



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Chehalis

For the period January 1, 2017 through December 31, 2017

Published March 28, 2019

Report No. 1023453





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

March 28, 2019

Mayor and City Council
City of Chehalis
Chehalis, Washington

Report on Financial Statements

Please find attached our report on the City of Chehalis financial statements.

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". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy
State Auditor
Olympia, WA

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CITY OF CHEHALIS

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Chehalis January 1, 2017 through December 31, 2017

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

Audit Period: January 1, 2016 – December 31, 2016	Report Reference No.: 1020366	Finding Ref. No.: 2016-001	CFDA Number: 20.106				
Federal Program Name and Granting Agency: Airport Improvement Program, Federal Aviation Administration, Department of Transportation		Pass-Through Agency Name: NA					
Finding Caption: The City did not have adequate internal controls to ensure compliance with federal Davis-Bacon Act (prevailing wage) requirements.							
Background: The Davis-Bacon Act (Act) requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts of more than \$2,000 financed with federal funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor. The Act includes a requirement for the contractor or subcontractor to submit to the City weekly, for each week in which and contract work is performed, a copy of its payroll and a statement of compliance (weekly certified payroll). The City did not have an adequate process in place to ensure contractors and subcontractors working on federal grant-funded projects filed weekly certified payrolls.							
Status of Corrective Action: (check one) <table><tr><td><input type="checkbox"/> Fully Corrected</td><td><input checked="" type="checkbox"/> Partially Corrected</td><td><input type="checkbox"/> Not Corrected</td><td><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>				<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
<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				

Corrective Action Taken:

The City contracts with an engineering firm to oversee the grant project, including obtaining weekly certified payrolls from the contractors and subcontractors. The City will update its checklist for federal grant projects to include Davis-Bacon Act requirements and monitoring to ensure all requirements are met. Airport staff plans to attend a federal grant training to gain knowledge of federal grant requirements.

Audit Period:	Report Ref. No.:	Finding Ref. No.:
January 1, 2016 – December 31, 2016	1020366	2016-002

Finding Caption:

The City's accounting and financial statement preparation controls were not adequate to accurately report the Schedule of Expenditures of Federal Awards.

Background:

City management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. These controls should ensure all generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) statements are followed.

The City also must prepare a Schedule of Expenditures of Federal Awards (SEFA) as part of the annual financial report. Title 2 Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires a grantee to identify, in its accounts, all federal program awards received and expended. The City must report all federal awards expended on the SEFA each fiscal year.

The former Finance Manager was unaware of the types of grants received by the City, which contributed to the City's lack of controls over the proper reporting of both state and federal grants on the SEFA. Additionally, the City did not have an effective review process to ensure the accuracy of the SEFA.

Status of Corrective Action: (check one)

☒ Fully Corrected

 ☐ Partially Corrected

 ☐ Not Corrected

 ☐ Finding is considered no longer valid

Corrective Action Taken:

We are working to improve staff training and to have an appropriate review process to ensure the accuracy of the SEFA. New Finance Director was hired in December 2017, who has experience and knowledge with grant accounting and SEFA reporting. The misstatement of the 2016 SEFA was discovered by the new Finance Director and reported to the Auditor's Office for their recommendation to correct the 2016 SEFA reporting.

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

**City of Chehalis
January 1, 2017 through December 31, 2017**

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, 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 14, 2019.

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 Washington State statutes 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.

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.

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

March 14, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Chehalis January 1, 2017 through December 31, 2017

Mayor and City Council
City of Chehalis
Chehalis, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Chehalis, for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 13.

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 Washington State statutes 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 Chehalis has prepared these financial statements to meet the financial reporting requirements of Washington State statutes 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 financial position and results of operations of the City of Chehalis, for the year ended December 31, 2017, 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 Chehalis, as of December 31, 2017, or the changes in financial position or cash flows 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.

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 Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is 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 March 14, 2019 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

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

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

March 14, 2019

FINANCIAL SECTION

City of Chehalis January 1, 2017 through December 31, 2017

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2017
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2017

City of Chehalis
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	001 GENERAL FUND	102 ARTERIAL STREET	103 TRANSPORTATI ON BENEFIT
Beginning Cash and Investments					
30810	Reserved	3,289,149	74,945	4,062	-
30880	Unreserved	10,520,504	1,075,814	100,204	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	8,934,469	8,095,590	-	382,258
320	Licenses and Permits	202,503	201,153	-	-
330	Intergovernmental Revenues	2,787,111	1,072,832	161,649	-
340	Charges for Goods and Services	10,062,647	370,146	-	-
350	Fines and Penalties	194,670	108,247	-	-
360	Miscellaneous Revenues	1,359,991	202,507	523	379
Total Revenues:		23,541,391	10,050,475	162,172	382,637
Expenditures					
510	General Government	2,078,383	2,078,383	-	-
520	Public Safety	4,989,497	4,989,497	-	-
530	Utilities	5,521,870	-	-	-
540	Transportation	1,788,050	538,890	152,313	22,582
550	Natural and Economic Environment	532,398	320,630	-	-
560	Social Services	1,980	1,980	-	-
570	Culture and Recreation	582,553	581,510	-	-
Total Expenditures:		15,494,731	8,510,890	152,313	22,582
Excess (Deficiency) Revenues over Expenditures:		8,046,660	1,539,585	9,859	360,055
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	2,901,986	264,062	-	-
397	Transfers-In	198,956	100,000	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	275,511	98,319	-	-
381, 395, 398	Other Resources	10,163	1,433	-	-
Total Other Increases in Fund Resources:		3,386,616	463,814	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,905,923	581,938	-	-
591-593, 599	Debt Service	3,820,145	107,303	-	-
597	Transfers-Out	198,956	24,731	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	273,944	98,941	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		8,198,968	812,913	-	-
Increase (Decrease) in Cash and Investments:		3,234,308	1,190,486	9,859	360,055
Ending Cash and Investments					
5081000	Reserved	2,517,441	100,817	4,741	-
5088000	Unreserved	14,526,520	2,240,428	109,384	360,055
Total Ending Cash and Investments		17,043,961	2,341,245	114,125	360,055

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, 2017

		107 TOURISM	195 1982-93 COMM DEVELOP BLK	197 HUD BLOCK GRANT	200 2011 G.O. BOND
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	264,582	111	57,506	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	258,654	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	13,100	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,618	-	337	-
Total Revenues:		260,272	-	13,437	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	211,768	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		211,768	-	-	-
Excess (Deficiency) Revenues over Expenditures:		48,504	-	13,437	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	98,956
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	98,956
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	98,956
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	98,956
Increase (Decrease) in Cash and Investments:		48,504	-	13,437	-
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	313,086	111	70,943	-
Total Ending Cash and Investments		313,086	111	70,943	-

City of Chehalis
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		305 FIRST QUARTER PERCENT REET	306 SECOND QUARTER PERCENT REET	402 GARBAGE	404 WASTEWATER
Beginning Cash and Investments					
30810	Reserved	-	-	-	1,107,418
30880	Unreserved	217,398	197,213	7,673	3,205,407
388 / 588	Prior Period Adjustments, Net	-	-	-	-
Revenues					
310	Taxes	98,983	98,984	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	590,043
340	Charges for Goods and Services	-	-	6,100	5,450,050
350	Fines and Penalties	-	-	-	49,150
360	Miscellaneous Revenues	1,292	1,200	40	31,955
Total Revenues:		100,275	100,184	6,140	6,121,198
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	6,789	3,043,757
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	6,789	3,043,757
Excess (Deficiency) Revenues over Expenditures:		100,275	100,184	(649)	3,077,441
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	287,924
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	220	563
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	220	288,487
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	976,385
591-593, 599	Debt Service	-	-	-	1,868,286
597	Transfers-Out	141,566	32,659	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	220	563
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		141,566	32,659	220	2,845,234
Increase (Decrease) in Cash and Investments:		(41,291)	67,525	(649)	520,694
Ending Cash and Investments					
5081000	Reserved	-	-	-	1,880,884
5088000	Unreserved	176,107	264,738	7,024	2,952,635
Total Ending Cash and Investments		176,107	264,738	7,024	4,833,519

City of Chehalis
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		405 WATER	406 STORM & SURFACE WATER UTILITY	407 AIRPORT
Beginning Cash and Investments				
30810	Reserved	534,967	-	1,567,757
30880	Unreserved	4,309,813	834,822	249,961
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	1,350
330	Intergovernmental Revenues	-	-	962,587
340	Charges for Goods and Services	3,059,349	681,603	482,299
350	Fines and Penalties	31,479	5,794	-
360	Miscellaneous Revenues	39,823	5,825	1,074,492
Total Revenues:		3,130,651	693,222	2,520,728
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	2,041,503	429,821	-
540	Transportation	-	-	1,074,265
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	1,043
Total Expenditures:		2,041,503	429,821	1,075,308
Excess (Deficiency) Revenues over Expenditures:		1,089,148	263,401	1,445,420
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	2,050,000	-	300,000
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	448	25	175,936
381, 395, 398	Other Resources	1,440	-	7,290
Total Other Increases in Fund Resources:		2,051,888	25	483,226
Other Decreases in Fund Resources				
594-595	Capital Expenditures	745,821	-	1,601,779
591-593, 599	Debt Service	146,769	-	1,598,831
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	66	25	174,129
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		892,656	25	3,374,739
Increase (Decrease) in Cash and Investments:		2,248,380	263,401	(1,446,093)
Ending Cash and Investments				
5081000	Reserved	530,999	-	-
5088000	Unreserved	6,562,161	1,098,223	371,625
Total Ending Cash and Investments		7,093,160	1,098,223	371,625

City of Chehalis
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		Total for All Funds (Memo Only)	Pension Trust	Agency
308	Beginning Cash and Investments	611,581	602,021	9,560
388 & 588	Prior Period Adjustment, Net	-	-	-
310-390	Additions	428,783	160,299	268,484
510-590	Deductions	300,144	32,990	267,154
	Net Increase (Decrease) in Cash and Investments:	128,639	127,309	1,330
508	Ending Cash and Investments	740,220	729,330	10,890

The accompanying notes are an integral part of this statement.

CITY OF CHEHALIS
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES

General Fund

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 Post Employee Benefit) Trust Fund

This fund accounts for activities of the Firemen's Pension Fund, which accumulates resources for pension benefit payments and other post employee benefits to qualified retired firefighters and qualified survivors.

Agency Funds

These funds are used to account for assets that the City holds for others in a custodial capacity. The city has one Agency Fund – Chehalis Municipal Court Fund.

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. Budgets

The City of Chehalis adopts annual appropriated budgets for the general, special revenue, debt service, capital, pension trust, and enterprise 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. However, as outlined below, the City's 2017 budget did not blend managerial funds into the General Fund budget.

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

		2017	2017	2017	
		Adopted	Final Amended	Actual	2017
Fund	Fund Name	Budget	Budget	Expenditures	Variance
001	General Fund	\$ 9,249,680	\$ 10,027,231	\$ 9,245,099	\$ 782,132
003	Dedicated Street	154,436	433,300	342,064	91,236
004	Building Abatement	-	10,000	9,795	205
301	Public Facilities Reserve	-	100,000	9,855	90,145
102	Arterial Street	149,844	159,129	152,314	6,815
103	Transportation Benefit District	-	175,000	22,582	152,418
107	Tourism	237,000	237,000	211,768	25,232
200	G.O. Bond	98,966	98,966	98,956	10
305	First Quarter REET	41,566	141,566	141,566	-
306	Second Quarter REET	32,659	32,659	32,659	-
402	Garbage	5,740	7,240	7,010	230
405	Wastewater	5,168,043	6,536,152	5,888,992	647,160
404	Water	3,681,134	4,057,800	2,934,160	1,123,640
406	Storm and Surface Water	524,898	524,898	429,846	95,052
407	Airport	4,154,290	4,878,278	4,450,047	428,231
611	Fireman's Pension	78,500	78,500	32,990	45,510
	Total All Funds	\$ 23,576,756	\$ 27,497,719	\$ 24,009,703	\$ 3,488,016

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

Due to State reporting standards imposed by the Washington State Budget, Accounting, and Reporting System (BARS), the following funds have been determined to be managerial funds: the Dedicated Street Fund, the Building Abatement Fund, the Public Facilities Reserve Fund, the Automotive/Equipment Reserve Fund, and the Federal and State Grant Fund. This determination mandates that they be treated as a part of the General Fund for financial reporting purposes. Because of this dichotomy between the City's budgeting and its financial reporting requirements, the interfund transactions between the General Fund and its managerial funds have been eliminated from the General Fund totals. The following reconciliation shows the summation of the General Fund and its managerial funds, less eliminated transactions:

		2017	2017	2017	
		Adopted	Final Amended	Actual	2017
Fund	Fund Name	Budget	Budget	Expenditures	Variance
001	General Fund	\$ 9,249,680	\$ 10,027,231	\$ 9,245,099	\$ 782,132
003	Dedicated Street	154,436	433,300	342,064	91,236
004	Building Abatement	-	10,000	9,795	205
301	Public Facilities Reserve	-	100,000	9,855	90,145
Less:	Interfund Transfers	(286,505)	(283,010)	(283,010)	-
Total General Fund Reconciled		\$ 9,117,611	\$ 10,287,521	\$ 9,323,803	\$ 963,718

D. Deposits and Investments

See Note 2, Deposits and Investments

E. 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 and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 384 hours and is payable upon separation, retirement or death (subject to union or employment agreements that may allow for more liberal accumulation and payment).

Sick leave may be accumulated up to 720 hours. Up to 100% of sick leave is payable upon termination of service, if certain requirements are met.

Payments are recognized as expenditures when paid.

Compensated Absence liabilities are reported on Liabilities Schedule 09.

G. Debt Service Requirements

See Note 4 – Debt Service Requirements

H. Other Financing Sources or Uses

The City of Chehalis' "Other Financing Sources or Uses" consist of transfers-in and out between funds, proceeds from debt issuance, disposal of capital assets and custodial activities.

I. 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 161 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$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 \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and 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.

J. Reserved Portion of Ending Cash and Investments

External parties and the city Council have placed restrictions on certain balances. The nature of the restrictions and the related amounts at December 31, 2017 are noted below:

	2017
Fund and Purpose	Balance
<u>General (001) Fund</u>	
State Confiscated/Forfeiture (RCW 69.50.505)	\$ 1,625
JNET Drug Funds (RCW 69.50.505)	75,268
Substance Abuse related investigation and Public Education (ORD No. 831B)	14,391
Parks & Facilities Donations	7,853
Felony Confiscated/Forfeiture (RCW 10.105.010)	1,680
General Fund (001) Reserved	\$ 100,817
<u>Arterial Street (102) Fund</u>	
Path and Trails	\$ 4,741
Total Arterial Street	\$ 4,741
<u>Wastewater (404) Fund</u>	
Loan Reserves	\$ 1,880,884
Total Wastewater	\$ 1,880,884
<u>Water (405) Fund</u>	
Revenue Bond Reserves	\$ 53,275
Customer Deposits	477,724
Total Water	\$ 530,999
Total for All Funds Reserved Ending Cash & Investments	\$ 2,517,441

NOTE 2 – DEPOSITS AND INVESTMENTS

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

The amount of cash and investments is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

Investments are reported at original costs. Investments by type at December 31, 2017 are as follows:

Type of Investments	City's Own Investments	Investments held by City as an Agent	Total
Washington State Local Government Investment Pool	\$ 6,719,335	\$ -	\$ 6,719,335
Certificate of Deposits - SSB	250,000	-	250,000
Public Fund Money Market	87,126	-	87,126
US Government Securities - FICO Strip Prin	1,018,649	-	1,018,649
US Government Securities - Fed Home Loan Bank	729,270	-	729,270
US Government Securities - Fed Home Loan MTG Corp	611,833	-	611,833
Total	\$ 9,416,213	\$ -	\$ 9,416,213

NOTE 3 – 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 2017 was \$2.286544956124 per \$1,000 on an assessed valuation of \$639,490,698 for a total regular levy of \$1,462,224.

The City also has a levy for Emergency Medical Services (EMS). In 2017, the EMS levy rate was \$0.492996772253 per \$1,000 on an assessed valuation of \$639,490,698 for a total EMS levy of \$315,267.

NOTE 4 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Debt (09) provides a listing of the outstanding debt of the City of Chehalis and summarizes the City's debt transactions for the year 2017.

The City's total debt service requirements, including interest, are as follows:

Year	G.O. Debt Principal	G.O. Debt Interest	Revenue Debt Principal	Revenue Debt Interest	Total Principal	Total Interest
2018	\$ 197,528	\$ 47,330	\$ 2,191,870	\$ 96,401	\$ 2,389,398	\$ 143,731
2019	201,224	41,290	2,185,551	80,715	2,386,775	122,005
2020	205,263	34,908	2,163,280	71,174	2,368,543	106,082
2021	214,511	28,316	2,118,208	62,484	2,332,719	90,800
2022	186,155	21,589	2,123,238	54,942	2,309,393	76,531
2023-2027	445,612	40,354	9,137,710	177,628	9,583,322	217,982
2028-2032	-	-	556,089	73,906	556,089	73,906
2033-2037	-	-	466,659	21,942	466,659	21,942
TOTALS	\$ 1,450,293	\$ 213,787	\$ 20,942,605	\$ 639,192	\$ 22,392,898	\$ 852,979

NOTE 5 – PENSION PLANS

A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following pension plans: (1) Public Employees' Retirement Systems (PERS) Plans 2 and 3; and (2) Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 2 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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.

At June 30, 2017 (the measurement date of the plans) the City's proportionate share of the collective net pension liabilities, as reported on Schedule 9, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1 UAAL	\$163,970	0.027259%	\$1,293,461
PERS 2 & 3	\$214,084	0.035050%	\$1,217,820
LEOFF 1	\$0	0.026522%	\$(402,397)*
LEOFF 2	\$122,490	0.077538%	\$(1,075,976)*
*Pension assets are not reported on Schedule 09.			

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 Plan members in 2017.

LEOFF Plan 2

The City also participated 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. The special funding situation is not mandated by the state constitution and could be changed by statute.

B. Local Government Pension System

The City is the administrator of a pension retirement system called the Firemen's Pension System. The system is shown as a trust fund in the financial statement of the City. As of December 31, 2017, membership consisted of three pre-LEOFF 1 firefighter retirees.

Pre-LEOFF1 benefits are two-fold: eligible retirees receive a supplemental pension payment and medical benefits. Supplemental pension payments are based upon formulas using the City's current compensation levels. In the event that the pension paid by the State falls short of what the retiree should receive based upon the formula, the City pays for the difference. Should the retiree receive more from the State than would result from the application of the formula, no adjustments or paybacks are requested. See Note 7 -Other Postemployment Benefits (OPEB) for additional information.

The total balance in the Firemen's Pension Fund available to pay pension benefits and other post-employment retirement benefits as of December 31, 2017 is \$729,330.

NOTE 6 – SELF-INSURANCE

The City self-insures for several programs: an eyeglass and contact lens program; unemployment taxes; and out-of-pocket medical costs incurred by pre-LEOFF1 and LEOFF1 retirees.

The eyeglass and contact lens program provides eyeglasses and contact lenses to council members, Teamsters, police officers, and non-represented employees and their dependents. In 2017, \$3,920 was expended on this program.

As a government agency, the City has the option to pay unemployment taxes on a reimbursement basis to the State of Washington. For 2017, the City paid \$3,174 in reimbursement to the State for unemployment taxes.

Pre-LEOFF1 and LEOFF1 medical costs reimbursed by the City are addressed in the Other Post-Employment Benefits Note 7, below.

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In accordance with state law, the City provides OPEB to its pre-LEOFF1 firefighter retirees and LEOFF1 firefighter and police officer retirees.

For both pre-LEOFF1 and LEOFF1 retirees, the City provides full medical insurance through its regular carrier and reimburses the full cost of Medicare premiums of those retirees eligible for Medicare. Additionally, the City self-insures 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.

All costs associated with the pre-LEOFF1 firefighter retirees are accounted for in the Firefighters Pension Trust Fund. In 2017, the fund incurred expenditures totaling \$26,528 and \$6,462 for medical and pension costs, respectively. Of the \$26,528 in medical costs, \$21,934 was paid for medical insurance premium and \$4,594 consisted of self-insured costs.

LEOFF1 benefits for firefighter and police officer retirees are limited to medical benefits. These costs are accounted for in the General Fund as Non-Departmental expenses. In 2017 the City expended \$85,466 and \$46,323 on LEOFF1 police officer and firefighter retirees' medical costs, respectively. Of the \$85,466 in LEOFF1 police officer medical costs, \$16,731 consisted of self-insured costs. Of the \$46,323 in LEOFF1 firefighter costs, \$9,767 consisted of self-insured costs.

NOTE 8: 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, 2017, 261 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. 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 2017, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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 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 Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). 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 9: RELATED PARTY TRANSACTIONS

Dr. Isaac Pope is a member of the City Council for the City of Chehalis. He is also a founding member and serves on the Board of Directors for The Chehalis Foundation. The Foundation has served as a partner with the City on several projects including the funding, in combination with state and federal grants, of the Gail and Carolyn Shaw Aquatics Center. The Aquatics Center, which opened in 2015, is a true treasure in our community. In 2017, the Foundation donated \$8,019 to the City to fund park facility maintenance.

The City received a letter from The Foundation dated May 19, 2017 in which The Foundation pledged \$400,000 towards the City's Recreation Park Renovation Project to help with park drainage.

NOTE 10: OTHER DISCLOSURES.

A. Accounting and Reporting – New Funds

Transportation Benefit District Fund (103)

On September 14, 2014, the City Council established a Transportation Benefit District with the same boundaries as the City of Chehalis as they then existed or would be expanded due to annexation. As allowed by the Second Engrossed Substitute Senate Bill 598, on December 14, 2015 the Council passed ordinance #950-B assuming all rights powers, functions and obligations of the Chehalis Transportation Benefit District. The independent TBD ceased to exist on December 22, 2015 and the Transportation Benefit District became a fund of the City of

Chehalis. In 2017 the Citizens of Chehalis voted to increase sales tax by two-tenths of one percent to fund this TBD, and sales tax distributions were received starting September 2017. The TBD fund is reported as a special revenue fund on the city's financial statement.

Building Abatement Fund (004)

The Building Abatement Fund was created with the 2017 budget adoption in November 2016. A one-time revenue source from building permit fees was transferred in to this fund and is reserved to provide the necessary funding to abate properties that are derelict of otherwise deemed unsafe for occupancy. It is a managerial fund and is rolled into the General Fund for financial reports.

B. 2016 Federal Single Audit

The 2016 Schedule 16, Schedule of Federal Expenditures (SEFA) omitted certain federal expenditures. An amended 2016 Schedule 15 (SEFA) was submitted to the State Auditor's in April 2018. The State Auditor's Office plans to re-open the 2016 audit and conduct a Federal Single Audit based on the amended schedule.

C. Pending Litigation

The City has a pending lawsuit involving the federal Clean Water Act. At this stage of litigation, it is difficult to predict exposure with any certainty; however, counsel representing the City currently believes that the prospects for settlement are good. While it is probable the City will have to make some payment to settle this matter, in the opinion of management, the City's reserves are adequate to fund the settlement payment.

D. Construction Commitments

The city has active construction projects as of December 31, 2017. The city's projects and commitments with contractors are as follows:

Project Name	Contractor	Paid to Date 12/31/2017	Remaining Commitment	Funding Source
Coal Creek Sewer Extension	Barcott Construction LLC	\$ 225,099	\$ 10,903	Wastewater Fund
Prindle Emergency Sewer Repair	Sterling Breen Crushing INC	339,748	82,656	Wastewater Fund
High Level Reservoir	T Bailey INC	712,218	34,568	Water Fund
National Avenue Grind & Overlay	Granite Construction Company	304,712	16,037	General Fund
Total		\$ 1,581,778	\$ 144,164	

City of Chehalis
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.91	Fire Truck Loan	8/25/2022	521,415	-	85,178	436,237
263.91	Chip Spreader Loan	10/24/2024	-	264,062	5,006	259,057
251.11	2011 LTGO Bond	12/1/2026	825,000	-	70,000	755,000
Total General Obligation Debt/Liabilities:			1,346,415	264,062	160,184	1,450,294
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences (Governmental)		1,082,031	726,137	697,008	1,111,160
259.12	Compensated Absences (Proprietary)		302,292	215,058	205,528	311,822
252.11	SRFL #5 (DOH)	10/1/2026	630,759	-	63,076	567,683
252.12	1979 Revenue Bond	8/1/2019	72,000	-	22,000	50,000
263.82	SRFL # 4 (DOH)	1/1/2020	200,002	-	50,001	150,002
263.82	SRFL #1 (DOE)	5/1/2024	1,176,976	-	149,391	1,027,585
263.82	SRFL #2 (DOE)	12/30/2023	130,150	-	17,767	112,383
263.82	SRFL #3A (DOE)	6/30/2027	17,121,542	-	1,630,623	15,490,919
263.82	SRFL #3B (DOE)	9/30/2028	474,547	-	39,546	435,001
263.84	SRFL - I&I Loan	12/31/2036	77,408	287,924	8,308	357,024
263.84	SRFL - Coal Creek	9/30/2037	15,000	-	-	15,000
263.84	DWSRF Loan (DM13-952-179)	10/1/2027	8,500	850,000	-	858,500
263.84	DWSRF Loan (DM13-952-180)	10/1/2037	12,000	1,200,000	-	1,212,000
264.30	Net Pension Liability		3,536,834	502,544	1,528,097	2,511,281
252.11	Lewis County Chehalis-Centralia Airport	6/1/2017	1,532,672	-	1,532,672	-
263.86	Distressed Counties Loan - Airport	12/1/2035	384,814	-	15,348	369,466
263.86	5A Tract Loan - Airport	10/25/2027	-	300,000	2,958	297,042
Total Revenue and Other (non G.O.) Debt/Liabilities:			26,757,526	4,081,663	5,962,322	24,876,867
Total Liabilities:			28,103,942	4,345,725	6,122,506	26,327,161

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov