

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

		Total for All Funds (Memo Only)	001 Current Expense Fund	102 Rescue Unit One Fund	103 Street Fund
Beginning Cash and Investments					
30810	Reserved	1,596,675	-	-	-
30880	Unreserved	6,488,395	2,842,332	11,292	289,784
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	5,484,402	3,559,913	-	550,640
320	Licenses and Permits	231,640	231,640	-	-
330	Intergovernmental Revenues	848,778	326,598	1,266	161,875
340	Charges for Goods and Services	4,230,657	125,016	-	13,675
350	Fines and Penalties	114,943	73,962	-	-
360	Miscellaneous Revenues	217,033	96,860	417	24,509
Total Revenues:		11,127,453	4,413,989	1,683	750,699
Expenditures					
510	General Government	826,259	802,366	-	-
520	Public Safety	3,839,225	2,766,329	-	-
530	Utilities	2,645,777	-	-	-
540	Transportation	832,618	3,600	-	829,018
550	Natural and Economic Environment	183,056	183,056	-	-
560	Social Services	21,669	21,669	-	-
570	Culture and Recreation	257,322	162,393	-	-
Total Expenditures:		8,605,926	3,939,413	-	829,018
Excess (Deficiency) Revenues over Expenditures:		2,521,527	474,576	1,683	(78,319)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	277,410	9,410	-	268,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	87,452	44,731	-	-
381, 382, 395, 398	Other Resources	17,800	500	-	15,550
Total Other Increases in Fund Resources:		382,662	54,641	-	283,550
Other Decreases in Fund Resources					
594-595	Capital Expenditures	317,647	101,469	-	28,139
591-593, 599	Debt Service	888,907	95,394	-	-
597	Transfers-Out	277,410	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	87,193	44,731	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,571,157	241,594	-	28,139
Increase (Decrease) in Cash and Investments:		1,333,032	287,623	1,683	177,092
Ending Cash and Investments					
5081000	Reserved	1,943,362	-	-	-
5088000	Unreserved	7,474,758	3,129,958	12,976	466,879
Total Ending Cash and Investments		9,418,120	3,129,958	12,976	466,879

The accompanying notes are an integral part of this statement.

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

		104 Transportation Benefit Dist.	108 Drug Enforcement Fund	120 Ambulance / Ems Fund	130 Lodging Tax Fund
Beginning Cash and Investments					
30810	Reserved	1,065,688	-	-	-
30880	Unreserved	-	18,668	321,022	577,800
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	589,401	-	631,095	87,515
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	359,039	-
340	Charges for Goods and Services	-	-	453,722	-
350	Fines and Penalties	-	175	-	-
360	Miscellaneous Revenues	23,296	240	6,480	9,291
Total Revenues:		612,697	415	1,450,336	96,806
Expenditures					
510	General Government	-	-	23,893	-
520	Public Safety	-	8,223	1,064,673	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	94,929
Total Expenditures:		-	8,223	1,088,566	94,929
Excess (Deficiency) Revenues over Expenditures:		612,697	(7,808)	361,770	1,877
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	139,199	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	268,000	-	9,410	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		268,000	-	148,609	-
Increase (Decrease) in Cash and Investments:		344,697	(7,808)	213,161	1,877
Ending Cash and Investments					
5081000	Reserved	1,410,385	-	-	-
5088000	Unreserved	-	10,861	534,187	579,677
Total Ending Cash and Investments		1,410,385	10,861	534,187	579,677

The accompanying notes are an integral part of this statement.

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

		306 Municipal Cap Imprvmt	400 Sewer M & O Fund	409 Stormwater O & M	410 Sanitation O & M Fund
Beginning Cash and Investments					
30810	Reserved	-	530,987	-	-
30880	Unreserved	419,492	1,723,125	45,827	239,053
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	65,838	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	2,018,854	403,184	1,216,206
350	Fines and Penalties	-	13,602	13,602	13,602
360	Miscellaneous Revenues	7,770	41,794	941	5,435
Total Revenues:		73,608	2,074,250	417,727	1,235,243
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,099,889	414,325	1,131,563
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,099,889	414,325	1,131,563
Excess (Deficiency) Revenues over Expenditures:		73,608	974,361	3,402	103,680
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	42,721
381, 382, 395, 398	Other Resources	-	750	-	1,000
Total Other Increases in Fund Resources:		-	750	-	43,721
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	39,470	9,370	-
591-593, 599	Debt Service	-	757,607	-	35,906
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	42,462
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	797,077	9,370	78,368
Increase (Decrease) in Cash and Investments:		73,608	178,034	(5,968)	69,033
Ending Cash and Investments					
5081000	Reserved	-	532,977	-	-
5088000	Unreserved	493,101	1,899,173	39,862	308,084
Total Ending Cash and Investments		493,101	2,432,150	39,862	308,084

The accompanying notes are an integral part of this statement.

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

Note 1 - Summary of Significant Accounting Policies

The City of Clarkston was incorporated on August 4, 1902 and operates under the laws of the state of Washington applicable to a code city with a mayor-council form of government. The City of Clarkston is a general purpose local government and provides police, fire, ambulance, community development, parks, sewer, streets, surface water management, and sanitation services.

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPE:

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.

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 1.5 times the annual earnable amount for each employee and is payable upon separation or retirement. Sick leave may be accumulated up to 960 hours, with larger accumulative amounts as determined by collective bargaining agreements. Upon separation or retirement employees with a hire date prior to December 31, 2016 (or as otherwise authorized by CBA) are compensated for a portion of unused sick leave. Payments are recognized as expenditures when paid.

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:

Reserved Funds

405 - WWTP Const Fund	\$105,377
406 - Sewer Revenue Bond Fund	\$345,000
408 - SRF Loan Fund	\$82,600
104 - TBD Fund	\$1,410,385

Ending Cash/Investments**Reserved by:**

Debt requirement
Bond covenants
Loan agreements
RCW 36.73

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 follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 – General Fund	\$4,476,243	\$4,209,984	\$266,259
004 – CE Reserve *	\$0	\$0	\$0
006 – Emp Benefit Reserve *	\$0	\$0	\$0
007 – Community Projects *	\$38,650	\$38,650	\$0
010 – National Night Out *	\$1,000	\$522	\$488
011 – Victim’s Rights *	\$17,000	\$7,002	\$9,998
016 – Vehicle Reserve *	\$43,000	\$38,000	\$5,000
017 – DARE Fund *	\$0	\$0	\$0
037 - CDBG Fund *	\$0	\$0	\$0
102 – Rescue One	\$3,000	\$0	\$3,000
103 – Street Fund	\$1,257,525	\$857,155	\$400,370
104 – Trans Benefit District	\$319,400	\$268,000	\$51,400
105 – Street Reserve **	\$6,900	\$0	\$6,900
108 – Drug Enforcement	\$15,000	\$8,223	\$6,777
120 – Ambulance	\$1,363,717	\$1,279,171	\$84,546
121 – EMS Capital Reserve ***	\$0	\$0	\$0
130 – Lodging Tax	\$95,000	\$94,929	\$71
306 – Muni Cap Improvement	\$0	\$0	\$0
400 – Sewer O & M	\$2,062,030	\$1,960,915	\$101,115
401 – Sewer Equip Reserve +	\$48,000	\$38,500	\$9,500
402 – Sewer Line Reserve +	\$0	\$0	\$0
403 – Sewer Cap Replacement +	\$0	\$0	\$0
404 – Sewer Reserve +	\$0	\$0	\$0
405 – Sewer Construction +	\$0	\$0	\$0
406 – Sewer Revenue Bond +	\$346,750	\$343,741	\$3,009
407 – PWTF Loan Fund +	\$370,740	\$369,856	\$884
408 – SRF Loan Fund +	\$44,215	\$44,009	\$206
409 – Stormwater O & M	\$409,430	\$423,692	(\$14,262)
410 – Sanitation O & M	\$1,250,115	\$1,187,470	\$62,375
411 – Sanitation Equip Reserve ^	\$0	\$0	\$0

Funds marked with (*) roll up to 001, (**) roll to 103, (***) roll to 120, (+) roll to 400 and (^) roll to 410.

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

Note 3 – Deposits and Investments

LGIP investments are amortized value, U.S Government Securities are original value and Twin River Bank CD is reported at fair value. Investments by type at December 31, 2019 are as follows:

<u>Type of Investment</u>	<u>City's</u> own investments	Investments held by City as an agent for other local governments, individuals or private organizations.	Total
L.G.I.P.	\$4,408,462	-0-	\$4,408,462
U.S. Government Securities	\$4,782,792	-0-	\$4,782,792
Twin River Bank CD	\$253,978	-0-	\$253,978
Total	\$9,445,232	-0-	\$9,445,232

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.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City or its agent in the government's name.

Note 4 - Property Tax

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

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

The City's regular levy for the year 2019 was \$2.251193268434 per \$1,000 on an assessed valuation of \$450,653,094 for a total regular levy of \$1,014,507.

In 2019 the City also levied \$1.451951492452 per \$1,000 of the assessed valuation of \$437,870,435 (which is the adjusted assessed valuation deducting the senior citizen exemptions) for E.M.S. levy for a total additional levy of \$635,766.

Note 5 – Debt Service Requirements

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

The debt service requirements for general obligation bonds, revenue bonds and other debt (Public Works Trust Fund Loan) including both principle and interest, are as follows:

	Principal	Interest	Total Debt
2020	\$605,084	\$281,398	\$886,482
2021	\$617,635	\$272,047	\$889,682
2022	\$583,469	\$262,857	\$846,326
2023	\$589,356	\$253,897	\$843,253
2024	\$600,267	\$244,732	\$844,999
2025-2029	\$3,175,857	\$1,054,548	\$4,230,405
2030-2034	\$2,969,564	\$734,698	\$3,704,261
2035-2039	\$3,013,728	\$443,284	\$3,457,012
2040-2043	\$1,679,491	\$111,711	\$1,791,202
Totals	\$13,834,541	\$3,659,172	\$17,493,623

Note 6 - 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: Public Employees' Retirement System (PERS) and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

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

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

Department of Retirement Systems
Communications Unit
PO Box 48380

Olympia, WA 98504-8380

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

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

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

	Allocation %	Liability (Asset)
PERS 1	0.011766%	\$453,214
PERS 2/3	0.015192%	\$147,566
LEOFF 1	0.013430%	(\$265,459)
LEOFF 2	0.058260%	(\$1,349,705)
VFFRPF (Police)	0.06%	(\$41,090)
VFFRPF (Fire)	0.12%	(\$82,179)

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 7 – Risk Management

The City of Clarkston is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 163 members.

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

Liability coverage is written on an occurrence basis, with a vehicle deductible of \$1000 and a property deductible of \$25,000. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

The City of Clarkston is self-insured for unemployment claims. The City had one claim for the year ending December 31, 2019. The total amount of this claim was \$3,825.00. The City reviews the prior year claims and fiscal condition to determine the possible exposure.

Note 8 – OPEB Plans

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

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Clarkston. 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 eleven members, all retirees. As of December 31, 2019, the City of Clarkston's total OPEB liability was \$5,844,896, as calculated using the alternative measurement method. For the year ended December 31, 2019, the City of Clarkston paid \$203,064 in benefits.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	GO Bond, City Hall	12/1/2030	875,000	-	55,000	820,000
263.96	LOCAL #0197-5-1	6/1/2021	100,048	-	31,696	68,352
263.87	PWTF Loan PC 12-951-035	6/1/2041	8,044,146	-	349,746	7,694,400
Total General Obligation Debt/Liabilities:			9,019,194	-	436,442	8,582,752
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	SRF Loan #L1200009	6/30/2032	497,891	-	31,196	466,695
252.11	SEWER REVENUE BOND 2011	12/1/2041	1,860,000	-	55,000	1,805,000
252.11	SEWER REVENUE BOND 2013	12/1/2043	3,055,000	-	75,000	2,980,000
259.12	Compensated Absences		497,434	376,359	389,724	484,069
264.30	Pension Liabilities		714,954	-	114,944	600,010
264.40	OPEB Liabilities		-	5,844,896	-	5,844,896
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,625,279	6,221,255	665,864	12,180,670
Total Liabilities:			15,644,473	6,221,255	1,102,306	20,763,422