



Office of the Washington State Auditor  
Pat McCarthy

## Financial Statements and Federal Single Audit Report

# City of Ellensburg

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

*Published September 20, 2021*  
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## Office of the Washington State Auditor Pat McCarthy

September 20, 2021

Mayor and City Council  
City of Ellensburg  
Ellensburg, Washington

### **Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

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

Pat McCarthy, State Auditor  
Olympia, WA

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Ellensburg January 1, 2020 through December 31, 2020

## SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

### Financial Statements

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

Internal Control over Financial Reporting:

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

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

### Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the City’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## **Identification of Major Federal Programs**

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

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

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

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

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

## 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 Ellensburg** **January 1, 2020 through December 31, 2020**

Mayor and City Council  
City of Ellensburg  
Ellensburg, 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 Ellensburg, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 13, 2021.

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

As discussed in Note 14 to the financial statements, the full extent of COVID-19 pandemic's direct and indirect financial impact on the City is unknown.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

## **COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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



Pat McCarthy, State Auditor  
Olympia, WA  
September 13, 2021

## INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

### **City of Ellensburg** **January 1, 2020 through December 31, 2020**

Mayor and City Council  
City of Ellensburg  
Ellensburg, Washington

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

We have audited the compliance of the City of Ellensburg, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

September 13, 2021

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

#### **City of Ellensburg January 1, 2020 through December 31, 2020**

Mayor and City Council  
City of Ellensburg  
Ellensburg, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the City of Ellensburg, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 14.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

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

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

### **Basis for Adverse Opinion on U.S. GAAP**

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

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Ellensburg, as of December 31, 2020, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

### **Matters of Emphasis**

As discussed in Note 14 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Our opinion is not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

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

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

September 13, 2021

## **FINANCIAL SECTION**

**City of Ellensburg**  
**January 1, 2020 through December 31, 2020**

### **FINANCIAL STATEMENTS**

- Fund Resources and Uses Arising from Cash Transitions – 2020
- Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020
- Notes to the Financial Statements – 2020

### **SUPPLEMENTARY AND OTHER INFORMATION**

- Schedule of Liabilities – 2020
- Schedule of Expenditures of Federal Awards – 2020
- Notes to the Schedule of Expenditures of Federal Awards – 2020

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>120 STREET FUND</b>	<b>125 TRAFFIC IMPACT FEES</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	52,602,740	8,434,162	3,039,049	956,580
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	15,953,652	12,000,143	-	-
320	Licenses and Permits	615,571	610,229	5,342	-
330	Intergovernmental Revenues	4,016,487	1,236,243	1,604,333	-
340	Charges for Goods and Services	45,251,122	1,506,432	334,327	338,836
350	Fines and Penalties	121,923	115,324	-	-
360	Miscellaneous Revenues	1,272,531	279,509	61,724	7,620
Total Revenues:		67,231,286	15,747,880	2,005,726	346,456
<b>Expenditures</b>					
510	General Government	5,786,813	1,635,500	46,867	-
520	Public Safety	5,630,945	4,870,010	-	-
530	Utilities	28,661,890	-	-	-
540	Transportation	5,735,240	951,094	2,034,717	2,628
550	Natural/Economic Environment	2,499,653	1,906,122	-	-
560	Social Services	191,642	191,642	-	-
570	Culture and Recreation	3,149,834	3,149,834	-	-
Total Expenditures:		51,656,017	12,704,202	2,081,584	2,628
Excess (Deficiency) Revenues over Expenditures:		15,575,269	3,043,678	(75,858)	343,828
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	3,000,000	-	-	-
397	Transfers-In	3,587,786	-	2,835,086	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	3,279,360	102,765	-	-
Total Other Increases in Fund Resources:		9,867,146	102,765	2,835,086	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	11,507,256	-	2,455,147	-
591-593, 599	Debt Service	2,391,492	26,969	-	-
597	Transfers-Out	3,587,786	2,981,000	-	507,225
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	2,675,845	416,758	-	-
Total Other Decreases in Fund Resources:		20,162,379	3,424,727	2,455,147	507,225
<b>Increase (Decrease) in Cash and Investments:</b>		<b>5,280,036</b>	<b>(278,284)</b>	<b>304,081</b>	<b>(163,397)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	12,709,204	1,351,705	499,750	698,267
50841	Committed	289,653	174,376	-	-
50851	Assigned	38,256,042	1,920	2,843,380	94,916
50891	Unassigned	6,627,874	6,627,874	-	-
<b>Total Ending Cash and Investments</b>		<b>57,882,773</b>	<b>8,155,875</b>	<b>3,343,130</b>	<b>793,183</b>

*The accompanying notes are an integral part of this statement.*

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

		<b>127 TRANSPORTATI ON BENEFIT</b>	<b>130 CRIMINAL JUSTICE FUND</b>	<b>137 DRUG FUND</b>	<b>150 CATV OPERATIONS FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,911,881	1,797,548	30,099	124,395
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	1,192,711	1,196,526	-	73,724
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	919,156	18,103	-	-
340	Charges for Goods and Services	75,000	-	-	-
350	Fines and Penalties	-	-	6,599	-
360	Miscellaneous Revenues	20,691	13,523	171	631
Total Revenues:		<u>2,207,558</u>	<u>1,228,152</u>	<u>6,770</u>	<u>74,355</u>
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	718,142	4,970	-
530	Utilities	-	-	-	-
540	Transportation	1,483,710	-	-	-
550	Natural/Economic Environment	-	65,833	-	83,474
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>1,483,710</u>	<u>783,975</u>	<u>4,970</u>	<u>83,474</u>
Excess (Deficiency) Revenues over Expenditures:		<u>723,848</u>	<u>444,177</u>	<u>1,800</u>	<u>(9,119)</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389,	Other Resources	-	-	-	-
395, 398		-	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	243,150	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>243,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>480,698</b>	<b>444,177</b>	<b>1,800</b>	<b>(9,119)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,237,143	2,164,605	29,092	-
50841	Committed	-	-	-	115,277
50851	Assigned	155,436	77,121	2,807	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>2,392,579</b>	<b>2,241,726</b>	<b>31,899</b>	<b>115,277</b>

*The accompanying notes are an integral part of this statement.*

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

		<b>160 PARK ACQUISITION FUND</b>	<b>165 LODGING TAX FUND</b>	<b>172 HOUSING FUND</b>	<b>210 DEBT SERVICE FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	775,991	344,014	939,353	25,523
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	353,445	675,865	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,838	-	-	-
340	Charges for Goods and Services	108,482	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	6,320	7,517	6,082	-
Total Revenues:		116,640	360,962	681,947	-
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	394,224	50,000	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	394,224	50,000	-
Excess (Deficiency) Revenues over Expenditures:		116,640	(33,262)	631,947	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	540,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389,	Other Resources	-	-	35,917	-
395, 398		-	-	-	-
Total Other Increases in Fund Resources:		-	-	35,917	540,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	431,065	-	-	-
591-593, 599	Debt Service	-	-	248	203,146
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	35,917	-
Total Other Decreases in Fund Resources:		431,065	-	36,165	203,146
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(314,425)</b>	<b>(33,262)</b>	<b>631,699</b>	<b>336,854</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	413,978	249,669	1,550,062	-
50841	Committed	-	-	-	-
50851	Assigned	47,588	61,083	20,989	362,378
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>461,566</b>	<b>310,752</b>	<b>1,571,051</b>	<b>362,378</b>

*The accompanying notes are an integral part of this statement.*

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

		<b>225 2010 DEBT SERVICE FUND</b>	<b>230 2003 LIBRARY CONSTR DEBT</b>	<b>340 '17 Facility Bond Capital Proj</b>	<b>366 SIDEWALK FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	39,972	97,323	2,723,264	689,169
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	174,426	-	286,812
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	77,278
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	21,116
Total Revenues:		<hr/>	174,426	<hr/>	385,206
<b>Expenditures</b>					
510	General Government	-	-	1,310	-
520	Public Safety	-	-	28,002	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	209,518
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<hr/>	<hr/>	29,312	209,518
Excess (Deficiency) Revenues over Expenditures:		-	174,426	(29,312)	175,688
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	212,700	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	340,000	-
Total Other Increases in Fund Resources:		<hr/>	<hr/>	340,000	<hr/>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	2,497,861	23,537
591-593, 599	Debt Service	212,900	175,900	-	-
597	Transfers-Out	-	-	-	99,561
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	4,832
Total Other Decreases in Fund Resources:		<hr/>	<hr/>	2,497,861	127,930
<b>Increase (Decrease) in Cash and Investments:</b>					
		(200)	(1,474)	(2,187,173)	47,758
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	90,475	-	645,251
50841	Committed	-	-	-	-
50851	Assigned	39,772	5,374	536,091	91,675
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<hr/>	<hr/>	536,091	736,926

*The accompanying notes are an integral part of this statement.*

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

		<b>431 STORMWATER UTILITY FUND</b>	<b>451 TELECOMM. UTILITY FUND</b>	<b>461 NATURAL GAS UTILITY FUND</b>	<b>471 ELECTRIC UTILITY FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	719,111	185,816	2,249,207	7,590,724
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	19,888	9,322	1,274	2,304
340	Charges for Goods and Services	1,391,462	283,315	6,538,109	18,637,849
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	18,364	1,804	43,959	149,978
Total Revenues:		<u>1,429,714</u>	<u>294,441</u>	<u>6,583,342</u>	<u>18,790,131</u>
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	938,109	170,190	5,674,023	14,666,595
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>938,109</u>	<u>170,190</u>	<u>5,674,023</u>	<u>14,666,595</u>
Excess (Deficiency) Revenues over Expenditures:		<u>491,605</u>	<u>124,251</u>	<u>909,319</u>	<u>4,123,536</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	3,000,000	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	371,854	1,171,161
Total Other Increases in Fund Resources:		<u>3,000,000</u>	<u>-</u>	<u>371,854</u>	<u>1,171,161</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,846,915	43,747	450,376	1,019,942
591-593, 599	Debt Service	100,975	19,072	52,115	603,425
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	382,493	829,098
Total Other Decreases in Fund Resources:		<u>2,947,890</u>	<u>62,819</u>	<u>884,984</u>	<u>2,452,465</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>543,715</b>	<b>61,432</b>	<b>396,189</b>	<b>2,842,232</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	467,144	-	171,253	862,771
50841	Committed	-	-	-	-
50851	Assigned	795,683	247,248	2,474,142	9,570,186
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,262,827</b>	<b>247,248</b>	<b>2,645,395</b>	<b>10,432,957</b>

*The accompanying notes are an integral part of this statement.*

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

		<b>481 WATER UTILITY FUND</b>	<b>491 SEWER UTILITY FUND</b>	<b>531 SHOP FUND</b>	<b>540 HEALTH/BENEF ITS FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	5,828,727	3,519,742	7,265,651	1,009,544
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	23,316	47,597	34,976	-
340	Charges for Goods and Services	5,393,994	4,529,701	2,176,773	2,038,903
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	328,191	168,616	91,299	23,972
Total Revenues:		<u>5,745,501</u>	<u>4,745,914</u>	<u>2,303,048</u>	<u>2,062,875</u>
<b>Expenditures</b>					
510	General Government	-	-	-	2,328,276
520	Public Safety	-	-	-	-
530	Utilities	3,714,985	3,497,988	-	-
540	Transportation	-	-	1,053,573	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>3,714,985</u>	<u>3,497,988</u>	<u>1,053,573</u>	<u>2,328,276</u>
Excess (Deficiency) Revenues over Expenditures:		<u>2,030,516</u>	<u>1,247,926</u>	<u>1,249,475</u>	<u>(265,401)</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389,	Other Resources	489,426	475,099	40,041	253,097
395, 398					
Total Other Increases in Fund Resources:		<u>489,426</u>	<u>475,099</u>	<u>40,041</u>	<u>253,097</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	603,756	653,048	206,767	-
591-593, 599	Debt Service	633,126	363,616	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	481,829	489,001	35,917	-
Total Other Decreases in Fund Resources:		<u>1,718,711</u>	<u>1,505,665</u>	<u>242,684</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>801,231</b>	<b>217,360</b>	<b>1,046,832</b>	<b>(12,304)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	841,003	437,036	-	-
50841	Committed	-	-	-	-
50851	Assigned	5,788,956	3,300,065	8,312,481	997,240
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>6,629,959</b>	<b>3,737,101</b>	<b>8,312,481</b>	<b>997,240</b>

*The accompanying notes are an integral part of this statement.*

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

		<b>545 RISK MANAGEMENT FUND</b>	<b>550 IT FUND</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	1,176,677	1,129,218
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	17,157	3,702
340	Charges for Goods and Services	687,191	1,210,748
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	8,090	13,354
Total Revenues:		<u>712,438</u>	<u>1,227,804</u>
<b>Expenditures</b>			
510	General Government	677,390	1,097,470
520	Public Safety	9,821	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		<u>687,211</u>	<u>1,097,470</u>
Excess (Deficiency) Revenues over Expenditures:		<u>25,227</u>	<u>130,334</u>
<b>Other Increases in Fund Resources</b>			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
381, 382, 389,	Other Resources	-	-
395, 398		-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	-	31,945
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		<u>-</u>	<u>31,945</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>25,227</b>	<b>98,389</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	1,201,903	1,227,608
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>1,201,903</b>	<b>1,227,608</b>

*The accompanying notes are an integral part of this statement.*

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

		<b>Custodial</b>
308	Beginning Cash and Investments	974
388 & 588	Net Adjustments	-
310-390	Additions	222,298
510-590	Deductions	<u>221,481</u>
	Net Increase (Decrease) in Cash and Investments:	817
508	Ending Cash and Investments	1,791

*The accompanying notes are an integral part of this statement.*

**City of Ellensburg, Washington**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**Note 1 – Summary of Significant Accounting Policies**

The City of Ellensburg was incorporated on November 26, 1883 and operates under the laws of the state of Washington applicable to a Noncharter Code City. The City is a general-purpose local government and provides public safety, animal control, street improvement, transit services, parks and recreation, library services, planning and zoning, and general administration.

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

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

**Debt Service Funds**

These funds account for the financial resources that are restricted, committed, or assigned to

expenditures for principal, interest and related costs on general long-term debt.

**Capital Projects Funds**

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

**PROPRIETARY FUND TYPES:**

**Enterprise Funds**

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

**Internal Service Funds**

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

**FIDUCIARY FUND TYPES:**

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

**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 2, *Deposits and Investments*.

**D. Capital Assets**

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

**E. Compensated Absences**

Vacation leave may be accumulated up to 30 days, is payable upon separation, retirement, or death. Paid time off (PTO) has a maximum accumulation dependent on years of service. Sick leave may be

accumulated indefinitely. Fifty percent of a maximum of 960 hours of outstanding sick leave is payable upon resignation, retirement, or death to those employees hired prior to July 1, 1985. As of December 31, 2020, the City has one employee employed prior to July 1, 1985. Payments are recognized as expenditures when paid.

**F. Long-Term Debt**

See Note 6, *Debt Service Requirements*.

**G. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments is reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by City Council ordinance or resolution. 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	Amount	Reason
General	1,351,705	External Restriction/Restrictions by Donors/COVID 19 Grant
Street	499,750	Unexpended portion of Complete Streets Award Program
Traffic Impact Fees	698,267	Traffic Impact Fees Restricted by law RCW 82.02.050
Transportation Benefit District	2,237,143	RCW 82.14.045 Voter approved sales tax
Criminal Justice	2,164,605	Local Criminal Justice Tax RCW 82.14.340(4)-(5)
Drug Fund	29,092	RCW 69.50.505
CATV Operations Fund	115,277	Cable TV Utility Tax
Park Acquisition	413,978	Gas tax is externally restricted RCW 46.68.110/RCW 47.24.040
Lodging Tax	249,669	RCW 67.28.180
Housing	1,550,062	RCW 82.14.045 Voter Approved Sales Tax & State Affordable Housing Credit
Debt Service - 210	90,475	Bond Reserve Requirements
Capital Fund - Sidewalk Fund	645,251	Capital Projects identified in RCW 82.46.030 and 82.45.180
Enterprise - Stormwater	467,144	Bond Reserve Requirements
Enterprise - Natural Gas Utility	171,253	Bond Reserve Requirements
Enterprise - Electric Utility	862,771	Bond Reserve Requirements
Enterprise - Water Utility	841,003	Bond Reserve Requirements
Enterprise - Sewer Utility	437,036	Bond Reserve Requirements

**Note 2 – Deposits and Investments**

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

Type of Investment	City of Ellensburg's Own Deposits and Investments		Deposits held by City of Ellensburg as custodian for individuals		Total
Bank deposits	\$ 3,055,617		\$ 1,791	\$ 3,057,408	
L.G.I.P.		40,320,511			40,320,511
U.S. Government securities		14,506,645			14,506,645
<b>Total</b>	<b>\$ 57,882,773</b>		<b>\$ 1,791</b>	<b>\$ 57,884,564</b>	

It is the city's policy to invest all temporary cash surpluses. The interest on the LGIP investment is prorated to the various funds and the investments held by fund retains the investment income.

#### 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](http://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.

#### Compensating Balances

The amounts previously referred to as bank balance, also includes a compensating balance maintained with U.S. Bank in lieu of payments for services rendered. The average compensating balance maintained during 2020 was approximately \$5,144,671.

### Note 3 – Budget Compliance

#### A. Budgets

The City adopts biennial appropriated budgets for thirty-five funds. These budgets are appropriated at the fund level. Several managerial funds, combined for annual financial reporting purposes, are appropriated as separate funds. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the fiscal year end.

Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. Intrafund transactions between managerial funds are reported both as appropriated and actual expenditures in the table below.

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

	2020 EXP Orig Budget	2020 Exp Final Budget	2020 Actual Expenses	2020 Exp Admin Reimbursements	2020 Exp 400/441 Reallocation	2020 Exp less Admin and 400/411 allocations	2020 Exp less Admin and 400/411 allocations Variance
General Fund	15,624,747	15,529,224	12,686,470	(2,129,112)	-	14,815,582	713,643
Sales Tax Reserve Fund	4,776,317	6,104,317	6,104,317	-	-	6,104,317	0
Art Acquisition Fund	50,591	93,057	86,203	-	-	86,203	6,854
CARES Act CRF Fund	-	598,800	385,051	-	-	385,051	213,749
Library Trust Fund	8,800	8,800	581	-	-	581	8,220
Hal Holmes Trust Fund	10,000	10,000	-	-	-	-	10,000
Fire Relief & Pension Trust Fund	142,351	142,351	110,187	-	-	110,187	32,164
<b>Totals</b>	<b>20,612,806</b>	<b>22,486,549</b>	<b>19,372,808</b>	<b>(2,129,112)</b>	<b>-</b>	<b>21,501,920</b>	<b>984,630</b>
Street Fund	2,455,796	2,169,422	1,497,192	-	-	1,497,192	672,230
Arterial Street Fund	2,307,000	4,111,651	3,039,538	-	-	3,039,538	1,072,113
Traffic Impact Fees Fund	630,000	728,198	509,853	-	-	509,853	218,345
Public Transit Fund	1,341,080	2,451,454	1,726,860	-	-	1,726,860	724,594
Criminal Justice Sales Tax Fund	854,889	1,301,938	783,975	-	-	783,975	517,963
Drug Fund	1,600	15,000	4,970	-	-	4,970	10,030
Ellensburg Community TV	103,473	103,473	83,474	-	-	83,474	19,999
Parks Acquisition Fund	-	458,037	431,065	-	-	431,065	26,972
Lodging Tax Fund	598,000	472,000	394,224	-	-	394,224	77,776
Housing Fund	332,500	190,000	86,165	-	-	86,165	103,835
<b>Totals</b>	<b>8,624,339</b>	<b>12,001,173</b>	<b>8,557,315</b>	<b>-</b>	<b>-</b>	<b>8,557,315</b>	<b>3,443,858</b>
Facilities Improvement Debt Service	20,000	210,000	203,146	-	-	203,146	6,855
2010 Maintenance Bond Debt Service	212,900	212,900	212,900	-	-	212,900	-
Library Bond Debt	175,900	175,900	175,900	-	-	175,900	-
<b>Totals</b>	<b>408,800</b>	<b>598,800</b>	<b>591,946</b>	<b>-</b>	<b>-</b>	<b>591,946</b>	<b>6,855</b>
Capital Improvement Bond Projects	2,833,835	2,755,121	2,527,173	-	-	2,527,173	227,948
Sidewalk Fund	300,000	627,167	337,448	-	-	337,448	289,719
<b>Totals</b>	<b>3,133,835</b>	<b>3,382,288</b>	<b>2,864,621</b>	<b>-</b>	<b>-</b>	<b>2,864,621</b>	<b>517,667</b>
Stormwater Utility Fund	1,199,931	1,253,505	1,005,431	-	-	1,005,431	248,074
Stormwater Bond Fund	-	2,883,612	2,880,567	-	-	2,880,567	3,045
Telecommunications Utility Fund	143,614	289,231	233,009	-	-	233,009	56,222
Gas Utility Fund	6,557,793	7,172,654	6,559,006	-	382,493	6,176,513	996,141
Electric Utility Fund	17,808,640	18,152,274	17,119,059	-	829,098	16,289,962	1,862,312
Water Utility Fund	6,876,661	6,021,162	5,490,716	-	480,406	5,010,311	1,010,852
Water Construction Fund	1,650,000	329,988	199,631	-	-	199,631	130,357
Sewer Utility Fund	5,487,797	4,922,345	5,003,654	-	488,692	4,514,961	407,383
<b>Totals</b>	<b>39,724,436</b>	<b>41,024,771</b>	<b>38,491,074</b>	<b>-</b>	<b>2,180,688</b>	<b>36,310,386</b>	<b>4,714,386</b>
Shop Fund	1,642,326	1,709,787	1,296,259	-	-	1,296,259	413,529
Health & Benefits Fund	2,211,915	2,814,621	2,328,276	-	-	2,328,276	486,345
Risk Management Fund	508,842	798,842	687,211	-	-	687,211	111,631
Information Technology Fund	1,262,731	1,709,532	1,129,415	-	-	1,129,415	580,117
<b>Totals</b>	<b>5,625,814</b>	<b>7,032,782</b>	<b>5,441,161</b>	<b>-</b>	<b>-</b>	<b>5,441,161</b>	<b>1,591,621</b>

The City of Ellensburg reported the Utility Deposit Fund (441) as a separate unbudgeted fund until the Office of the State Auditor asserted those funds to be managerial funds of the distinct Utility Funds. Deposits are not collected by the separate funds. The City established a percentage allocation based on

revenue. The resulting revenues and expenditures are a result of complying with the allocation of deposits for annual financial reporting purposes only, and not for purposes of enterprise fund budget compliance. The utility funds do not collect this “revenue” or budget for this “expenditure”. Therefore, the reporting of this 400/441 reallocation is for annual financial reporting purposes only.

Budgeted amounts are authorized to be transferred within funds; 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 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 2020-2021 was \$1.729159 per \$1,000 on an assessed valuation of \$1,947,143,644 for a total regular levy of \$3,366,920.96. In addition, the levy for debt service on a voter approved bond issue was \$0.094378 per \$1,000 on an assessed valuation of \$1,854,229,581 for a total of \$174,998.48.

#### **Note 5 - Interfund Loans**

The City has an outstanding interfund loan in the total amount of \$309,657. This loan is from the Electric Fund to the General Fund to defease the 2001 & 2002 G.O. bonds.

The following table displays interfund loan activity during 2020:

Borrowing Fund	Lending Fund	Balance	Additions	Repayments	Balance
		01/01/2020			12/31/2020
General Fund	Light Fund	644,657	-	335,000	309,657
Affordable Housing	Shop Fund		35,917	35,917	-
		644,657	35,917	370,917	309,657

#### **Note 6 – Long-Term Debt**

##### **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, 2020.

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

<b>General Obligation Bonds</b>			
	Principal	Interest	Total
2021	\$ 310,000	\$ 290,784	\$ 600,784
2022	\$ 681,675	\$ 278,250	\$ 959,926
2023	\$ 521,954	\$ 257,497	\$ 779,451
2024	\$ 537,525	\$ 241,301	\$ 778,826
2025	\$ 553,396	\$ 223,430	\$ 776,826
2026-2030	\$ 3,071,168	\$ 814,460	\$ 3,885,629
2031-2035	\$ 2,463,210	\$ 348,418	\$ 2,811,629
2036-2040	\$ 1,086,072	\$ 38,580	\$ 1,124,651
<b>Total</b>	<b>\$ 9,225,000</b>	<b>\$ 2,492,721</b>	<b>\$ 11,717,721</b>

**General Obligation Debt Issued for Business-Type Activities**

	Principal	Interest	Total
2021	\$ 12,309	\$ 6,763	\$ 19,072
2022	\$ 12,656	\$ 6,416	\$ 19,072
2023	\$ 13,013	\$ 6,059	\$ 19,072
2024	\$ 13,380	\$ 5,693	\$ 19,072
2025	\$ 13,757	\$ 5,315	\$ 19,072
2026-2030	\$ 74,825	\$ 20,535	\$ 95,360
2031-2035	\$ 85,986	\$ 9,374	\$ 95,360
2036-2040	\$ 18,679	\$ 393	\$ 19,072
<b>Total</b>	<b>\$ 244,604</b>	<b>\$ 60,549</b>	<b>\$ 305,153</b>

**Revenue Bonds**

	Principal	Interest	Total
2021	\$ 1,238,483	\$ 506,336	\$ 1,744,820
2022	\$ 1,399,975	\$ 474,228	\$ 1,874,203
2023	\$ 1,192,875	\$ 439,216	\$ 1,632,091
2024	\$ 1,217,308	\$ 408,668	\$ 1,625,977
2025	\$ 1,257,300	\$ 373,231	\$ 1,630,531
2026-2030	\$ 6,092,729	\$ 1,296,751	\$ 7,389,480
2031-2035	\$ 3,288,589	\$ 462,666	\$ 3,751,255
2036-2040	\$ 857,793	\$ 60,326	\$ 918,119
<b>Total</b>	<b>\$ 16,545,053</b>	<b>\$ 4,021,422</b>	<b>\$ 20,566,475</b>

**Assesment Debt/Liabilities (with commitments)**

	Principal	Interest	Total
2021	\$ 16,683	\$ 4,337	\$ 21,021
2022	\$ 16,683	\$ 3,336	\$ 20,020
2023	\$ 7,414	\$ 1,779	\$ 9,193
2024	\$ 7,414	\$ 4,115	\$ 11,529
2025	\$ 7,207	\$ 890	\$ 8,097
2026-2030	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 55,401</b>	<b>\$ 14,458</b>	<b>\$ 69,859</b>

*General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally 20-year serial bonds with equal amounts of payments each year.*

The 2014 Unlimited Tax Obligation Refunding Bonds were sold to provide funds with which to pay costs associated with remodeling, expanding, and equipping the Ellensburg Public Library and Hal Holmes Community Center in the City and making related capital improvements, and to levy those excess property taxes.

The 2010 Limited Tax General Obligation Bonds were sold to provide funds necessary to pay and reimburse a portion of the costs necessary for several capital projects, including: roof replacement of various municipal buildings; renovations at the City's pool facility and various other recreational properties and facilities; upgrade of an audio system for Council chamber; various transportation related improvements, including traffic signal and road projects, and parking improvements; and a flood plain improvement project.

The 2017 Facilities Capital Bonds were sold to provide funds with which to pay costs associated with remodeling, expanding, and equipping the Ellensburg Police Department and other related capital improvements.

The 2016 Limited Tax General Obligation Bonds were sold to provide funds necessary to repay an interfund loan and to provide funds for long term financing of the City's telecommunication infrastructure. This is a General Obligation Debt issued for Business-Type activities. The bond will mature in 2036.

*Revenue bonds are bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council, and financed from Enterprise Fund revenues.*

2010 Water/Sewer Ref (99) Bonds for the purpose of paying the cost of carrying out of the system or plan of addition to and betterments and extension of the waterworks utility. The bonds matured in 2020.

2010 Water/Sewer Revenue Bonds for the purpose of paying the cost of carrying out the system or plan of addition to and betterments and extension of the waterworks utility. These include drilling of deep wells, extend water and sewer mains and replace the bio-solid thickening equipment. These bonds will mature in 2029.

2013 Water Bonds for the purpose of paying the cost of carrying out of the system or plan of addition to and betterments and extension of the waterworks utility. Construction of two well houses and the installation of pumps, motors, and electronic control systems and if funds are available the City shall make other improvements to the Waterworks Utility. The bonds will mature in 2022.

2014 Electric Refunding/Revenue Bonds for the purpose of providing funds to refund outstanding electric revenue bonds of the City and to finance the cost of a new substation of the City's electric Utility. The bonds will mature in 2032.

2016 Water/Sewer Refunding (2010) Bonds for the purpose of providing funds to refund outstanding water/sewer revenue bonds of the City. These bonds will mature in 2029.

2016 Gas Bonds for the purpose of proving funds to pay or reimburse the costs of certain capital improvements to and extension of the Natural Gas Utility. These bonds will mature in 2036.

2020 Waterworks Bonds for the purpose of funding capital improvements to the Stormwater Utility including the purchase of 56 acres of active floodplain, construction of a fish-passable bridge and three

flood swales, and construction of a setback levee. All draws must be completed by December 31, 2021. The bonds will mature in 2039.

Significant Debt Agreement Terms

Debt	Clause
2014 UTO Refunding Bonds	If any Bond is not redeemed when properly presented at maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on the bond redemption fund hereinafter created and the Bond has been called for payment by giving notice of that call to the registered owner thereof.
2010 LTGO Bonds	If any Bond is not redeemed when properly presented at maturity or call date, the City will pay interest on that Bond at the same rate provided on the Bond from and after its maturity or call date until that Bond is paid in full or until sufficient money for its payment in full is on deposit in a special account created by the City for such purpose.
2010 Water/Sewer Refunding and Revenue Bonds	If the City fails to make a payment on the Bonds or does not comply with the covenants in the Bond Ordinance, a bond owner has remedies permitted under State law, including without limitation, the remedies provided in RCW 35.67.108 and RCW 35.92.160.
2016 Gas Bonds	If the principal of the Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for the redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Debt Service Account, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.
2020 Waterworks	If the principal of the Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for the redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

*Assessment Debt or Conduit Debt obligations are debt instruments issued for the express purpose of providing financing for a third party that is not part of the financial reporting entity.*

Local Improvement District (LIDS) are a means of assisting benefiting properties in financing needed capital improvements through the formation of special assessment districts. All financing was secured through Cashmere Valley Bank, Ellensburg, WA. For the 2020 fiscal year the City had one active LID, Helena Street assigned LID #2004-1 and the improvements were street and utility related.

**Note 7 – Pension Plans**

A. State Sponsored Pension Plans

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

Public Employees' Retirement System (PERS)  
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 that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

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

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

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:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	485,991	0.067056%	2,367,439
PERS 2/3	789,021	0.085649%	1,095,402
LEOFF 1		0.040764%	(769,832)
LEOFF 2	111,905	0.057205%	(1,166,898)

#### 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. Local Government Pension Plans

The City is the administrator of a pension retirement system called the Fire Relief and Pension Fund; a single employer defined benefit plan. The system provides retirement, disability, and death benefits to members and beneficiaries. The system is closed with no active members.

As of December 31, 2020, there were a total of 7 individuals covered by this system. Five of them are retirees and two are widows of retirees. The net pension liability as reported on the Schedule of Liabilities was \$277,803.

Firefighters' Pension Fund (RCW 41.16.050) – The State contributes 25% of the taxes on fire insurance premiums to these plans and is considered a non-employer contributing entity. The amount of these contributions received in 2020 was \$141,193. This is not considered a special funding situation.

### **Note 8 – Risk Management**

#### **A. Pool Insurance**

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

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

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

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

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

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

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

#### B. Partial Self Insurance

As of December 31, 2020, the City is partially self-insured for its employee health and benefits program. The City purchased individual and stop loss insurance to limit its risk exposure. The City will pay up to \$90,000 in claims for an individual employee with an aggregating specific deductible of \$45,000 and up to \$2.069 million or 100% of the first monthly aggregate deductible times 12 for the entire group. Once the maximum amount is exceeded then the insurance companies take over. To cover the two million, the City has \$2.039 million in operating revenues in 2020. In 2020 the City had \$199,340 in stop loss recoveries. The City has not exceeded the insurance coverage in the first 7 years of the program.

#### **Note 9 - Joint Operations with the County**

The City of Ellensburg and Kittitas County entered into a cooperative service enterprise to purchase and operate the facility previously known as the City/County Community Center (currently known as the Adult Activity Center), effective July 19, 1977. The \$62,500 in initial costs of the facility were split \$46,875 to the City and \$15,625 to the County. The City is responsible for operating and maintaining the facility. The City accounts for the operations of the facility in the Recreation Department of the General Fund. The 2020 operations are as follows:

	Budget	Actual
Kittitas County	60,530	60,530
City of Ellensburg	121,175	103,969
Tour Fees	30	30
Other Revenues	11,014	15,425
<b>Total Support</b>	<b>192,749</b>	<b>179,954</b>

A copy of the agreement can be obtained from the City of Ellensburg Finance Department.

#### **Note 10 - Related Party**

Organizations for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable, are related organizations. The City had a Related Organization relationship with Ellensburg Business Development Authority (EBDA), doing business as CenterFuse, a Washington State non-profit corporation until November 12, 2020. On that date, the City and EBDA entered into an Interlocal Agreement that terminated the existing agreement and EBDA obtained administrative and financial services independent of the City. The Ellensburg City Council by Ordinance 3895, adopted November 15, 1995, created EBDA and approved a Charter for the Authority's operation. The charter (organized pursuant to RCW 35.21.730-.755) provides for undertaking, assisting, facilitating, promoting or providing for business development. EBDA is a stand-alone entity with its own board and authority to control their own assets and liabilities.

#### **Note 11 – Other Post-Employment Benefits (OPEB) Plans**

During the year ending 2019, the City of Ellensburg adopted guidance for the presentation and disclosure

of post-employment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a post-employment benefit liability reported on the Schedule of Liabilities.

The City administers two closed, single employer, defined OPEB plans designed for post-employment health care benefits to 20 police and firefighters who are retired or disabled. Both plans require expenses to be approved by the Kittitas County LEOFF Disability Board. They are the Law Enforcement Officers' and Fire Fighters Retirement System Plan One (LEOFF 1), as required by Washington State law RCW 41.26.150 and the Fire Relief and Pension Plan which provides for pre-LEOFF 1 police and firefighters who retired or disabled.

The Fire Relief and Pension Plan, which pre-dates the Law Enforcement Officers' and Fire Fighters Retirement System Plan, is addressed in RCW 41.26.150(1) which states 'in the case of active or retired firefighters the employer may make the payments provided in this section from the firefighters pension fund established pursuant to RCW 41.16.050 where the fund had been established prior to March 1, 1970. If this pension fund is depleted, the employer shall have the obligation to pay all benefits payable under chapters 41.16 and 41.18 RCW'.

The LEOFF 1 retiree medical plan is directed and defined by the State of Washington Revised Code RCW 41.26.150, states in part 'whenever any active member, or any member hereafter retired, on account of service, sickness, or disability, not caused or brought on by dissipation or abuse, of which the disability board shall be the judge, is confined in any hospital or in home, and whether or not so confined, requires medical services, the employer shall pay for the active or retired member the necessary medical services not payable from some other source as provided for in subsection (2) of this section'.

For both plans, to qualify for medical services, the employee needs to only be active or disability retired, or the employee's service retirement date is that day following separation from LEOFF employment with the City. Employees may retire after 5 years of service after reaching age 50. Employees with 20 years of service who leave employment before retirement age are eligible for medical benefits upon reaching age 50. Insurance for retired individuals is provided through the employer's group plan, which covers both active and qualified retired members. The medical services cover active and retired members only. Spouses are not eligible. Health insurance premiums are paid monthly, and other medical services are paid as billings are presented for payment.

Employer contributions are financed on a pay-as-you-go basis. During 2020, expenditures of \$304,497 were recognized for other post-employment benefits.

The City of Ellensburg's OPEB liability as of December 31, 2020 was \$8,799,394 and was calculated using the Office of the Washington State Actuary alternative measurement method tool.

#### **Note 12 – Contingencies and Litigations**

The City does not have any contingent liabilities that would not be within the limits of the City's self-insured coverage with WCIA.

#### **Note 13 – Construction Commitment**

The City has active construction projects as of December 31, 2020.

These projects commitments include:

Project	Spent	Amount Remaining on Contract
Dolarway Bridge/Reecer Creek Levee Design 17-133	216,297	25,955
Main Street Signal Enhancements 18-073	151,373	37,731
Willow Street Improvements 18-084	10,351	7,292
University Way Gateway Project 17-114 & 18-102	256,504	56,526
CBD Sidewalk Repair 19-025	32,893	10,445
Bridge Load Ratings Update 19-075	29,344	10,017
Water System Plan Update 17-135 & 19-090	170,011	38,486
Fifth & Railroad Signalization 19-094	24,761	20,739
18th & Walnut Signalization 19-106	407,468	243,462
Dean Nicholson Blvd & Wildcat Way Signalization 19-106	385,454	236,327
North Campus Signalization - Utility Portion	229,639	11,426
Illinois Well Outfitting 19-110	239,329	156,877
Sidewalk Repair Program 20-022	410,128	39,554
Cured in Place Sewer Main 20-040	151,274	13,418
WwTF Aerators 20-065	0	80,575
Ridgeview Lane Sewer Main 20-080	0	88,129
Anderson Road Sewer Main 20-088	14,527	134,073
Central Transit Information Platform 20-109	0	41,000
Natural Gas System Plan	10,297	37,603
Light Transformer Refurbish	0	20,000
Light Disposal/Scraping of Mineral Oil-Filled Transformers, Electrical Equipment or Equipment Oil	0	20,000
Light Substation Inspection	0	70,925

#### Note 14 – COVID-19 Pandemic

##### **COVID 19**

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

The actual and even the potential financial or operational impact on the City, is still not known as this time. We continue to update what we feel is the potential financial and operational impacts as information becomes available. Unfortunately, with no “end date” to the current pandemic, impacts have continued to change daily as the re-opening our state continues to be pushed back. Year-end tax revenue for all tax sources was originally projected to come in 18.52% below budget. The City had sufficient reserves to carry us through the projected funding decreases for 2020. Fortunately, year-end tax revenue for all tax sources came in at 3% higher than final budget and 2020 tax revenue was 2% less than 2019 actual revenue. Staff continues to evaluate all purchases for need and only approves expenditures that are

essential for conducting City business. Management implemented a hiring freeze on all General Fund positions that was later lifted when we continued to see stable sales tax. This freeze applied to both temporary and part-time employees idled as a result of the stay at home order. Many 2020 projects were put on hold until we are able to review that the funding source was still in place and at such time we decided if the project was to be cancelled or rescheduled for a later date.

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

#### **Note 15 – Cyber-Attack**

In December of 2020, the City suffered a ransomware attack. In response, the City took immediate steps to secure systems and launched an investigation. The City engaged an independent digital forensics firm to assist with recovery efforts, to determine what happened, and to identify any personal information that may have been accessed or acquired. The attack encrypted much of the City's electronic information. The financial software was not encrypted but was compromised and was inaccessible. IT was able to recover a backup of the financial software that had not been compromised and was able to restore the financial software in a few days. The City did pay the ransom to recover the encrypted data which took approximately one week. The City notified customers and employees who had personal information that may have been acquired in connection with this incident. The City carries information security insurance (cyber insurance) that will cover most of the expenses after paying the deductible.

#### **Note 16 – Subsequent Events**

##### **Stormwater Bond**

On March 4, 2021, the City secured a private placement revenue bond up to \$5,000,000 through Northwest Municipal Advisors for the purpose of funding capital improvements to the Stormwater Utility, including the purchase of 56 acres of active floodplain and construction of a bridge and levee. After the initial draw of \$3,000,000, the remaining \$2,000,000 will be available for future draws, and must be completed by December 1, 2021. The interest rate is a fixed rate of 2.87% and has a term of 20 years.

##### **2021 LTGO Refunding Bond**

On April 8, 2021, the City closed on a Limited Tax General Obligation Refunding Bond. Ordinance #4872 approves the opportunity to refund outstanding debt to achieve savings. The current 2010 Bonds aggregate outstanding principal amount of \$1,675,000 bear interest rates ranging from .350% to 5.00%. The 2021 LTGO Refunding Bond interest rate is 1.4% fixed for the first five years and then 2% for the following five years. Estimated NPV savings of \$230,717 or 13.77% and annual savings of \$25,654. Significant debt agreement terms include Section 8(e) *Failure to Pay*, which states; 'If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.'

##### **City Manager**

The Ellensburg City Council approved a contract to hire Heidi Behrends Cerniwey as Ellensburg's new City Manager and will start May 7, 2021. Heidi is currently the Assistant City Administrator for the City of Tumwater. The present City Manager, John Akers, is retiring in May 2021 after working for the City for 29 years.

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

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	LTGO Bonds, 2010	12/1/2030	1,805,000	-	130,000	1,675,000
251.12	UTGO Bonds, 2014	12/1/2022	510,000	-	160,000	350,000
251.11	LTGO Bonds, 2017	12/1/2037	7,200,000	-	-	7,200,000
251.11	LTGO Bonds, 2016, issued for Telecom	12/1/2036	256,575	-	11,971	244,604
<b>Total General Obligation Debt/Liabilities:</b>			<b>9,771,575</b>	-	<b>301,971</b>	<b>9,469,604</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		1,615,397	393,136	-	2,008,533
264.30	Net Pension Liability		3,859,928	-	119,284	3,740,644
252.11	Water Bond- 2013	12/1/2022	690,458	-	223,739	466,719
252.11	Electric Refunding Bond - 2014	12/1/2025	2,115,000	-	325,000	1,790,000
252.11	Electric Bond - 2014	12/1/2025	4,480,000	-	15,000	4,465,000
252.11	Gas 2016	12/1/2036	750,987	-	37,653	713,334
252.11	Water Sewer Refunding 2016	12/1/2029	6,710,000	-	600,000	6,110,000
264.40	OPEB		7,643,736	1,155,658	-	8,799,394
252.11	Stormwater 2020 Bond	12/1/2039	-	3,000,000	-	3,000,000
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>27,865,506</b>	<b>4,548,794</b>	<b>1,320,676</b>	<b>31,093,624</b>
<b>Assessment Debt/Liabilities (with commitments)</b>						
253.43	LID Warrants with Commitments	7/29/2025	72,084	-	16,683	55,401
<b>Total Assessment Debt/Liabilities (with commitments):</b>			<b>72,084</b>	-	<b>16,683</b>	<b>55,401</b>
<b>Total Liabilities:</b>			<b>37,709,165</b>	<b>4,548,794</b>	<b>1,639,330</b>	<b>40,618,629</b>

**City of Ellensburg**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	NA	-	4,256	4,256	-	1
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	HSIP-6949 (006):LA9733	133,920	-	133,920	-	12
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Highway Planning and Construction	20.205	STPUS-99199 (001)	936,771	-	936,771	-	12
<b>Total Highway Planning and Construction Cluster:</b>				<b>1,070,691</b>	-	<b>1,070,691</b>	-	-
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	COVID 19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509	PTD0183	471,380	-	471,380	-	12
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Department of Transportation)	Formula Grants for Rural Areas and Tribal Transit Program	20.509	PTD0018	217,196	-	217,196	-	12
<b>Total CFDA 20.509:</b>				<b>688,576</b>	-	<b>688,576</b>	-	-
<b>Highway Safety Cluster</b>								

*The accompanying notes are an integral part of this schedule.*

**City of Ellensburg**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

<b>Federal Agency (Pass-Through Agency)</b>	<b>Federal Program</b>	<b>CFDA Number</b>	<b>Other Award Number</b>	<b>Expenditures</b>			<b>Passed through to Subrecipients</b>	<b>Note</b>
				<b>From Pass-Through Awards</b>	<b>From Direct Awards</b>	<b>Total</b>		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs and Police Chiefs)	State and Community Highway Safety	20.600	NA	6,766	-	6,766	-	1
	<b>Total Highway Safety Cluster:</b>		<b>6,766</b>			<b>6,766</b>		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	Coronavirus Relief Fund	21.019	20-6541C-169	898,200	-	898,200	75,000	1
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES, THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES (via Washington State Library)	Grants to States	45.310	NA	520	-	520	-	1
<b>Aging Cluster</b>								
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Health and Human Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	ALTCP/SA 2017 -21	1,543	-	1,543	-	1
	<b>Total Aging Cluster:</b>		<b>1,543</b>			<b>1,543</b>		
	<b>Total Federal Awards Expended:</b>		<b>2,666,296</b>		<b>4,256</b>	<b>2,670,552</b>	<b>75,000</b>	

*The accompanying notes are an integral part of this schedule.*

CITY OF ELLensburg, WASHINGTON

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City's financial statements. The City uses 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.

Note 2 – Federal De Minimis Indirect Cost Rate

The City has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. However, the City chooses not to add the indirect costs to Federally awarded programs.

Note 8 – Program Costs

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

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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