



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Chehalis

For the period January 1, 2021 through December 31, 2021

*Published September 29, 2022*

Report No. 1031160



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

September 29, 2022

Mayor and City Council  
City of Chehalis  
Chehalis, Washington

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

Please find attached our report on the City of Chehalis 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,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Chehalis January 1, 2021 through December 31, 2021

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Chehalis 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 its major federal program.

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.106	Airport Improvement Program and COVID-19 – Airports Programs
20.106	COVID-19 – Airport Improvement Program and COVID-19 Airports Programs

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.

# CITY OF CHEHALIS

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### City of Chehalis January 1, 2021 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2020 – December 31, 2020	<b>Report Reference No.:</b> 1030333	<b>Finding Ref. No.:</b> 2020-001	<b>CFDA Number(s):</b> 20.205
<b>Federal Program Name and Granting Agency:</b> Highway Planning and Construction Grant, Federal Highway Administration, Department of Transportation		<b>Pass-Through Agency Name:</b> Washington State Department of Transportation (WSDOT)	
<b>Finding Caption:</b> The City's internal controls were inadequate for ensuring compliance with federal procurement requirements.			
<b>Background:</b> During the audit period, the City procured an A&E contract for \$66,000. The City did not keep documentation supporting the process it used to conduct technical evaluations of the proposals it received and how it awarded the contract.			
<b>Status of Corrective Action: (check one)</b> <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <ol style="list-style-type: none"><li>1. Have communicated the audit finding issue with city staff and department heads who are likely involved with managing federal projects and made them aware of the importance of keeping records of written technical evaluations of the proposals the City received in each project file.</li><li>2. We are currently in the process of updating the City's Procurement Policy, including but not limited to, inserting a guidance on documenting and archiving A&amp;E consultant evaluation documents (i.e. "forward all documentation including evaluation documents to the City Clerk for archiving.")</li></ol>			

## 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 Chehalis January 1, 2021 through December 31, 2021**

Mayor and City Council  
City of Chehalis  
Chehalis, 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 Chehalis, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 21, 2022.

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

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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



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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 21, 2022

## 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 Chehalis**  
**January 1, 2021 through December 31, 2021**

Mayor and City Council  
City of Chehalis  
Chehalis, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of the City of Chehalis, with the types of compliance requirements identified as subject to audit 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, 2021. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2021.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

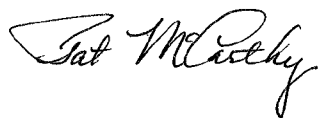
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### 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.



Pat McCarthy, State Auditor

Olympia, WA

September 21, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Chehalis January 1, 2021 through December 31, 2021**

Mayor and City Council  
City of Chehalis  
Chehalis, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Chehalis, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

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

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

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

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

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

## **Basis for Unmodified and Adverse Opinions**

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

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

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

*Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. 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 21, 2022 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 21, 2022



## **FINANCIAL SECTION**

### **City of Chehalis January 1, 2021 through December 31, 2021**

#### **FINANCIAL STATEMENTS**

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

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2021  
Schedule of Expenditures of Federal Awards – 2021  
Notes to the Schedule of Expenditures of Federal Awards – 2021

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>102 Arterial Street</b>	<b>103 Transportation Benefit District</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	24,121,521	2,820,633	98,528	3,105,161
388 / 588	Net Adjustments	(27,388)	(27,388)	-	-
<b>Revenues</b>					
310	Taxes	11,804,200	9,763,089	-	1,365,827
320	Licenses and Permits	410,375	410,375	-	-
330	Intergovernmental Revenues	2,319,538	394,551	142,860	15,925
340	Charges for Goods and Services	10,686,950	461,949	-	-
350	Fines and Penalties	105,473	103,481	-	-
360	Miscellaneous Revenues	1,369,103	143,120	90	2,833
Total Revenues:		26,695,639	11,276,565	142,950	1,384,585
<b>Expenditures</b>					
510	General Government	2,411,306	2,411,306	-	-
520	Public Safety	5,640,845	5,630,824	-	-
530	Utilities	5,924,740	-	-	-
540	Transportation	1,899,403	475,842	144,624	12,186
550	Natural/Economic Environment	737,671	566,712	-	-
560	Social Services	1,945	1,945	-	-
570	Culture and Recreation	755,567	610,094	-	-
Total Expenditures:		17,371,477	9,696,723	144,624	12,186
Excess (Deficiency) Revenues over Expenditures:		9,324,162	1,579,842	(1,674)	1,372,399
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	602,837	-	-	-
397	Transfers-In	761,932	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	411,851	28,488	-	-
Total Other Increases in Fund Resources:		1,776,620	28,488	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	5,943,376	100,987	-	1,405,864
591-593, 599	Debt Service	2,691,754	156,497	-	-
597	Transfers-Out	761,932	485,044	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	120,773	9,374	-	-
Total Other Decreases in Fund Resources:		9,517,835	751,902	-	1,405,864
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,582,947</b>	<b>856,428</b>	<b>(1,674)</b>	<b>(33,465)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	7,985,970	121,889	96,854	3,071,696
50841	Committed	1,862,276	1,582,276	-	-
50851	Assigned	14,223,521	340,170	-	-
50891	Unassigned	1,605,339	1,605,339	-	-
<b>Total Ending Cash and Investments</b>		<b>25,677,106</b>	<b>3,649,674</b>	<b>96,854</b>	<b>3,071,696</b>

The accompanying notes are an integral part of this statement.

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

		<b>107 Tourism</b>	<b>195 CDBG</b>	<b>197 HUD Block Grant</b>	<b>199 Federal Grant Control</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	110,053	24,592	88,424	-
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	272,466	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	1,068,299
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	106	21	77	507
Total Revenues:		272,572	21	77	1,068,806
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	170,959	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		170,959	-	-	-
Excess (Deficiency) Revenues over Expenditures:		101,613	21	77	1,068,806
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	71,562	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		71,562	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>30,051</b>	<b>21</b>	<b>77</b>	<b>1,068,806</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	140,104	24,613	88,501	1,068,806
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>140,104</b>	<b>24,613</b>	<b>88,501</b>	<b>1,068,806</b>

The accompanying notes are an integral part of this statement.

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

		<b>200 G.O. Bond</b>	<b>301 Public Facilities Reserve</b>	<b>305 First Quarter Percent REET</b>	<b>306 Second Quarter Percent REET</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	5	958,473	217,375	240,627
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	201,409	201,409
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	128,560	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	41,476	183	252
Total Revenues:		-	170,036	201,592	201,661
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	10,021	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	145,473	-	-
Total Expenditures:		-	155,494	-	-
Excess (Deficiency) Revenues over Expenditures:		-	14,542	201,592	201,661
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	301,932	460,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	145,473	-	-
Total Other Increases in Fund Resources:		301,932	605,473	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	1,101,422	-	-
591-593, 599	Debt Service	301,932	-	-	-
597	Transfers-Out	-	-	130,195	75,131
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		301,932	1,101,422	130,195	75,131
<b>Increase (Decrease) in Cash and Investments:</b>		-	<b>(481,407)</b>	<b>71,397</b>	<b>126,530</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	194,871	288,772	367,157
50841	Committed	-	280,000	-	-
50851	Assigned	5	2,195	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>5</b>	<b>477,066</b>	<b>288,772</b>	<b>367,157</b>

The accompanying notes are an integral part of this statement.

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

		<b>402 Garbage</b>	<b>404 Wastewater</b>	<b>405 Water</b>	<b>406 Storm &amp; Surface Water</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	8,318	5,368,364	7,990,123	1,699,119
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	38,211	61	-
340	Charges for Goods and Services	4,903	5,657,599	3,201,258	720,454
350	Fines and Penalties	-	360	1,601	1
360	Miscellaneous Revenues	8	10,594	18,160	1,843
Total Revenues:		4,911	5,706,764	3,221,080	722,298
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	4,780	3,253,334	2,277,614	389,012
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		4,780	3,253,334	2,277,614	389,012
Excess (Deficiency) Revenues over Expenditures:		131	2,453,430	943,466	333,286
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	109,800	-
Total Other Increases in Fund Resources:		-	-	109,800	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	470,046	897,335	515,319
591-593, 599	Debt Service	-	1,882,897	239,465	404
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	40,488	-
Total Other Decreases in Fund Resources:		-	2,352,943	1,177,288	515,723
<b>Increase (Decrease) in Cash and Investments:</b>		<b>131</b>	<b>100,487</b>	<b>(124,022)</b>	<b>(182,437)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	1,879,904	499,483	-
50841	Committed	-	-	-	-
50851	Assigned	8,449	3,588,947	7,366,643	1,516,682
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>8,449</b>	<b>5,468,851</b>	<b>7,866,126</b>	<b>1,516,682</b>

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

		<u>407 Airport</u>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	1,391,726
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	531,071
340	Charges for Goods and Services	640,787
350	Fines and Penalties	30
360	Miscellaneous Revenues	1,149,833
Total Revenues:		<u>2,321,721</u>
<b>Expenditures</b>		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	1,266,751
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>1,266,751</u>
Excess (Deficiency) Revenues over Expenditures:		1,054,970
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	602,837
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	128,090
Total Other Increases in Fund Resources:		<u>730,927</u>
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	1,452,403
591-593, 599	Debt Service	110,559
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	70,911
Total Other Decreases in Fund Resources:		<u>1,633,873</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>152,024</b>
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	143,320
50841	Committed	-
50851	Assigned	1,400,430
50891	Unassigned	-
<b>Total Ending Cash and Investments</b>		<u><b>1,543,750</b></u>

The accompanying notes are an integral part of this statement.

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

		<b>Total for All Funds (Memo Only)</b>	<b>Pension/OPEB Trust Fund</b>	<b>Custodial</b>
308	Beginning Cash and Investments	1,023,556	1,023,556	-
388 & 588	Net Adjustments	-	-	-
310-390	Additions	298,568	13,906	284,662
510-590	Deductions	250,440	4,782	245,658
	Net Increase (Decrease) in Cash and Investments:	48,128	9,124	39,004
508	Ending Cash and Investments	1,071,684	1,032,680	39,004

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

**CITY OF CHEHALIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Chehalis (the City) was incorporated on November 23, 1883 and operates under the laws of the State of Washington applicable to a non-charter code city with a Mayor-Council form of government. The City is a general-purpose government and provides public safety, fire prevention, parks and recreation activities, street maintenance and repairs, planning and zoning, judicial administration, water supply/treatment/distribution, sewage collection and treatment, storm & surface water collection, airport, and general administrative services.

The City of Chehalis 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 (Schedule 09)* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

**A. Fund Accounting**

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

**GOVERNMENTAL FUND TYPES**

**General Fund**

This fund is the primary operating fund of the City of Chehalis. 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 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 which are restricted, committed, or assigned to expenditures for principal, interest, and related costs on general long-term debt.

**Capital Project 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 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 City on a cost reimbursement basis.

#### **FIDUCIARY FUND TYPES:**

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

##### Pension (and Other Employee Benefit) Trust Funds

These funds are used to report fiduciary activities for pension and OPEB plans administered through trust. The City's Firemen's Pension Fund accumulates resources for pension benefit payments to qualified retired firefighters and qualified surviving spouses.

##### Custodial Funds

These funds are used to account assets that the City holds on behalf of others in a custodial capacity. The City has two custodial funds – Court Revenue and Other Agency.

#### **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 year.

#### **C. Cash and Investments**

See Note 3, Deposits and Investments.

#### **D. Capital Assets**

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

#### **E. Compensated Absences**

Vacation leave may be accumulated up to 544 hours and is payable upon separation, retirement, or death. Maximum vacation accrual and cash-outs vary according to different union or employment agreements.

Sick leave may be accumulated up to 1,440 hours. Upon separation, retirement, or death, employees receive payment for unused sick leave to a maximum of 720 hours if certain requirements are met. Maximum sick leave accruals and rules for cash-outs vary according to different union or employment agreements. Payments are recognized as expenditures when paid.

Compensatory time may be accumulated up to 360 hours and is payable upon request or separation. Maximum accrual and rules for cash-outs vary according to different union or employment agreements.

Compensated Absences liabilities are reported on Schedule of Liabilities (Schedule 09).

## **F. Long-Term Debt**

See Note 6 – Long-Term Debt.

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

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Restrictions and commitments of ending cash and investments as of December 31, 2021, consist of the following:

### **Restricted Cash and Investments**

<b>Fund Name</b>	<b>Purpose</b>	<b>Authority</b>	<b>Balance 12/31/2021</b>
General	JNET Drug Funds	RCW 69.50.505	\$ 118,845
General	Parks & Facilities Donations	Donor	680
General	Felony Confiscated/Forfeiture	RCW 10.105.010	167
General	Municipal Court Trust Account Bail Deposit		2,197
<b>Total General Fund</b>			<b>121,889</b>
Arterial Street	Path and Trails	RCW 47.30	1,248
Arterial Street	Streets, Roads and Highways	RCW 4724.040	95,606
<b>Total Arterial Street Fund</b>			<b>96,854</b>
TBD	Transportation Improvements	RCW 82.14.0455; 36.73	3,071,696
Tourism	Tourism Promotion	RCW 67.28.1815	140,104
CDBG	CDBG eligible activity	CDBG	24,613
HUD Grant	Housing & Urban Development related activity	HUD Grant	88,501
Federal Grant Control	American Rescue Plan Act (ARPA)/SLFRF	U.S. Treasury	1,068,806
Public Facilities Reserve	Recreation Park Project (Ballfields)	Donor	194,871
1st Quarter REET	CFP Capital Projects/Maintenance	RCW 82.46.010	288,772
2nd Quarter REET	CFP Capital Projects/Maintenance	RCW 82.46.035	367,157
Wastewater	Debt Service	Loan Agreement	1,879,904
Water	Customer Deposits		499,483
Airport	Lease Escrow Deposit	Lease Contract	143,320
<b>Total Restricted</b>			<b>\$ 7,985,970</b>

**Committed Cash and Investments**

<b>Fund Name</b>	<b>Purpose</b>	<b>Authority</b>	<b>Balance 12/31/2021</b>
General	Substance Abuse Investigation	Ord. No. 831B	\$ 26,776
General	Permanent Fire Station	Ord. No. 1027-B	200,000
General	General Facilities improvements	Ord. No. 1027-B	100,000
General	Vehicle Replacement	Ord. No. 1027-B	300,000
General	Financial system upgrade	Ord. No. 1027-B	150,000
General	Police Evidence Garage	Ord. No. 1027-B	80,000
General	Rec/Fin bldg interior remodel	Ord. No. 1027-B	50,000
General	Temp Fire contracts remaining	Ord. No. 1027-B	55,000
General	Debt service	Ord. No. 1027-B	24,500
General	Compensated Absences	Ord. No. 1027-B	247,000
General	LEOFF 1 OPEB	Ord. No. 1027-B	66,000
General	Vehicle Replacement	Ord. No. 1027-B	183,000
General	Financial system upgrade	Ord. No. 1027-B	100,000
<b>Total General Fund</b>			<b>1,582,276</b>
Public Facilities Reserve	Temporary Fire Station	Ord. No. 1027-B	240,000
Public Facilities Reserve	Parks improvement	Ord. No. 1027-B	40,000
			<b>280,000</b>
<b>Total Committed</b>			<b>\$ 1,862,276</b>

Assignment of ending cash and investments reported in the General Fund consists of the following:

**General Fund (001) Assigned Cash and Investments**

<b>Fund Name</b>	<b>Purpose</b>	<b>Authority</b>	<b>Balance 12/31/2021</b>
General Fund	Roads repairs & maintenance	Sub-fund (003)	\$ 287,980
General Fund	Building abatement costs	Sub-fund (004)	51,659
General Fund	Compensated Absences	Sub-fund (110)	201
General Fund	LEOFF 1 OPEB	Sub-fund (115)	77
General Fund	Automotive/Equipment Replacement	Sub-fund (302)	253
			<b>\$ 340,170</b>

**NOTE 2 – BUDGET COMPLIANCES**

The City of Chehalis adopts annual appropriated budgets for the general, special revenue, debt service, capital, enterprise, fiduciary, and pension trust funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

Fund	Fund Name	2021 Original Budget	2021 Final Budget	2021 Actual Expenditures	Variance
City Funds:					
001	General Fund	\$ 10,137,769	\$ 11,364,797	\$ 10,824,975	\$ 539,822
003	Dedicated Street	184,520	184,520	51,040	133,480
004	Building Abatement	-	-	-	-
102	Arterial Street	166,400	168,300	144,622	23,678
103	Transportation Benefit District	980,850	1,757,650	1,418,049	339,601
107	Tourism	256,563	260,113	242,522	17,591
110	Compensated Absences Reserve Fund	200,000	151,000	151,000	-
115	LEOFF 1 OPEB Reserve Fund	168,300	168,300	123,822	44,478
195	Community Dev. Block Grant Fund	1,000	1,000	-	1,000
197	HUD Block Grant Fund	2,000	2,000	-	2,000
199	Federal Grant Control	-	25,000	-	25,000
200	G.O. Bond	301,934	301,934	301,933	1
301	Public Facilities Reserve Fund	-	1,589,195	1,256,917	332,278
302	Automotive/Equipment Reserve Fund	15,000	46,500	31,539	14,961
305	First Quarter REET	130,196	130,196	130,195	1
306	Second Quarter REET	75,131	75,131	75,131	-
402	Garbage	6,100	6,100	4,781	1,319
404	Wastewater	5,645,270	5,812,570	5,606,277	206,293
405	Water	3,619,407	4,047,307	3,454,901	592,406
406	Storm and Surface Water	889,100	948,100	904,734	43,366
407	Airport	2,068,865	3,601,769	2,900,624	701,145
<b>Total City Funds (C4)</b>		<b>24,848,405</b>	<b>30,641,482</b>	<b>27,623,062</b>	<b>3,018,420</b>
Fiduciary Funds:					
611	Firemen's Pension Fund	91,300	13,300	4,782	8,518
633	Custodial Court Fund	103,800	103,800	73,212	30,588
634	Custodial Other Agency Fund	206,805	206,805	172,445	34,360
<b>Total Fiduciary Funds (C5)</b>		<b>401,905</b>	<b>323,905</b>	<b>250,439</b>	<b>73,466</b>
<b>Total All Funds</b>		<b>\$ 25,250,310</b>	<b>\$ 30,965,387</b>	<b>\$ 27,873,501</b>	<b>\$ 3,091,886</b>

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

The City maintains separate sub-funds for the General Fund for budget managerial purposes. Per the reporting standards prescribed by the Washington State *Budget, Accounting, and Reporting System* (BARS) Manual, these sub-funds are rolled into the one General Fund for financial reporting purposes, which requires eliminating interfund transactions between the General Fund and its sub-funds. The following table provides summation of the General Fund and its sub-funds, net of eliminated transactions:

Fund	Fund Name	2021 Adopted Budget	2021 Final Budget	2021 Actual Expenditures	Variance
001	General Fund	\$ 10,137,769	\$ 11,364,797	\$ 10,824,975	\$ 539,822
<b>Sub-funds:</b>					
003	Dedicated Street	184,520	184,520	51,040	133,480
004	Building Abatement	-	-	-	-
110	Compensated Absences Reserve Fund	200,000	151,000	151,000	-
115	LEOFF 1 OPEB Reserve Fund	168,300	168,300	123,822	44,478
302	Automotive/Equipment	15,000	46,500	31,539	14,961
<b>Total General Fund</b>		<b>10,705,589</b>	<b>11,915,117</b>	<b>11,182,376</b>	<b>732,741</b>
Less: Interfund Transfers Eliminated		(282,800)	(708,330)	(701,507)	(6,823)
<b>General Fund for Financial Statements</b>		<b>\$ 10,422,789</b>	<b>\$ 11,206,787</b>	<b>\$ 10,480,869</b>	<b>\$ 725,918</b>

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

Type of Investments	City's Own Deposits and Investment at Cost	Deposits and Investments held by City as custodian for other local governments, individuals, or private organizations	Total
Bank Deposits	\$ 2,853,628	\$ 78,045	\$ 2,931,673
Local Government Investment Pool	17,743,632	993,639	18,737,271
US Government Agency Securities	5,075,297	-	5,075,297
<b>Total</b>	<b>\$ 25,672,557</b>	<b>\$ 1,071,684</b>	<b>\$ 26,744,241</b>

#### **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. All City's deposits are 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 City's agent in the City's name.

### **NOTE 4 – PROPERTY TAX**

The Lewis County Treasurer acts as an agent to collect property taxes 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 taxes are levied.

The City's regular levy rate for the year 2021 was \$1.999948045092 per \$1,000 on an assessed valuation of \$824,330,209 for a total regular levy of \$1,648,617.59.

The City also has a levy for Emergency Medical Services (EMS). The City's EMS rate for the year 2021 was \$0.408100086988 per \$1,000 on an assessed valuation of \$824,330,209 for a total EMS levy of \$336,409.23.

## **NOTE 5 – INTERFUND LOANS**

The following table provides interfund loan activities during 2021:

Borrowing Fund	Lending Fund	Balance 1/1/2021	New Loans	Payments	Balance 12/31/2021
Airport Fund	Water Fund	\$ 125,046	\$ -	\$ 70,911	\$ 54,135
<b>Totals</b>		<b>\$ 125,046</b>	<b>\$ -</b>	<b>\$ 70,911</b>	<b>\$ 54,135</b>

The interfund loan between Water and Airport funds was made in 2018 to pay off a higher-interest bank loan and to shorten the repayment periods. In September 2018, the City's Ordinance No. 990-B authorized the interfund loan with interest rate at 2% per annum and to adjust to match the state investment pool rate if the rate rises above 2%. The Ordinance also adopted a definitive repayment schedule for the loan over a period of four years (48 monthly payments) and full repayment of the loan balance no later than September 30, 2022. The interest payment in 2021 was \$1,876.

## **NOTE 6 – LONG-TERM DEBT**

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

### **Bonds & Loans**

The City's total debt service requirements for outstanding general obligation bonds and revenue bonds and other debt (which includes State Revolving Fund loans, Distressed County loans, and bank loans) are as follows:

Year	G.O. Debt			Revenue Debt			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 429,224	\$ 72,042	\$ 501,266	\$ 2,013,312	\$ 35,312	\$ 2,048,624	\$ 2,442,536	\$ 107,354	\$ 2,549,890
2023	396,801	75,024	471,824	2,016,434	29,993	2,046,427	2,413,235	105,017	2,518,252
2024	395,054	65,848	460,902	1,916,604	24,697	1,941,301	2,311,658	90,546	2,402,203
2025	374,451	57,459	431,910	1,834,376	21,458	1,855,834	2,208,827	78,917	2,287,744
2026	388,717	48,905	437,621	1,834,807	18,831	1,853,637	2,223,524	67,735	2,291,259
2027-2031	1,065,336	158,222	1,223,559	1,381,033	62,090	1,443,122	2,446,369	220,312	2,666,681
2032-2036	862,306	57,478	919,784	413,233	25,623	438,857	1,275,539	83,101	1,358,641
2037-2041	170,366	13,971	184,338	60,600	896	61,496	230,966	14,867	245,833
2042	36,145	723	36,868	-	-	-	36,145	723	36,868
TOTALS	\$ 4,118,400	\$ 549,672	\$ 4,668,072	\$ 11,470,399	\$ 218,900	\$ 11,689,298	\$ 15,588,799	\$ 768,572	\$ 16,357,371

### **Financed Purchases (Capital Leases)**

The City of Chehalis has entered into lease agreements for financing machinery and equipment. The future minimum lease payment obligations as of December 31, 2021, are as follows:

Year	Governmental Fund	Proprietary Fund	Total Minimum Lease Payment
2022	\$ 14,458	\$ 3,144	\$ 17,602
2023	888	-	888
2024	296	-	296
Total minimum lease payments	15,642	3,144	18,786
Less: amount representing interest	(920)	(65)	(985)
Minimum lease payments - principal	\$ 14,722	\$ 3,079	\$ 17,801

## **NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**

### **LEOFF 1 OPEB**

The City administers a single-employer, defined benefit plan covering post-retirement healthcare and long-term care benefits in accordance with Washington Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Act (RCW 41.26.150) to its LEOFF 1 police and firefighter retirees who established membership in the LEOFF 1 plan retirement system on or before September 30, 1977. The Lewis County Law Enforcement and Firefighter Board (LEOFF Board), in conjunction with the City of Chehalis Human Resources department, administers the plan. The last employer of a retired LEOFF 1 member is responsible for the full cost of any post-retirement medical benefits.

The benefits include medical insurance premiums and premiums for a Medicare Part B coverage. Additionally, the City reimburses for all eligible out-of-pocket costs, including but not limited to, co-pays for doctor visits and medicines, as well as long-term care costs not covered by Medicare. Dental costs and dependents are not covered.

During 2021, the City paid \$123,822 in total benefits including \$85,576 in insurance premiums and \$38,246 in other out-of-pocket cost reimbursements.

These medical benefits for LEOFF 1 members are funded on a pay-as-you-go basis through the general fund and a portion of the general property tax levy. The City's 2021 Budget includes property tax levy \$0.225 per \$1,000 assessed value committed to provide the OPEB plan benefits. LEOFF 1 OPEB benefits are accounted for in the LEOFF 1 OPEB Reserve Fund which is a sub-fund of the general fund.

As of December 31, 2021, the City's LEOFF 1 OPEB plan has thirteen (13) retired members and no active members.

The City's liability for post-retirement medical benefits (OPEB) was calculated utilizing the interactive GASB 75 Alternative Measurement Online Tool for LEOFF 1 provided by the Office of the State Actuary. Total OPEB liabilities for LEOFF 1 retirees as of December 31, 2021, is \$6,828,259, which is included in Schedule 09.

## **NOTE 8 – PENSION PLANS**

### **A. State Sponsored Pension Plans**

Substantially all City of Chehalis 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 benefits and defined contributions retirement plans: Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 1 and 2; and Public Employees' Retirement Systems (PERS) Plans 1, 2 and 3.

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](http://www.drs.wa.gov).

On June 30, 2021 (the measurement date of the plans) the City's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$ 191,888	0.025761%	\$ 314,602
PERS 2 & 3	\$ 313,373	0.033082%	\$ (3,295,499) *
LEOFF 1	\$ -	0.025529%	\$ (874,512) *
LEOFF 2	\$ 129,415	0.064921%	\$ (3,770,880) *

\*Pension assets are not reported on Schedule 09

#### LEOFF Plan 1

The City of Chehalis 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 the remaining liability will require new legislation. Starting July 1, 2000, employers and employees contribute zero percent. The City did not have any active LEOFF 1 Plan members in 2020.

#### LEOFF Plan 2

The City of Chehalis also participates in 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 funds the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and LEOFF Plan 2 Retirement Board. The special funding situation is not mandated by the state constitution and could be changed by statute.

### **B. Local Government Pension Plan**

The City's is the administrator of the Firemen's Pension Plan, which is a closed, single-employer, defined benefit pension plan that was established in conformance with the Revised Code of Washington (RCW) Chapters 14.16, 14.18 and 41.20. City of Chehalis Resolution No. 2-2001 created a firemen's pension board to recommend the uses of the firemen's pension fund. The plan is limited to full-time and fully compensated firefighters who were hired prior to the establishment of the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) on March 1, 1970. The plan provides supplemental pension benefits as outlined below.

Through the LEOFF Act, the State undertook to provide the bulk of police and fire pensions; however, the municipalities continue to be responsible for all or part of pension benefits for employees hired before March 1, 1970. Firefighters hired before, but not retired on March 1, 1970, received at retirement the greater of the pension benefit provided under the old pension laws and under the LEOFF Act. Any excess of the old benefit over the LEOFF benefit is provided by the City.

Pre-LEOFF supplemental pension payments are based upon formulas using the City's current compensation levels attached to the employee's rank at retirement. In the event the pension paid by the State falls short of what the retiree should receive based upon the formula, the City pays the difference. Should the retiree receive more from the State than would result from the application of the formula, no adjustments or paybacks are required.

Under State law, the Firemen's Pension Plan is funded from an allocation of the State of Washington fire insurance premium taxes, regular property tax levies at \$0.225 per \$1,000 assessed valuation, interest earnings, and City contributions required to meet projected future pension obligations.

The most recent actuarial review of the plan was done in October 2019 by Milliman, Inc. to determine the funding requirements as of January 1, 2019. As of that date, the actuarial present value of future benefits



to be provided by the City was \$152,453. The actuarial valuation determined that no additional contributions from the property tax levy is required.

As of December 31, 2021, membership consisted of two (2) pre-LEOFF firefighter retirees.

In 2021, the Firemen's Pension Trust Fund received a total of \$13,906 contributions including fire insurance premium tax of \$13,037 and investment interest of \$869.

The Firemen's Pension Plan is shown as a pension trust fund in the financial statement of the City. The total cash and investment balance in the Firemen's Pension Fund available to pay pension benefits as of December 31, 2021, is \$1,032,680.

#### **NOTE 9 – SELF-INSURANCE**

The City self-insures for an eyeglass and contact lens program and unemployment compensation benefits.

The eyeglass and contact lens program provides reimbursements for eyeglasses and contact lenses certain non-represented group employees and their dependents. Total claims paid in 2021 was \$164.

As a government agency, the City has the option to pay unemployment taxes on a reimbursement basis to the State of Washington. In 2021, the City paid \$15,375.67 in unemployment benefit claims to the State for unemployment taxes.

#### **NOTE 10 - HEALTH & WELFARE**

The City of Chehalis is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal Agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents, and other beneficiaries through a designated account within the Trust.

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustee adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the State of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through Intermediary Insurance Services. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's Office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

#### **NOTE 11 - RISK MANAGEMENT**

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

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

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

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

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

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

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

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

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

#### **NOTE 12 - COVID-19 PANDEMIC**

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

In response to the pandemic, most City's parks and recreation facilities were closed to the public for extended period of time. While some activities have been limited or temporarily curtailed, the City continues to operate all major functions and meet its public mandates. The City has remained economically stable and continues to adapt to the changing conditions.

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

#### **NOTE 13 – COMPONENT UNIT(S), JOINT VENTURES, AND RELATED PARTIES**

##### **A. Chehalis – Centralia Airport**

The Chehalis-Centralia Airport (the "Airport") was jointly operated, maintained and regulated by the cities of Chehalis and Centralia, and Lewis County pursuant to the Chehalis-Centralia Airport Operating Agreement (the "Operating Agreement") between the two cities and the County. The City of Centralia and Lewis County withdrew from the Operating Agreement in August 2004 and January 2014, respectively, and transferred their interest in the real and personal property of the Airport to the City of Chehalis. The City assumes all of the obligations of Airport including the FAA grant agreements.

As a part of the transfer agreement, in the event of the closure of the Airport, the City agrees to grant and convey a one-half of the future proceeds of the sale or other disposition of any real property and improvements contributed to the Airport or acquired during the time that the County and the City were joint owners of the Airport, after deduction of any interest of the City of Centralia in said proceeds pursuant to Chehalis Resolution 9-2004, Centralia Resolution 2432, and County Resolution 04-304. Such payment shall be made for the benefit of and applied exclusively toward the Lewis County Airport located near Toledo, Washington, as the replacement airport for the Chehalis-Centralia Airport, or to another suitable airport owned in whole or in part by the County should the airport near Toledo no longer be owned by the County.

## **NOTE 14 - OTHER DISCLOSURES**

### **A. Accounting Change and Correction**

GASB Statement No. 87, Lease is effective for fiscal years ending June 30, 2022 and after. Not all “leases” meet the definition of the new standard. Contracts that transfer ownership (formerly known as a capital lease) are not leases under the GASB 87, rather they are financed purchases by the lessee or a sale by the lessor. The new standard applies not only to new lease agreements going forward, but also retroactively to existing agreements. While reviewing current leases in preparation for the implementation of the new lease accounting standard, it was discovered that certain leases were not properly classified on the Schedule 09 in previous years. The City opted to correct the Schedule 09 report applying the new lease accounting standard in 2021. This resulted in increasing the beginning lease liability by \$9,415 which was reported as an addition on the Schedule 09.

### **B. Subsequent Events**

In March 2020, the City entered in to a Community Aviation Revitalization Loan Agreement with the Washington Department of Transportation for a loan amount not to exceed \$750,000, with an interest rate of 2% for a 20-year term to provide funding for the Above Ground Fuel Storage Project at the Chehalis-Centralia Airport. The loan is on a reimbursement basis for actual eligible expenses incurred. The total loan proceeds received through December 31, 2021 is \$602,836.63. Additional loan proceeds in the amount of \$93,609.64 was received in 2022 through May 25, 2022. It is expected that the final loan amount will be \$750,000. The loan is to be repaid annually by the City and commences one (1) year after the month in which the project is completed. The project is still in progress and is expected to be completed in 2022. The loan will be repaid by the City's Airport Fund.

### **C. Construction Commitments**

The City has active construction projects in progress as of December 31, 2021. The City's projects and commitments with contractors are as follows:

Project Name	Contractor	Paid to Date 12/31/2021	Remaining Commitment	Funding Source
Tract 18 Site Improvement	KBH Construction	\$ 189,874	\$ 9,199	Airport Fund
Above Ground Fuel Storage	Quigg Bros, Inc	322,007	319,271	Airport Fund
Above Ground Fuel Storage	Mascott Equipment Co	229,218	229,218	Airport Fund
Airfield Pavement Rehabilitation	C.R. Contracting LLC	736,234	8,494	Airport Fund
Williams Ave/12th Steet Intersection	KBH Construction	105,203	5,413	TBD Fund
NW Pacific Ave Reconstruction	Rognlin's Inc	1,506,524	45,200	TBD/Sewer/Storm Fund
Temporary Fire Station Apparatus Bay	KBH Construction	275,072	90,443	General Fund
<b>Total</b>		<b>\$ 3,364,132</b>	<b>\$ 707,238</b>	

### **D. Environmental and Certain Asset Retirement Liabilities**

The City has evaluated potential asset retirement obligations (ARO) associated with the retirement of tangible capital assets and has identified the following:

- Decommissioning of the Underground Fuel Storage Tanks
- Decommissioning of the Wastewater Treatment Facility

The City has two (2) underground fuel storage tanks at its Airport site. The City plans to replace these underground fuel storage tanks with above ground fuel storage tanks. The above-ground fuel storage project has started in 2021 and expected to be completed in 2022. Under state law, the City is required to decommission the tanks. These tanks are scheduled to be decommissioned in place due to logistics and has been approved by the Department of Ecology. The estimated costs associated with decommissioning

in place is \$60,000 and is included in the construction contract bid awarded for the above-ground fuel storage project. The ARO liabilities of \$60,000 is reported on the Schedule of Liabilities (Schedule 09) as of December 31, 2021.

The City's Regional Wastewater Treatment Facility is expected to be operated and maintained into perpetuity. There is no decommissioning requirements in the NPDES permit for this facility because everything is above ground and in containment. At the end of a WWTP service life, the City would take soil samples to determine how much topsoil would need to be removed, if it were deemed to be contaminated. This is unlikely at this facility because our biosolids are lime pasteurized class A biosolids. As the City cannot estimate the timing or extent of the obligation associated with this asset, a reasonable estimate of the obligation cannot be made. As such, ARO liabilities have not been recorded for retirement activities associated with this asset. An ARO will be recorded if future events warrant any changes.

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

<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	2011 LTGO Bond	12/1/2026	530,000	-	80,000	450,000
251.11	2019 LTGO Bond	8/1/2034	849,000	-	52,000	797,000
251.11	2020 LTGO Bond	10/1/2035	1,724,000	-	102,000	1,622,000
263.51	Lease-purchases - Governmental		25,284	2,394	12,956	14,722
263.83	DWSRFL #5 (DOH), 05-96300-008	10/1/2026	378,039	-	63,007	315,032
263.85	Distressed Counties Loan - Airport	12/1/2035	251,045	-	101,838	149,207
263.91	Fire Truck Loan	8/25/2022	163,757	-	96,492	67,265
263.91	Chip Spreader Loan	10/24/2024	153,005	-	37,946	115,059
263.51	Leases copiers/printers - Governmental		26,216	3,486	13,545	16,157
263.83	Washington State CARB Loan - Airport	10/1/2042	-	602,837	-	602,837
<b>Total General Obligation Debt/Liabilities:</b>			<b>4,100,346</b>	<b>608,717</b>	<b>559,784</b>	<b>4,149,279</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences (Governmental)		1,170,246	764,508	1,007,677	927,077
259.12	Compensated Absences (Proprietary)		246,432	260,315	250,712	256,035
263.52	Lease-purchases - Proprietary	6/25/2022	8,916	-	5,837	3,079
263.84	SRFL #1 (DOE), L0400015	5/1/2024	565,739	-	158,622	407,117
263.84	SRFL #2 (DOE), L0400016	12/30/2023	57,455	-	18,865	38,590
263.84	SRFL #3A (DOE), L050014A	6/30/2027	10,599,050	-	1,630,623	8,968,427
263.84	SRFL #3B (DOE), L050014B	9/30/2028	316,364	-	39,546	276,818
263.84	SRFL - I&I Loan, EL #150003	12/31/2036	310,881	-	16,134	294,747
263.84	DWSRFL (DOH)- High Level (DM13-952-179)	10/1/2027	600,950	-	85,850	515,100
263.84	DWSRFL (DOH), Flocculation (DM13-952-180)	10/1/2037	1,030,200	-	60,600	969,600
263.52	Leases PW copiers/printers		21,700	3,535	7,049	18,186
264.30	Net Pension Liability		1,347,602	-	1,033,000	314,602
264.40	OPEB Liabilities (LEOFF1)		6,286,467	541,792	-	6,828,259
263.93	Asset Retirement Obligation (Underground Fuel Tanks)		-	60,000	-	60,000
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>22,562,002</b>	<b>1,630,150</b>	<b>4,314,515</b>	<b>19,877,637</b>
<b>Total Liabilities:</b>			<b>26,662,348</b>	<b>2,238,867</b>	<b>4,874,299</b>	<b>24,026,916</b>

**City of Chehalis**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

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	BVP FY2019 & FY2020	-	1,812	1,812	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program and COVID-19 Airports Programs	20.106	AIP 3-53-0012- 018-2018 (DOT- FA18NM-0078)	-	7,951	7,951	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program and COVID-19 Airports Programs	20.106	AIP 3-53-0012- 020-2021 Airfield Pavement Rehab	-	888,119	888,119	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Airport Improvement Program and COVID-19 Airports Programs	20.106	No. 3-53-0012- 021-2021 Airport Coronavirus Relief Grant Program	-	23,000	23,000	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Airport Improvement Program and COVID-19 Airports Programs	20.106	3-53-0012-022- 2022 Airport Rescue Grant	-	59,000	59,000	-	
<b>Total CFDA 20.106:</b>				-	<b>978,070</b>	<b>978,070</b>	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4539-WA	31,038	-	31,038	-	
<b>Total Federal Awards Expended:</b>				<b>31,038</b>	<b>979,882</b>	<b>1,010,920</b>	-	

**City of Chehalis**  
**Notes to the Schedule of Expenditures of Federal Award**  
**For the Year Ended December 31, 2021**

Note 1- Basis of Accounting

This schedule is prepared on the same basis of accounting as the City of Chehalis financial statements. The City of Chehalis uses the cash basis of accounting.

Note 2 - Federal De Minimis Indirect Cost Rate

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

Note 3 - Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program or project 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 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.

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