)
LEOFF 2	.049475	(1,004,450)

The city also participates in LEOFF Plan 1. The LEOFF 1 Plan 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.

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

NOTE 8 – RISK MANAGEMENT

The city is a member of the 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 pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The 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, 2018 there are 207 members in the program.

The program provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive, and collision, equipment breakdown and crime protection, and liability, including general, automobile and wrongful acts, are included to fit members' 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 a joint liability among the participating members towards 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 \$1,922,394.

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 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 the 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 pool 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, 2018 were \$ 2,809,430.

City of Selah
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						
251.11	12/4/2014 GO Bonds	12/1/2022	1,210,000	-	400,000	810,000
263.85	1/3/2012 SIED Loan for St Improv.	6/1/2022	87,099	-	20,994	66,105
263.83	2016 WA State Energy Loan	12/1/2025	335,787	-	41,575	294,212
Total General Obligation Debt/Liabilities:			1,632,886	-	462,569	1,170,317
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	11/17/1999 PWTF Loan	6/1/2019	149,003	-	149,003	-
259.12	Compensated Absences		273,325	3,634	-	276,959
263.88	8/30/2001 PWTF Loan	6/1/2021	508,464	-	169,488	338,976
263.88	7/14/2003 PWTF Loan	6/1/2023	341,489	-	68,298	273,191
263.88	9/15/2006 2005 DWSRF Loan	10/1/2026	674,477	-	84,310	590,167
263.88	3/20/2013 DWSRF DM12-952-093	10/1/1936	1,126,983	-	70,436	1,056,547
263.88	9/24/2014 DWSRF DM13-952-130	10/1/1937	643,345	-	35,741	607,604
263.88	10/3/2016 DWSRF DM16-952-030	10/1/2036	1,144,102	-	63,561	1,080,541
264.30	Net Pension Liability		1,205,823	-	320,015	885,808
264.40	OPEB Liabilities		-	1,050,242	-	1,050,242
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,067,011	1,053,876	960,852	6,160,035
Total Liabilities:			7,699,897	1,053,876	1,423,421	7,330,352

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	12/4/2014 GO Bonds	12/1/2022	1,605,000	-	395,000	1,210,000
263.85	1/3/2012 SIED Loan for St Improv.	6/1/2022	107,593	-	20,494	87,099
263.83	2016 WA State Energy Loan	12/1/2025	375,382	-	39,595	335,787
Total General Obligation Debt/Liabilities:			2,087,975	-	455,089	1,632,886
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	11/17/1999 PWTF Loan	6/1/2019	298,005	-	149,003	149,002
259.12	Compensated Absences		322,501	-	49,176	273,325
263.88	8/30/2001 PWTF Loan	6/1/2021	677,952	-	169,488	508,464
263.88	7/14/2003 PWTF Loan	6/1/2023	409,787	-	68,298	341,489
263.88	9/15/2006 2005 DWSRF Loan	10/1/2026	757,779	-	83,302	674,477
263.88	3/20/2013 DWSRF DM12-952-093	10/1/1936	1,197,419	-	70,436	1,126,983
263.88	9/24/2014 DWSRF DM13-952-130	10/1/1937	679,086	-	35,741	643,345
263.88	10/3/2016 DWSRF DM16-952-030	10/1/2036	1,207,663	-	63,561	1,144,102
264.30	Net Pension Liability		1,641,124	-	435,301	1,205,823
Total Revenue and Other (non G.O.) Debt/Liabilities:			7,191,316	-	1,124,306	6,067,010
Total Liabilities:			9,279,291	-	1,579,395	7,699,896

City of Selah
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPUS-4710 (001)	853,298	-	853,298	-	1,2,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPUS-4709 (001)	3,779	-	3,779	-	1,2,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	CM-1155(007)	411	-	411	-	1,2,3
Total Highway Planning and Construction Cluster:				857,488	-	857,488	-	-
Total Federal Awards Expended:				857,488	-	857,488	-	-

The accompanying notes are an integral part of this schedule.

CITY OF SELAH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses cash basis accounting which is a departure from generally accepted accounting principles (GAAP). Revenues are recognized only when cash is received, other than accrued interest on investments, and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations, as required by state law.

NOTE 2- PROGRAM COSTS

The amounts shown as current year expenditures represent only the Federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The city has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



CITY OF SELAH

115 West Naches Avenue
Selah, Washington 98942

Phone 509-698-7328
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CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of Selah
January 1, 2019 through December 31, 2019

This schedule presents the corrective action planned by the City of Selah for findings reported in this report in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number: 2019-001	Finding caption: The City did not have adequate internal controls to ensure compliance with federal procurement requirements.
Name, address, and telephone of City contact person: Dale Novobielski 115 W. Naches Avenue Selah, WA 98942 (509) 698-7334	
Corrective action the auditee plans to take in response to the finding: <i>The City will adopt a written Procurement Policy which satisfies Title 2 CFR Part 200, Uniform Guidance, section 318 General Procurement Standards.</i>	
Anticipated date to complete the corrective action: <i>Prior to incurring future Federal Program expenditures.</i>	

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office

Public Records requests	<u>PublicRecords@sao.wa.gov</u>
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	<u>www.sao.wa.gov</u>