

Office of the Washington State Auditor Pat McCarthy

Financial Statements Audit Report

City of Tenino

For the period January 1, 2019 through December 31, 2022

Published December 26, 2024 Report No. 1036287



Scan to see another great way we're helping advance #GoodGovernment



Office of the Washington State Auditor Pat McCarthy

December 26, 2024

Mayor and City Council City of Tenino Tenino, Washington

Report on Financial Statements

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

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

Sincerely,

Fat Marchy

Pat McCarthy, State Auditor Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at <u>webmaster@sao.wa.gov</u>.

TABLE OF CONTENTS

Schedule of Audit Findings and Responses
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 <i>Government Auditing Standards</i>
Independent Auditor's Report on the Financial Statements
Financial Section
About the State Auditor's Office

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Example 2 City of Tenino January 1, 2019 through December 31, 2022

2022-001 The City did not have adequate internal controls ensuring accurate reporting of its financial statements.

Background

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

The City prepares its financial statements in accordance with the cash-basis accounting method prescribed by the Budgeting, Accounting and Reporting System (BARS) Manual.

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

Description of Condition

We identified the following deficiencies in the City's internal controls over financial reporting that, when taken together, represent a material weakness:

- The financial statement preparation process did not ensure financial reports were accurate and prepared in accordance with the BARS Manual.
- The City did not perform an effective review to ensure amounts reported in the financial statements, notes to the financial statements and supplementary schedules were consistent with the underlying accounting records.
- The City did not complete monthly and year-end cash reconciliations to ensure that accounting records, including revenues, expenditures and cash amounts, reconciled to the bank statements.

Cause of Condition

The City experienced significant turnover in key positions responsible for preparing the financial statements and related schedules, and did not provide adequate training and oversight for new staff who took over these duties.

Effect of Condition

The City's financial information contained errors that management did not detect. We identified the following material and significant misstatements for each year under audit. The City:

• Understated the beginning and ending balance of the Schedule of Liabilities for the following years:

Year	Understated beginning balance	Understated ending balance
2022	\$613,135	\$520,964
2021	\$630,352	\$672,071
2020	\$5,792,867	\$5,361,379
2019	\$446,486	\$0

- Had unknown differences between the cash balance in the bank and the cash recorded in the general ledger totaling \$79,430, \$31,320, \$9,081 and \$2,254 in 2022, 2021, 2020 and 2019, respectively
- Overstated 2020 revenues and other decreases in fund resources by \$518,567 and \$490,732, respectively
- Overstated the 2022 Schedule of Expenditures of Federal Awards (SEFA) by \$528,509
- Did not consistently report the street fund as its own fund and instead combined this activity into the general fund for 2021 and 2022.
- Did not submit all required schedules and supplementary information as part of the 2020 annual financial report, including notes to the financial statements, Summary of Bank Reconciliation and the SEFA, and did not submit the 2019 notes to the financial statements

We also identified less significant errors in the City's financial statements, schedules and notes that it provided for audit, including errors in the City's ending cash. The City subsequently corrected all the significant and material misstatements on the 2022, 2021, 2020 and 2019 financial statements, schedules and notes.

Recommendation

We recommend the City:

- Strengthen internal controls and dedicate the resources necessary to ensure all staff responsible for preparing financial statements have the necessary resources and training to prepare accurate and complete financial statements in accordance with reporting standards
- Conduct an effective, independent financial statement review that ensures amounts reported agree with underlying accounting records
- Ensure it completes monthly and year-end cash reconciliations and that accounting records, including revenues, expenditures and cash amounts reconciled to the bank statements

City's Response

In response to the Financial Audit of the City of Tenino from January 1, 2019-December 31, 2022. We appreciate the thoroughness and professionalism with which the audit was conducted, and we acknowledge receipt of the audit findings.

The City of Tenino is committed to ensuring compliance, transparency, and adherence to best practices in all aspects of our operations. Your audit report has been instrumental in identifying areas where improvements can be made, and we are dedicated to implementing these improvements promptly.

Additionally, we would like to thank your audit team for providing valuable insights and recommendations throughout the audit process. We believe that their expertise and guidance will contribute significantly to the City of Tenino ongoing growth and success.

Auditor's Remarks

We appreciate the steps the City is taking to resolve this issue. We will review the corrective action taken during our next audit.

Applicable Laws and Regulations

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

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

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

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

Budgeting, Accounting and Reporting System (BARS Manual), 4.14.13, Liabilities (Schedule 09)

Budgeting, Accounting and Reporting System (BARS Manual), 4.14.15, Expenditures of Federal Awards (SEFA/Schedule 16)

Budgeting, Accounting and Reporting System (BARS Manual), 3.1.9, Bank Reconciliations

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 Tenino January 1, 2019 through December 31, 2022

Mayor and City Council City of Tenino Tenino, 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 Tenino, as of and for the years ended December 31, 2022, 2021, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 20, 2024.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001, that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to the management of the City in separate special investigation reports dated April 13, 2023 and January 13, 2022.

CITY'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

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

Fat Marchy

Pat McCarthy, State Auditor Olympia, WA December 20, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Tenino January 1, 2019 through December 31, 2022

Mayor and City Council City of Tenino Tenino, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Tenino, as of and for the years ended December 31, 2022, 2021, 2020 and 2019, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Tenino, and its changes in cash and investments, for the years ended December 31, 2022, 2021, 2020 and 2019, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Tenino, as of December 31, 2022, 2021, 2020 and 2019, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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.

Tat Mathy

Pat McCarthy, State Auditor Olympia, WA December 20, 2024

City of Tenino January 1, 2019 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022 Fund Resources and Uses Arising from Cash Transactions – 2021 Fund Resources and Uses Arising from Cash Transactions – 2020 Fund Resources and Uses Arising from Cash Transactions – 2019 Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022 Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021 Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020 Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020 Notes to Financial Statements – 2022 Notes to Financial Statements – 2021 Notes to Financial Statements – 2020 Notes to Financial Statements – 2020 Notes to Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022 Schedule of Liabilities – 2021 Schedule of Liabilities – 2020 Schedule of Liabilities – 2019

		Total for All Funds (Memo Only)	001 General Government Fund #001	101 City Street Fund #101	310 Municipal Capital Imp Fund 310
Beginning Cash a	and Investments				
308	Beginning Cash and Investments	3,825,637	651,705	19,558	19,881
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,286,184	1,165,840	60,172	60,172
320	Licenses and Permits	81,722	80,017	1,705	-
330	Intergovernmental Revenues	1,472,957	105,216	40,379	1,311,898
340	Charges for Goods and Services	1,798,819	49,024	-	-
350	Fines and Penalties	31,308	7,483	-	-
360	Miscellaneous Revenues	18,673	9,494	13	264
Total Revenue	s:	4,689,663	1,417,074	102,269	1,372,334
Expenditures			, ,		
510	General Government	558,415	558,415	-	-
520	Public Safety	696,204	696,204	-	-
530	Utilities	726,925	-	-	-
540	Transportation	78,172	-	78,172	-
550	Natural/Economic Environment	161,707	161,707	-	-
560	Social Services	4,538	4,538	-	-
570	Culture and Recreation	174,417	174,417	-	-
Total Expendit	ures:	2,400,378	1,595,281	78,172	-
	ency) Revenues over Expenditures:	2,289,285	(178,207)	24,097	1,372,334
	in Fund Resources		, , , , , , , , , , , , , , , , , , ,		
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	38,785	-	38,785	-
385	Special or Extraordinary Items	105	-	-	-
381, 382, 389, 395, 398	Other Resources	54,342	20,736	-	33,606
Total Other Inc	creases in Fund Resources:	93,232	20,736	38,785	33,606
Other Decreases	in Fund Resources				
594-595	Capital Expenditures	2,705,185	-	586,375	1,282,019
591-593, 599	Debt Service	563,627	-	-	-
597	Transfers-Out	38,785	38,785	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	10,545	10,545	-	-
Total Other De	creases in Fund Resources:	3,318,142	49,330	586,375	1,282,019
Increase (Dec	rease) in Cash and Investments:	(935,625)	(206,801)	(523,493)	123,921
Ending Cash and	Investments				
50821	Nonspendable	-	-	-	-
50831	Restricted	143,802	-	-	143,802
50841	Committed	-	-	-	-
50851	Assigned	2,855,869	50,627	-	-
50891	Unassigned	(109,645)	394,287	(503,932)	-
Total Ending	Cash and Investments	2,890,026	444,914	(503,932)	143,802

		330 Inter Goverenmental Fund	401 Water Fund	403 Stormwater Fund	410 Sewer Fund
Beginning Cash a	and Investments				
308	Beginning Cash and Investments	-	1,780,719	37,620	1,316,154
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	15,464	-	-	-
340	Charges for Goods and Services	-	344,788	-	1,405,007
350	Fines and Penalties	-	11,944	-	11,881
360	Miscellaneous Revenues	-	5,900	133	2,869
Total Revenue	s:	15,464	362,632	133	1,419,757
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	211,023	-	515,902
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expendit	ures:	-	211,023	-	515,902
	ency) Revenues over Expenditures:	15,464	151,609	133	903,855
	n Fund Resources				
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	105
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Inc	reases in Fund Resources:	-	-	-	105
Other Decreases	in Fund Resources				
594-595	Capital Expenditures	-	484,931	-	351,860
591-593, 599	Debt Service	-	6,519	-	557,108
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other De	creases in Fund Resources:	-	491,450	-	908,968
Increase (Dec	rease) in Cash and Investments:	15,464	(339,841)	133	(5,008)
Ending Cash and	Investments				
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	15,464	1,440,876	37,753	1,311,149
50891	Unassigned	-	-	-	-
	Cash and Investments	15,464	1,440,876	37,753	1,311,149

		Total for All Funds (Memo Only)	001 General Government Fund #001	101 City Street Fund #101	310 Municipal Capital Imp Fund 310
Beginning Cash	and Investments				
308	Beginning Cash and Investments	3,416,308	84,144	14,854	210,008
388 / 588	Net Adjustments	(11,489)	(11,489)	-	-
Revenues					
310	Taxes	1,093,719	1,034,273	16,626	42,820
320	Licenses and Permits	62,710	62,210	500	-
330	Intergovernmental Revenues	487,516	417,786	37,730	32,000
340	Charges for Goods and Services	1,631,810	32,799	-	, _
350	Fines and Penalties	12,909	12,075	-	-
360	Miscellaneous Revenues	95,341	7,813	84,643	118
Total Revenue	s:	3,384,005	1,566,956	139,499	74,938
Expenditures					
510	General Government	456,286	456,286	-	-
520	Public Safety	537,135	537,135	-	-
530	Utilities	568,384	-	-	-
540	Transportation	72,889	-	72,889	-
550	Natural/Economic Environment	126,727	126,727	-	-
560	Social Services	3,783	3,783	-	-
570	Culture and Recreation	142,738	142,738	-	-
Total Expendit	ures:	1,907,942	1,266,669	72,889	-
Excess (Defici	ency) Revenues over Expenditures:	1,476,063	300,287	66,610	74,938
Other Increases i	n Fund Resources				
391-393, 596	Debt Proceeds	22,450	22,450	-	-
397	Transfers-In	5,703	-	5,703	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	333,443	299,837	-	33,606
Total Other Inc	creases in Fund Resources:	361,596	322,287	5,703	33,606
Other Decreases	in Fund Resources				
594-595	Capital Expenditures	834,659	42,171	67,610	298,674
591-593, 599	Debt Service	580,832	-	-	-
597	Transfers-Out	5,703	5,703	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	(4,342)	(4,342)	-	
Total Other De	creases in Fund Resources:	1,416,852	43,532	67,610	298,674
Increase (Dec	rease) in Cash and Investments:	420,807	579,042	4,703	(190,130)
Ending Cash and	Investments				
50821	Nonspendable	-	-	-	-
50831	Restricted	143,439	-	19,558	19,881
50841	Committed	-	-	-	-
50851	Assigned	3,646,856	616,364	-	-
50891	Unassigned	35,341	35,341		
Total Ending	Cash and Investments	3,825,636	651,705	19,558	19,881

		401 Water Fund	403 Stormwater Fund	410 Sewer Fund
Beginning Cash a	and Investments			
308	Beginning Cash and Investments	1,666,612	37,580	1,403,110
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	306,603	-	1,292,408
350	Fines and Penalties	603	-	231
360	Miscellaneous Revenues	1,811	40	916
Total Revenue	S:	309,017	40	1,293,555
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	166,741	-	401,643
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expendit	ures:	166,741	-	401,643
Excess (Deficie	ency) Revenues over Expenditures:	142,276	40	891,912
Other Increases i	n Fund Resources			
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Inc	reases in Fund Resources:	-	-	-
Other Decreases	in Fund Resources			
594-595	Capital Expenditures	21,648	-	404,556
591-593, 599	Debt Service	6,519	-	574,313
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other De	creases in Fund Resources:	28,167	-	978,869
Increase (Dec	rease) in Cash and Investments:	114,109	40	(86,957)
Ending Cash and	,	,		(00,001)
50821	Nonspendable	_	-	_
50831	Restricted		_	104,000
50841	Committed	-	-	
50851	Assigned	1,780,718	37,620	1,212,154
50891	Unassigned	-		
	Cash and Investments	1,780,718	37,620	1,316,154

		Total for All Funds (Memo Only)	001 General Government Fund #001	101 City Street Fund #101	310 Municipal Capital Imp Fund 310
Beginning Cash	and Investments				
308	Beginning Cash and Investments	3,483,799	324,953	11,884	198,641
388 / 588	Net Adjustments	(6,724)	(6,724)	-	-
Revenues					
310	Taxes	934,040	845,073	34,812	54,155
320	Licenses and Permits	126,529	125,629	900	, _
330	Intergovernmental Revenues	266,402	183,767	36,402	46,233
340	Charges for Goods and Services	1,745,624	34,727	-	-
350	Fines and Penalties	22,568	15,014	-	-
360	Miscellaneous Revenues	20,963	15,521	14	261
Total Revenue	s:	3,116,126	1,219,731	72,128	100,649
Expenditures		-, -, -	, -, -	, -	,
510	General Government	642,085	642,085	-	-
520	Public Safety	622,151	622,151	-	-
530	Utilities	650,379	-	-	-
540	Transportation	65,821	-	65,821	-
550	Natural/Economic Environment	98,425	98,425	-	-
560	Social Services	3,743	3,743	-	-
570	Culture and Recreation	99,352	99,352	-	-
Total Expendit	ures:	2,181,956	1,465,756	65,821	-
	ency) Revenues over Expenditures:	934,170	(246,025)	6,307	100,649
	in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	9	-	9	-
385	Special or Extraordinary Items	12,440	12,440	-	-
381, 382, 389, 395, 398	Other Resources	63,384	29,777	-	33,607
Total Other Inc	creases in Fund Resources:	75,833	42,217	9	33,607
Other Decreases	in Fund Resources				
594-595	Capital Expenditures	472,503	-	3,346	122,889
591-593, 599	Debt Service	567,986	-	-	-
597	Transfers-Out	9	9	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	30,258	30,258	-	
Total Other De	creases in Fund Resources:	1,070,756	30,267	3,346	122,889
Increase (Dec	rease) in Cash and Investments:	(60,753)	(234,075)	2,970	11,367
Ending Cash and	Investments				
50821	Nonspendable	-	-	-	-
50831	Restricted	224,862	-	14,854	210,008
50841	Committed	-	-	-	-
50851	Assigned	3,107,302	-	-	-
50891	Unassigned	84,144	84,144	-	-
Total Ending	Cash and Investments	3,416,308	84,144	14,854	210,008

		401 Water Fund	410 Sewer Fund
Beginning Cash	and Investments		
308	Beginning Cash and Investments	1,773,744	1,174,577
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	370,859	1,340,038
350	Fines and Penalties	4,250	3,304
360	Miscellaneous Revenues	3,802	1,365
Total Revenue	s:	378,911	1,344,707
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	235,202	415,177
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expendit	ures:	235,202	415,177
Excess (Defici	ency) Revenues over Expenditures:	143,709	929,530
-	in Fund Resources		
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Inc	creases in Fund Resources:	-	-
Other Decreases	in Fund Resources		
594-595	Capital Expenditures	206,573	139,695
591-593, 599	Debt Service	6,686	561,300
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other De	creases in Fund Resources:	213,259	700,995
Increase (Dec	rease) in Cash and Investments:	(69,550)	228,535
Ending Cash and		(,,	-,
50821	Nonspendable	_	-
50831	Restricted	_	-
50841	Committed	-	-
50851	Assigned	1,704,192	1,403,110
50891	Unassigned		
	Cash and Investments	1,704,192	1,403,110
5		, , -	, , -

City Of Tenino

Fund Resources and Uses Arising from Cash Transactions

For Year Ending: December 31, 2019

Desiry in C		(Memo Only)		
	h and Investments			
308.10	Reserved	376,215.74	0.00	34,972.89
308.80	Unreserved	2,935,769.89	269,821.72	0.00
388/588	Net Adjustments	(3,807.97)	(3,807.97)	0.0
Revenues	1_			
310	Taxes	959,132.05	883,855.12	26,696.4
320	Licenses and Permits	60,726.53	60,206.53	520.0
330	Intergovernmental Revenues	213,668.42	84,736.41	40,103.6
340	Charges for Goods and Services	1,506,609.19	45,702.85	0.0
350	Fines and Penalties	49,858.21	25,567.31	0.0
360	Miscellaneous Revenues	42,087.01	29,052.06	52.4
	Total Revenues:	2,832,081.41	1,129,120.28	67,372.4
Expenditures	1	1		
510	General Government	318,871.52	318,871.52	0.0
520	Public Safety	515,098.01	512,848.01	0.0
530	Utilities	692,783.52	0.00	0.0
540	Transportation	108,419.15	0.00	108,044.1
550	Natural and Economic Environment	64,969.11	59,968.81	0.0
560	Social Services	2,366.44	2,366.44	0.0
570	Culture and Recreation	154,013.88	154,013.88	0.0
	Total Expenditures:	1,856,521.63	1,048,068.66	108,044.1
	Excess (Deficiency) Revenues over Expenditures:	975,559.78	81,051.62	(40,671.70
Other Increase	S			
391-393, 596	Debt Proceeds	0.00	0.00	0.0
397	Transfers-In	26,800.16	0.00	26,800.1
385	Special or Extraordinary Items	0.00	0.00	0.0
386,389	Custodial Activities	34,528.64	34,528.64	0.0
381,382,395,398	Other Increases	33,606.56	0.00	0.0
	Total Other Increases	94,935.36	34,528.64	26,800.1
Other Decreas	es			
594-595	Capital Expenditures	268,191.91	0.00	9,216.8
591-593, 599	Debt Service	570,040.45	0.00	0.0
597	Transfers-Out	26,800.16	26,800.16	0.0
586, 589	Custodial Activities	29,841.42	29,841.42	0.0
585	Special or Extraordinary Items	0.00	0.00	0.0
581, 582	Other Decreases	0.00	0.00	0.0
	Total Other Decreases	894,873.94	56,641.58	9,216.8
Increase (Dec	rease) in Cash and Investments	175,621.20	58,938.68	(23,088.42
Ending Cash a	nd Investments			
508.10	Reserved	310,525.20	0.00	11,884.47
508.80	Unreserved	3,173,273.66	324,952.43	0.00
	Total Ending Cash and Investments	3,483,798.86	324,952.43	11,884.47

City Of Tenino Fund Resources and Uses Arising from Cash Transactions

For Year Ending: December 31, 2019

	Total Ending Cash and Investments	198,640.73	1,736,247.56	37,496.6
508.80	Unreserved	0.00	1,736,247.56	37,496.6
508.10	Reserved	198,640.73	0.00	0.0
Ending Cash a	nd Investments			
Increase (Dec	rease) in Cash and Investments	(42,602.12)	50,207.09	(208.31
	Total Other Decreases	210,587.80	33,806.35	0.0
581, 582	Other Decreases	0.00	0.00	0.0
585	Special or Extraordinary Items	0.00	0.00	0.0
586, 589	Custodial Activities	0.00	0.00	0.0
597	Transfers-Out	0.00	0.00	0.0
591-593, 599	Debt Service	0.00	6,534.10	0.0
594-595	Capital Expenditures	210,587.80	27,272.25	0.0
Other Decreas	es			1
	Total Other Increases	33,606.56	0.00	0.0
381,382,395,398	Other Increases	33,606.56	0.00	0.0
386,389	Custodial Activities	0.00	0.00	0.0
385	Special or Extraordinary Items	0.00	0.00	0.
397	Transfers-In	0.00	0.00	0.
391-393, 596	Debt Proceeds	0.00	0.00	0.
Other Increase	is in the second s		•	1
	Excess (Deficiency) Revenues over Expenditures:	134,379.12	84,013.44	(208.3
	Total Expenditures:	5,000.30	242,664.64	375.
570	Culture and Recreation	0.00	0.00	0.
560	Social Services	0.00	0.00	0.
550	Natural and Economic Environment	5,000.30	0.00	0.
540	Transportation	0.00	0.00	375.
530	Utilities	0.00	242,664.64	0.
520	Public Safety	0.00	0.00	0.
510	General Government	0.00	0.00	0.
Expenditures				:
	Total Revenues:	139,379.42	326,678.08	166.
360	Miscellaneous Revenues	1,970.51	7,398.03	166.
350	Fines and Penalties	0.00	18,170.46	0.
340	Charges for Goods and Services	0.00	301,109.59	0.
330	Intergovernmental Revenues	88,828.39	0.00	0.
320	Licenses and Permits	0.00	0.00	0.
310	Taxes	48,580.52	0.00	0.
Revenues			<u> </u>	ł
388/588	Net Adjustments	0.00	0.00	0.
308.80	Unreserved	0.00	1,686,040.47	37,704.
308.10	Reserved	241,242.85	0.00	0.
Beginning Cas	h and Investments			
		310		
		Capital Imp Fund		Fund
		310 - Municipal	401 - Water Fund	403 - Stormwate

City Of Tenino

Fund Resources and Uses Arising from Cash Transactions

For Year Ending: December 31, 2019

		410 - Sewer Fund	450 - Reserve Academy Operating Fund	
			operating rand	
Beginning Cas	h and Investments			
308.10	Reserved	100,000.00	0.00	
308.80	Unreserved	942,202.77	0.00	
388/588	Net Adjustments	0.00	0.00	
Revenues	+			
310	Taxes	0.00	0.00	
320	Licenses and Permits	0.00	0.00	
330	Intergovernmental Revenues	0.00	0.00	
340	Charges for Goods and Services	1,157,546.75	2,250.00	
350	Fines and Penalties	6,120.44	0.00	
360	Miscellaneous Revenues	3,447.30	0.00	
	Total Revenues:	1,167,114.49	2,250.00	
Expenditures		.,		
510	General Government	0.00	0.00	
520	Public Safety	0.00	2,250.00	
530	Utilities	450,118.88	0.00	
540	Transportation	0.00	0.00	
550	Natural and Economic Environment	0.00	0.00	
560	Social Services	0.00	0.00	
570	Culture and Recreation	0.00	0.00	
510	Total Expenditures:	450,118.88	2,250.00	
	Excess (Deficiency) Revenues over Expenditures:	716,995.61	0.00	
Other Increase		110,555.01	0.00	
391-393, 596	Debt Proceeds	0.00	0.00	
397	Transfers-In	0.00	0.00	
385	Special or Extraordinary Items	0.00	0.00	
386,389	Custodial Activities	0.00	0.00	
381,382,395,398	Other Increases	0.00	0.00	
	Total Other Increases	0.00	0.00	
Other Decreas				
594-595	Capital Expenditures	21,114.98	0.00	
591-593, 599	Debt Service	563,506.35	0.00	
597	Transfers-Out	0.00	0.00	
586, 589	Custodial Activities	0.00	0.00	
585	Special or Extraordinary Items	0.00	0.00	
581, 582	Other Decreases	0.00	0.00	
	Total Other Decreases	584,621.33	0.00	
Increase (Dec	rease) in Cash and Investments	132,374.28	0.00	
	nd Investments			
508.10	Reserved	100,000.00	0.00	
508.80	Unreserved	1,074,577.05	0.00	
-	Total Ending Cash and Investments	1,174,577.05	0.00	

		Total for All Funds (Memo Only)	Investment Trust	Custodial
308	Beginning Cash and Investments	(22,714)	(23,036)	322
388 & 588	Net Adjustments	-	-	-
310-390	Additions	20,477	-	20,477
510-590	Deductions	38,660	19,826	18,834
	Net Increase (Decrease) in Cash and Investments:	(18,183)	(19,826)	1,643
508	Ending Cash and Investments	(40,897)	(42,862)	1,965

		Total for All Funds (Memo Only)	Investment Trust	Custodial
308	Beginning Cash and Investments	(7,506)	(14,763)	7,257
388 & 588	Net Adjustments	-	-	-
310-390	Additions	21,002	-	21,002
510-590	Deductions	36,210	8,273	27,937
	Net Increase (Decrease) in Cash and Investments:	(15,208)	(8,273)	(6,935)
508	Ending Cash and Investments	(22,714)	(23,036)	322

		Total for All Funds (Memo Only)	Investment Trust	Custodial
308	Beginning Cash and Investments	2,421	(5,178)	7,599
388 & 588	Net Adjustments	-	-	-
310-390	Additions	557,630	523,075	34,555
510-590	Deductions	567,557	532,660	34,897
	Net Increase (Decrease) in Cash and Investments:	(9,927)	(9,585)	(342)
508	Ending Cash and Investments	(7,506)	(14,763)	7,257

City Of Tenino

Fiduciary Fund Resources and Uses Arising from Cash Transactions

For Year Ending: December 31, 2019

		Total For All Funds	601 - SWWAIP Trust Fund	631 - Municipal Court Trust Fund
		(Memo Only)		
308	Beginning Cash and Investments	4,185.26	(1,400.00)	5,585.26
388/588	Net Adjustments	0.00	0.00	0.00
310 - 360	Revenues	42,068.72	42,068.72	0.00
370 - 390	Other Increases	53,040.16	0.00	53,040.16
510 - 570	Expenditures	0.00	0.00	0.00
580 - 590	Other Decreases	96,872.46	45,846.41	51,026.05
	Increase (Decrease) in Cash and Investments	(1,763.58)	(3,777.69)	2,014.11
508	Ending Cash and Investments:	2,421.68	(5,177.69)	7,599.37

Note 1 - Summary of Significant Accounting Policies

The City of Tenino was incorporated on July 24, 1906 and operates under the laws of the state of Washington applicable to a Code City. The city is a general purpose local government and provides Public Safety, Streets, Water, and Sewer Utilities.

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

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 4 - Deposits and Investments.

D. Capital Assets

The City of Tenino has no formal capital asset policy. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 120 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 720 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Comp Time may be accumulated up to 40 hours and is payable on separation or retirement. Payments are recognized as expenditures when paid. The cost of the compensated absence liability for the City as of December 31, 2022 is \$30,940.

F. Long-Term Debt

See Note 7 – Long-Term Debt (formerly Debt Service Requirements).

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by 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:

	Portion of Ending Balance	Portion of Ending Balance		
Fund Name	Restricted	Committed	Combined	Reason for Restriction or Commitment
Fund 310	143,802		143,80	² Restricted Revenue Sources

Note 2- Budget Compliance

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

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

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

Fund/Department	Fin	al Appropriated Amounts	Actual Expenses	Variance
General Government Fund #001		1,494,642.48	1,631,674.01	-137,031.53
Quarry Pool Fund #002		47,117.00	11,811.56	35,305.44
Reserve Academy Operating Fund		10,000.00	0.00	10,000.00
Claims Receipts Clearing		0.00	1,117.92	-1,117.92
Total 001 - General Government Fund #001	\$	1,551,759.48	\$1,644,603.49	\$ (92,844.01)
101 - City Street Fund #101	\$	622,634.00	\$ 664,546.18	\$ (41,912.18)
310 - Municipal Capital Imp Fund 310	\$	1,778,541.00	\$1,282,020.41	\$ 496,520.59
Water Fund		231,378.00	211,023.90	20,354.10
Water Capital Imp Fund		322,278.79	491,449.51	-169,170.72
Total 401 - Water Fund	\$	553,656.79	\$ 702,473.41	\$(148,816.62)
Sewer Fund		640,100.00	515,901.61	124,198.39
Sewer Capital Improvement Fund		395,000.00	351,859.53	43,140.47
Sewer Reserve Fund		559,091.00	557,107.70	1,983.30
Total 410 - Sewer Fund	\$	1,594,191.00	\$1,424,868.84	\$ 169,322.16
601 - SWWAIP Trust Fund - Actual Amounts	\$	-	\$ 19,826.27	\$ (19,826.27)
631 - Municipal Court Trust Fund #631 - Actual Am	\$	50,282.00	\$ 18,833.88	\$ 31,448.12

Budgeted amounts are authorized to be transferred between departments within any fund and object classes within departments; however, any revisions that alter the total expenditures of a fund, or that

affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

The City excluded \$976,811 in interfund transfers due to consolidation of funds.

The negative budget variance in the General Fund was due to higher than budgeted engineering costs for the Ritter Street Roadway project, and higher wage expenditures due to staff turnover issues.

The negative budget variance in the Water Fund was due to higher than budgeted construction costs on a water main replacement project.

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 the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The financial effects of COVID-19 precautions and protocols were not known at this time. The City did undertake a plan to help utility ratepayers pay their bill with financial assistance grants sourced from state CARES and ARPA funds.

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

Note 4 – Deposits and Investments

Type of Deposit or Investment	City's own deposits & investments	Deposits & investments held by the City as custodian for other local governments, individuals, or private organizations.	Combined
Checking Deposits	2,551,913	-40,897	2,511,016
LGIP	338,109		338,109
Totals	2,890,022	-40,897	2,849,125

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

It is the city'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 federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 5 – Joint Ventures, Component Unit(s), and Related Parties

The City of Tenino is engaged in a project to develop small agriculture and related businesses within the City. The City is developing an Ag Park on City owned land that will be leased by other entities and will involve future cost sharing. The City has issued LTGO bonds that can be drawn up to \$1,740,000. The City initiated its first draw of \$22,450 in 2021. The City uses Fund 623, the SWWIAP Trust Fund to record transactions for this purpose.

The City of Tenino participates in LERMS (Thurston County's Law Enforcement Records Management System. LERMS is managed by the City of Olympia. The City of Tenino paid \$5,598 as its portion of system management costs in 2022.

Note 6 – Leases

The City has two active term leases for a copier and a postal machine. The future minimum lease payments for these equipment items are as follows:

Year	Lease Payments
2023	6,271
2024	2,922
2025	1,806
2026	451
Total	11,450

Note 7 – Long-Term Debt (formerly Debt Service Requirements)

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2022.

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

Year	Principal	Interest	Total Debt Service
2023	494,905	66,324	561,229
2024	496,213	62,810	559,024
2025	497,558	59,260	556,818
2026	445,058	55,673	500,731
2027	59,252	52,317	111,569
2028-2032	305,888	238,867	544,755
2033-2037	328,140	196,980	525,120
2038-2042	376,156	148,964	525,120
2043-2047	431,197	93,923	525,120
2048-2052	441,058	30,837	471,894
Totals	\$ 3,875,426	\$ 1,005,956	\$ 4,881,381

Note 8 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

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

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

At June 30, 2021 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	19,516.67	0.003185%	2,784,367,000	88,682	
PERS 2/3 33,286.49		0.004143%	(3,708,781,000)		(153,655)
LEOFF 1		0.001312%	(2,868,613,000)		(37,636)
LEOFF 2	10,530.38	0.005086%	(2,717,698,000)		(138,222)
		Totals		\$ 88,682	\$ (329,513)

LEOFF Plan 1

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

LEOFF Plan 2

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

B. Defined Contribution Pension Plans

The City maintains a 457 Plan administered by DRS. 15 employees participate in the plan in 2022. The total employer matched contribution to the plan was \$4,465 through December 31, 2022.

Note 9 - Property Tax

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

Property tax revenues are recognized when cash is received by 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 2022 was \$1.35965039 per \$1,000 on an assessed valuation of \$233,562,364 for a total regular levy of \$317,563.16.

Note 10 – Risk Management

The City of Tenino is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2022, 105 entities participate in the AWC RMSA pool.

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

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company, and CHUBB in 2022, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.
In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

Note 11 – OPEB

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had 1 member, all retirees. As of December 31, 2022, the City's total OPEB liability was \$551,587, as calculated using the alternative measurement method. For the year ended December 31, 2022, the City paid \$11,509 in benefits.

Note 1 - Summary of Significant Accounting Policies

The City of Tenino was incorporated on July 24, 1906 and operates under the laws of the state of Washington applicable to a Code City. The city is a general purpose local government and provides Public Safety, Streets, Water, and Sewer Utilities.

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

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as 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 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.

<u>C. Cash and Investments</u> See Note 4 - *Deposits and Investments*.

D. Capital Assets

The City of Tenino has no formal capital asset policy. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 120 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 720 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Comp Time may be accumulated up to 40 hours and is payable on separation or retirement. Payments are recognized as expenditures when paid. The cost of the compensated absence liability for the City as of December 31, 2021 is \$24,628.

<u>F. Long-Term Debt</u> See Note 6 – *Debt Service Requirements*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by 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:

Fund Name	Portion of Ending Balance Restricted	Portion of Ending Balance Committed	Combined	Reason for Restriction or Commitment
Street Fund	19,558		19,558	Restricted Revenue Sources
Capital Improvement Fund	19,881		19,881	Restricted Revenue Sources
Totals	39,439	0	39,439	

Note 2 - Budget Compliance

The city adopts annual appropriated budgets for all 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 a	actual expenditures t	for the legally adopted	budgets were as follows:
ine appropriate a ana	a compensation of the	ter me reganj aasprea	

Fund/Department	Fir	nal Appropriated Amounts	Actual Expenses	Vai	riance
General Government Fund #001		1,325,022	1,302,736		22,286
Quarry Pool Fund #002		39,120	7,457		31,663
Reserve Academy Operating Fund		10,000	-		10,000
Total 001 - General Government Fund #001	\$	1,374,142	\$ 1,310,194	\$	63,948
101 - City Street Fund #101	\$	658,443	\$ 140,498	\$	517,945
310 - Municipal Capital Imp Fund 310	\$	1,021,042	\$ 298,672	\$	722,370
Water Fund	\$	171,706	\$ 166,744	\$	4,962
Water Capital Imp Fund	\$	267,413	\$ 28,167	\$	239,246
Total 401 - Water Fund		439,119	194,911		244,209
Sewer Fund	\$	1,014,150	\$ 401,642	\$	612,508
Sewer Capital Improvement Fund	\$	442,570	\$ 404,555	\$	38,015
Sewer Reserve Fund	\$	559,091	\$ 574,313	\$	(15,222)
Total 410 - Sewer Fund	\$	2,015,811	\$ 1,380,511	\$	635,301
601 - SWWAIP Trust Fund - Actual Amounts		-	8,273		(8,273)
631 - Municipal Court Trust Fund #631 - Act		56,305	27,937		28,368

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

The City of Tenino had \$1,038,805 in excluded interfund transfers due to consolidation as compared to its adopted budget. The City of Tenino amended its 2021 adopted budget to add certain interfund transfers. These transfers were eliminated in consolidation of funds.

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 the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The financial effects of COVID-19 precautions and protocols were not known at this time. The City did undertake a plan to help utility ratepayers pay their bill with financial assistance grants sourced from state CARES and ARPA funds.

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

Note 4 – Deposits and Investments

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

Type of Deposit or Investment	City's own deposits & investments	Deposits & investments held by the City as custodian for other local governments, individuals, or private organizations.	Combined
Bank Checking & Savings Deposits	3,493,107	-22,714	3,470,393
LGIP	332,530		332,530
Totals	3,825,637	-22,714	3,802,923

It is the city'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 federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 5 – Joint Ventures, Component Unit(s), and Related Parties

The City of Tenino is engaged in a project to develop small agriculture and related businesses within the City. The City is developing an Ag Park on City owned land that will be leased by other entities and will involve future cost sharing. The City has issued LTGO bonds that can be drawn up to \$1,740,000. The City initiated its first draw of \$22,450 in 2021. The City uses Fund 623, the SWWIAP Trust Fund to record transactions for this purpose.

The City of Tenino participates in LERMS (Thurston County's Law Enforcement Records Management System. LERMS is managed by the City of Olympia. The City of Tenino paid \$5,649 as its portion of system management costs in 2021.

Note 6 – Long-Term Debt (formerly Debt Service Requirements)

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

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

Year	Principal	Interest	Total Debt Service
2022	493,632	73,247	566,879
2023	494,587	70,427	565,013
2024	496,213	65,661	561,875
2025	497,558	64,760	562,318
2026	445,058	61,913	506,971
2027-2031	304,721	246,580	551,300
2032-2036	319,299	205,821	525,120
2037-2041	366,021	159,099	525,120
2042-2046	419,580	105,540	525,120
2047-2051	480,975	44,145	525,120
2052-2056	51,415	703	52,117
Totals	4,369,058	1,097,896	5,466,954

Note 7 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

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

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

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

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	17,905.72	0.002404%	1,221,234,000	29,358	
PERS 2/3	29,232.60	0.003086%	-9,961,609,000		(307,415)
LEOFF 1		0.001277%	-3,425,562,000		(43,744)
LEOFF 2	9,209.19	0.004620%	-5,808,414,000		(268,349)
		Totals		\$ 29,358	\$ (619,508)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8 - Property Tax

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

Property tax revenues are recognized when cash is received by 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 2021 was \$1.79047 per \$1,000 on an assessed valuation of \$151,933,687 for a total regular levy of \$272,033.

Note 9 – Risk Management

The City of Tenino is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 105 entities participate in the AWC RMSA pool.

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

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company, and CHUBB in 2021, AWC RMSA carried a retention of

\$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

Note 10 – OPEB

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the plan had 1 member, all retirees. As of December 31, 2021, the City's total OPEB liability was \$589,017, as calculated using the alternative measurement method. For the year ended December 31, 2021, the City paid \$8,910 in benefits.

Note 1 - Summary of Significant Accounting Policies

The City of Tenino was incorporated on July 24, 1906 and operates under the laws of the state of Washington applicable to a Code City. The city is a general purpose local government and provides Public Safety, Streets, Water, and Sewer Utilities.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

<u>C. Cash and Investments</u> See Note 4 - *Deposits and Investments*.

D. Capital Assets

The City of Tenino has no formal capital asset policy. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 120 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 720 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Comp Time may be accumulated up to 40 hours and is payable on separation or retirement. Payments are recognized as expenditures when paid. The cost of the compensated absence liability for the City as of December 31, 2021 is \$27,764.

F. Long-Term Debt

See Note 5 – Long Term Debt (formerly known as *Debt Service Requirements*.)

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by 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:

Fund Name	Portion of Ending Balance Restricted	Portion of Ending Balance Committed	Combined	Reason for Restriction or Commitment
Street Fund	19,558		19,558	Restricted Revenue Sources
Capital Improvement Fund	19,881		19,881	Restricted Revenue Sources
Totals	39,439	0	39,439	

Note 2 - Budget Compliance

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

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

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

Fund/Department	Fina	al Appropriated Amounts	Ac	tual Expenses		Variance
General Government Fund #001		1,314,772		1,492,661		(177,890)
Quarry Pool Fund #002		34,929		9,268		25,661
Reserve Academy Operating Fund	_	10,000		705	_	9,295
Contingency Fund #109		9.06		9.06		-
Total 001 - General Government Fund #001	\$	1,359,709.89	\$	1,502,643.58	\$(142,933.69)
101 - City Street Fund #101	\$	70,162.00	\$	69,168.11	\$	993.89
310 - Municipal Capital Imp Fund 310	\$	1,069,735.00	\$	122,888.58	\$	946,846.42
Water Fund		166,633.00		235,204.34		(68,571.34)
Water Capital Imp Fund		73,446.00		213,258.00	(139,812.00)
Total 401 - Water Fund	\$	240,079.00	\$	448,462.34	\$(208,383.34)
Sewer Fund		411,954.00		415,177.51		(3,223.51)
Sewer Capital Improvement Fund		191,000.00		139,694.75		51,305.25
Sewer Reserve Fund		561,300.81		561,300.81		-
Total 410 - Sewer Fund	\$	1,164,254.81	\$	1,116,173.07	\$	48,081.74
601 - SWWAIP Trust Fund - Actual Amounts	\$	600,876.00	\$	532,660.54	\$	68,215.46
631 - Municipal Court Trust Fund #631 - Actual Amounts	\$	49,993.00	\$	34,897.48	\$	15,095.52

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 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The City had it operations impacted, and undertook measures to ensure the health of employees and community members. Certain utility provisions were enacted in regard to shutoffs.

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

Note 4 – Deposits and Investments

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

Type of Deposit or Investment		City's own deposits & investments	Deposits & investments held by the (City,Town/District) as custodian for other local governments, individuals, or private organizations.	Combined
Deposits		3,084,126	-7,506	3,076,620
LGIP		332,182		332,182
	Totals	3,416,308	-7,506	3,408,802

It is the city'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 federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

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

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

Year	Principal	Interest	Total Debt Service
2021	492,393	73,247	565,640
2022	493,632	73,247	566,879
2023	494,587	70,427	565,013
2024	496,213	65,661	561,875
2025	497,558	64,760	562,318
2026-2030	749,779	308,493	551,300
2031-2035	319,299	205,821	525,120
2036-2040	366,021	159,099	525,120
2041-2045	419,580	105,540	525,120
2046-2050	480,975	44,145	525,120
2051-2055	51,415	703	52,117
Totals	4,861,451	1,171,143	4,959,983

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

Note 6 – OPEB Plans

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan had 1 member, all retirees. As of December 31, 2020, the City's total OPEB liability was \$522,850, as calculated using the alternative measurement method. For the year ended December 31, 2020, the City paid \$11,187 in benefits.

Note 7 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

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

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

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

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	21,978.93	0.00303300%	3,530,540,000	107,081	
PERS 2/3	36,232.53	0.00394300%	1,278,943,000	55,647	
LEOFF 1		0.00124600%	(1,888,509,000)		(23,531)
LEOFF 2	12,218.37	0.006246%	(2,039,854,000)		(127,409)
		Totals		\$ 162,728	\$ (150,940)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8 - Property Tax

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

Property tax revenues are recognized when cash is received by 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 20__ was \$____ per \$1,000 on an assessed valuation of \$_____.

Note 9 – Risk Management

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

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

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

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

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

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

Note 10 – Joint Ventures, Component Unit(s), and Related Parties

The City of Tenino is engaged in a project to develop small agriculture and related businesses within the City. The City is developing an Ag Park on City owned land that will be leased by other entities and will involve future cost sharing. The City will issue LTGO bonds that can be drawn up to \$1,740,000.

The City of Tenino participates in LERMS (Thurston County's Law Enforcement Records Management System. LERMS is managed by the City of Olympia. The City of Tenino paid \$5,730 as its portion of system management costs in 2020.

Note 1 - Summary of Significant Accounting Policies

The City of Tenino was incorporated on July 24, 1906 and operates under the laws of the state of Washington applicable to a Code City. The city is a general purpose local government and provides Public Safety, Streets, Water, and Sewer Utilities.

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 <u>43.09</u> RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 4 - Deposits and Investments.

D. Capital Assets

The City of Tenino has no formal capital asset policy. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 120 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 720 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Comp Time may be accumulated up to 40 hours and is payable on separation or retirement. Payments are recognized as expenditures when paid. The cost of the compensated absence liability for the City as of December 31, 2019 is \$28,996.

F. Long-Term Debt

See Note 5 - 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. When expenditures that meet restrictions are incurred, the city intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

	Amount	
Fund Name	Reserved	Reason for Restriction
422- Sewer Reserve	\$100,000	USDA Reserve
310 - Capital Improvement	\$198,641	Restricted Revenue Sources
101 - Streets	\$11,884	Restricted Revenue Sources

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for all 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.

	I Appropriated				
Fund/Department	Amounts	Ac	tual Expenses	Va	riance
General Government Fund #001	1,059,933.00		1,068,246.52		-8,313.52
Quarry Pool Fund #002	46,468.00		36,751.47		9,716.53
Total 001 - General Government Fund #001	\$ 1,106,401.00	\$	1,104,997.99	\$	1,403.01
101 - City Street Fund #101	\$ 90,992.00	\$	117,261.03	\$	(26,269.03)
310 - Municipal Capital Imp Fund 310	\$ 931,969.00	\$	215,588.10	\$	716,380.90
Water Fund	230,032.00		241,111.64		-11,079.64
Water Capital Imp Fund	142,796.00		35,359.35		107,436.65
Total 401 - Water Fund	\$ 372,828.00	\$	276,470.99	\$	96,357.01
Sewer Fund	426,879.00		450,118.88		-23,239.88
Sewer Capital Improvement Fund	22,500.00		21,114.98		1,385.02
Sewer Reserve Fund	563,775.00		563,506.35		268.65
Total 410 - Sewer Fund	\$ 1,013,154.00	\$	1,034,740.21	\$	(21,586.21)
450 - Reserve Academy Operating Fund	\$ -	\$	2,250.00	\$	(2,250.00)
601 - SWWAIP Trust Fund	\$ 40,209.00	\$	45,846.41	\$	(5,637.41)
631 - Municipal Court Trust Fund #631	\$ 45,000.00	\$	51,026.05	\$	(6,026.05)

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

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

The City excluded \$563,776 from budgeted appropriations and \$1,164,324 of expenditures due to interfund transfers between consolidating funds.

Note 3 – Component Units, Joint Ventures and Related Parties

The City of Tenino participates in LERMS (Thurston County's Law Enforcement Records Management System. LERMS is managed by the City of Olympia. The City of Tenino paid \$3,093 as its portion of system management costs in 2019.

<u>Note 4 – Debt Service Requirements</u>

Debt Service

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

Year	Principal	Interest	Total Debt Service
2020	491188	76,658	565,640
2021	492,393	74,846	566,879
2022	493,632	73,247	565,013
2023	494,587	70,427	561,875
2024	496,213	65,661	562,318
2025-2029	1,247,337	373,253	551,300
2030-2034	319,299	205,821	525,120
2035-2039	366,021	159,099	525,120
2040-2044	419,580	105,540	525,120
2045-2049	480,975	44,145	525,120
2050-2054	51,415	703	52,117
Totals	\$ 5,352,639	\$ 1,249,400	\$ 5,525,623

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

Note 5 – Deposits and Investments

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

Type of Deposit or Investment		City	's own deposits & investments	Deposits & investments held by the City as an agent for other local governments, individuals, or private organizations.			Total
Deposits			3,153,723		2422		3,156,145
LGIP			330,076				330,076
	Totals	\$	3,483,799	\$	2,422	\$	3,486,221

It is the city'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 federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

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

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City. 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 1 member, all retirees. As of December 31, 2019, the City's total OPEB liability was \$467,268, as calculated using the alternative measurement method. For the year ended December 31, 2021, the City paid \$14,574 in benefits.

Note 7 – Pension Plans

A. State Sponsored Pension Plans

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

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

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

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

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

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 <u>www.ofm.wa.gov</u>.

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:							

Plan Type	Employer Contributions	Plan Liability / Asset	Allocation Percentage	NPL	NPA
PERS 1 UAAL	21375.3	3,845,355,000	0.00298100%	114,630	
PERS 2/3	31,449.57	971,340,000	0.00385100%	42,752	
LEOFF 1		(1,976,611,000)	0.00122000%		(24,115)
LEOFF 2	10923.55	(2,316,693,000)	0.00592500%		(137,264)
			Totals	\$ 157,382	\$ (161,379)

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 8 - Property Tax

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

Property tax revenues are recognized when cash is received by 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 \$_____ per \$1,000 on an assessed valuation of \$_____.

Note 9 – Risk Management

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

Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2019, 100 municipalities/entities participate in the AWC RMSA pool.

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

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Great American for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Allied World National Assurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The excess property coverage is purchased through Lexington Insurance Company and in 2019, AWC RMSA carried a retention of \$200,000 and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General	Obligation Debt/Liabilities					
263.56	Copier lease	4/29/2024	10,044	-	4,464	5,580
263.56	Postage Meter lease	4/1/2025	7,676	-	1,806	5,870
	Total General Obligatio	n Debt/Liabilities:	17,720	-	6,270	11,450
Revenue	and Other (non G.O.) Debt/Lial	oilities				
252.11	USDA-RD WWTP	4/4/2052	2,158,497	-	45,979	2,112,518
259.12	Comp Absences		24,628	6,312	-	30,940
252.11	AG Park LTGO	12/31/2023	22,450	-	-	22,450
264.30	Pension Liability		29,385	59,297	-	88,682
263.84	DWSRF Loan	10/1/2030	58,906	-	6,545	52,361
263.88	PRE-119	6/1/2025	215,526	-	53,882	161,644
263.88	PW044	6/1/2026	1,936,129	-	387,226	1,548,903
264.40	OPEB		589,017	-	37,160	551,857
	Total Revenue and	d Other (non G.O.) Debt/Liabilities:	5,034,538	65,609	530,792	4,569,355
		Total Liabilities:	5,052,258	65,609	537,062	4,580,805

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General	Obligation Debt/Liabilities					
251.11	Ag Park LTGO	12/1/2037	-	22,450	-	22,450
	Total General Obligat	ion Debt/Liabilities:	-	22,450	-	22,450
Revenue	and Other (non G.O.) Debt/L	abilities				
252.11	USDA-RD WWTP	4/4/2052	2,203,237	-	44,740	2,158,497
263.88	PRE-119	6/1/2025	269,408	-	53,882	215,526
263.88	PW044	6/1/2026	2,323,355	-	387,226	1,936,129
259.12	Comp Absences		27,764	-	3,136	24,628
264.30	Pension Liability		157,382	-	127,997	29,385
263.84	DWSRF Loan	10/1/2030	65,451	-	6,545	58,906
264.40	OPEB		522,850	66,167	-	589,017
	Total Revenue a	nd Other (non G.O.) Debt/Liabilities:	5,569,447	66,167	623,526	5,012,088
		Total Liabilities:	5,569,447	88,617	623,526	5,034,538

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue	and Other (non G.O.) Debt/L	iabilities				
259.12	Compensated Absences		28,996	-	1,232	27,764
264.30	Net Pension Liability		157,382	5,346	-	162,728
264.40	OPEB		467,268	55,582	-	522,850
263.84	DWSRF Loan	10/1/2030	71,997	-	6,546	65,451
263.88	PRE-119	6/1/2025	323,286	-	53,878	269,408
263.88	PW044	6/1/2026	2,710,580	-	387,225	2,323,355
252.11	USDA-RD WWTP	4/4/2052	2,246,772	-	43,535	2,203,237
	Total Revenue a	nd Other (non G.O.) Debt/Liabilities:	6,006,281	60,928	492,416	5,574,793
		Total Liabilities:	6,006,281	60,928	492,416	5,574,793

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue	and Other (non G.O.) Debt/Liabilit	ies				
263.84	DWSRF Corrosion Control Loan	10/1/2030	78,542	-	6,545	71,997
263.88	PWB PRE 119 Sewer Design	6/1/2025	377,171	-	53,882	323,289
263.88	PWB 044 Sewer Construction	6/1/2026	3,097,807	-	387,226	2,710,581
252.11	USDA-RD Bond	4/4/2052	2,289,134	-	42,362	2,246,772
259.12	Compensated Absences		33,990	-	4,994	28,996
264.30	Net Pension Liability		174,078	-	22,042	152,036
264.40	OPEB Liability		447,854	19,414	-	467,268
	Total Revenue and O D	her (non G.O.) ebt/Liabilities:	6,498,576	19,414	517,051	6,000,939
	T	otal Liabilities:	6,498,576	19,414	517,051	6,000,939

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, <u>www.sao.wa.gov</u>. 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.

Stay connected at sao.wa.gov

- Find your audit team
- <u>Request public records</u>
- Search BARS Manuals (<u>GAAP</u> and <u>cash</u>), and find <u>reporting templates</u>
- Learn about our <u>training workshops</u> and <u>on-demand videos</u>
- Discover <u>which governments serve you</u> — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

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