



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## City of North Bend

For the period January 1, 2021 through December 31, 2022

*Published May 31, 2024*

Report No. 1035027



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

May 31, 2024

Mayor and City Council  
City of North Bend  
North Bend, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### City of North Bend January 1, 2021 through December 31, 2022

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

##### ***Background***

State and federal agencies, the City Council and the public rely on information included in financial statements and reports to make decisions. City management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance its financial reporting is accurate and reliable. The City prepares its financial statements using the cash-basis accounting method prescribed in the *Budgeting, Accounting and Reporting System* (BARS Manual).

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

##### ***Description of Condition***

Our audit identified internal control deficiencies that, when taken together, represent a material weakness. Specifically, the City did not properly report pension liability, revenue bonds and Utility Local Improvement (ULID) revenues. The City also lacked an effective review process to ensure amounts reported in the financial statements, notes to the financial statements and supplementary schedules agreed to the underlying accounting records and followed BARS Manual guidance.

##### ***Cause of Condition***

The City experienced turnover in its Finance Department and management did not dedicate the necessary resources to perform a detailed review to ensure the financial statements were accurate and complete.

The workbook used by the City to calculate the pension liabilities and assets for each plan the City participates in produced a netted figure.

## *Effect of Condition*

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

- Understated ending pension liability by \$3,654,018 in the notes and Schedule of Liabilities in 2021, and \$1,365,128 in 2022
- Understated beginning pension liability by \$3,654,018 from the notes and Schedule of Liabilities in 2022
- Overstated revenue bonds by \$7,160,000 in the notes and Schedule of Liabilities in 2022
- Disclosed restrictions and commitments of ending cash and investments amount of \$23,875,183 in the 2022 notes while the C-4 reported \$44,931,704
- Disclosed restricted ending cash and investments for transportation, park and fire impact fees of \$9,963,197 in the 2022 notes while the C-4 reported \$8,973,691
- Disclosed restricted ending cash and investments for municipal capital projects of \$61,719 in the 2022 notes while the C-4 reported \$1,052,946
- Incorrectly disclosed King County assessed value of \$2,199,351,778 in the notes in 2022. However, the King County assessed value in 2022 was \$2,244,297,473
- Understated ULID revenues by \$2,344,000 and the ending cash balance by the same amount in the notes and C-4 in 2022

We also identified less significant errors in the City's financial statements and notes provided for audit.

The City subsequently corrected all material misstatements identified above on the 2021 and 2022 financial statements.

## *Recommendation*

We recommend the City strengthen internal controls over financial reporting. Specifically:

- Perform an effective review of the financial statements and notes to identify and correct errors before submitting them for audit.
- Ensure amounts reported in the financial statements, notes to the financial statements and supplementary schedules agree to the underlying accounting records and follows BARS Manual guidance.

## ***City's Response***

*The City of North Bend is appreciative of the Washington State Auditor's review of the City's financial report and processes. The City will revise its internal financial accounting, documentation, and processes to ensure that the reporting of pension liabilities is consistent with SAO requirements, and the financial accounting and reporting of revenue bonds, ending cash balances, and assessed value are accurately reported in the C-4.*

## ***Auditor's Remarks***

We appreciate the City's commitment to resolving this finding and thank the City for its cooperation and assistance during the audit. We will review the corrective action taken during the next regular audit.

## ***Applicable Laws and Regulations***

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

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

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

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

*Budgeting, Accounting and Reporting System (BARS Manual)*, 3.1.8, Beginning and Ending Cash and Investments Classifications.

*Budgeting, Accounting and Reporting System (BARS Manual)*, 3.4.1, Pension Liabilities

*Budgeting, Accounting and Reporting System (BARS Manual)*, 4.14.13, Supplementary and Other Information

## 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 North Bend January 1, 2021 through December 31, 2022**

Mayor and City Council  
City of North Bend  
North Bend, 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 North Bend, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated May 30, 2024.

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

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

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

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

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

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

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

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

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

## **CITY'S RESPONSE TO FINDINGS**

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

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the



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

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

May 30, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of North Bend January 1, 2021 through December 31, 2022**

Mayor and City Council  
City of North Bend  
North Bend, Washington

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

### **Unmodified and Adverse Opinions**

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

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of North Bend, and its changes in cash and investments, for the years ended December 31, 2022 and 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 North Bend, as of December 31, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

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

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

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

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

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

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

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

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

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

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

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

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

## **Supplementary Information**

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

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

May 30, 2024

## **FINANCIAL SECTION**

### **City of North Bend January 1, 2021 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

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

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

Schedule of Liabilities – 2022  
Schedule of Liabilities – 2021

**City of North Bend**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>102 Capital Streets</b>	<b>103 Streets Overlay</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	64,244,884	4,893,146	50,435	830,676
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	12,330,461	9,349,507	-	-
320	Licenses and Permits	716,663	619,233	-	-
330	Intergovernmental Revenues	2,300,526	351,216	93,217	62,134
340	Charges for Goods and Services	12,002,125	292,520	-	-
350	Fines and Penalties	71,783	66,156	-	-
360	Miscellaneous Revenues	4,449,074	171,174	-	-
Total Revenues:		31,870,632	10,849,806	93,217	62,134
<b>Expenditures</b>					
510	General Government	3,265,017	1,966,915	-	-
520	Public Safety	4,567,442	4,535,442	-	-
530	Utilities	6,038,962	-	-	-
540	Transportation	1,502,385	993,437	218,677	-
550	Natural/Economic Environment	1,372,366	948,195	-	-
560	Social Services	43,466	43,466	-	-
570	Culture and Recreation	755,190	706,165	-	-
Total Expenditures:		17,544,828	9,193,620	218,677	-
Excess (Deficiency) Revenues over Expenditures:		14,325,804	1,656,186	(125,460)	62,134
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	1,172,000	-	-	-
397	Transfers-In	4,454,099	195,035	163,139	199,457
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	208,656	31,094	-	-
Total Other Increases in Fund Resources:		5,834,755	226,129	163,139	199,457
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	16,029,741	86,161	-	1,534
591-593, 599	Debt Service	3,648,378	10,214	-	-
597	Transfers-Out	4,454,100	435,975	25,334	363,402
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	17,303	7,876	-	6,258
Total Other Decreases in Fund Resources:		24,149,522	540,226	25,334	371,194
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(3,988,963)</b>	<b>1,342,089</b>	<b>12,345</b>	<b>(109,603)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	29,856,485	773,645	-	-
50841	Committed	288,434	-	62,783	225,651
50851	Assigned	26,776,235	1,766,306	-	495,422
50891	Unassigned	3,334,776	3,695,281	-	-
<b>Total Ending Cash and Investments</b>		<b>60,255,930</b>	<b>6,235,232</b>	<b>62,783</b>	<b>721,073</b>

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

**City of North Bend**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>106 Impact Fees &amp; Mitigation</b>	<b>107 Hotel/Motel Tax</b>	<b>116 Park Capital Improvement</b>	<b>125 Development Projects (CED)</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	8,671,651	35,703	309,651	642,237
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	23,407	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	142,333	-
340	Charges for Goods and Services	3,021,572	-	-	588,549
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	107,686	-	4,639	-
Total Revenues:		3,129,258	23,407	146,972	588,549
<b>Expenditures</b>					
510	General Government	1,102,288	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	388,546
560	Social Services	-	-	-	-
570	Culture and Recreation	49,025	-	-	-
Total Expenditures:		1,151,313	-	-	388,546
Excess (Deficiency) Revenues over Expenditures:		1,977,945	23,407	146,972	200,003
<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	-	-	14,047	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,675,905	-	8,905	195,034
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,675,905	-	22,952	195,034
<b>Increase (Decrease) in Cash and Investments:</b>		<b>302,040</b>	<b>23,407</b>	<b>124,020</b>	<b>4,969</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,375,297	59,111	433,672	647,207
50841	Committed	-	-	-	-
50851	Assigned	598,395	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>8,973,692</b>	<b>59,111</b>	<b>433,672</b>	<b>647,207</b>

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



**City of North Bend**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>130 ARPA Fiscal Recovery Fund</b>	<b>190 Transportation Benefit District</b>	<b>216 2011 Fire Station Bond Redempt</b>	<b>217 2012 LTGO (TBD) Bond Redempt</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,014,133	1,969,004	8,744	2,569
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	823,603	178,031	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,037,070	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	26,096	3,941	-
Total Revenues:		1,037,070	849,699	181,972	-
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	32,000	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	35,625	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		67,625	-	-	-
Excess (Deficiency) Revenues over Expenditures:		969,445	849,699	181,972	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	2,569	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	2,569	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	15,181	-	-	-
591-593, 599	Debt Service	-	-	149,960	-
597	Transfers-Out	-	654,325	-	2,569
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		15,181	654,325	149,960	2,569
<b>Increase (Decrease) in Cash and Investments:</b>		<b>954,264</b>	<b>197,943</b>	<b>32,012</b>	<b>(2,569)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,968,396	2,166,948	40,757	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,968,396</b>	<b>2,166,948</b>	<b>40,757</b>	<b>-</b>

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

**City of North Bend**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>218 2015 LTGO Bond Redemption</b>	<b>220 2018 LTGO Bond Redemption</b>	<b>310 Municipal Projects</b>	<b>320 Capital Improvement (REET)</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	-	-	549,223	3,939,391
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	1,955,913
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	604,194	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	4,439	62,999
Total Revenues:		-	-	608,633	2,018,912
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	-	608,633	2,018,912
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	16,270	72,500	3,805,129	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	168,894	-
Total Other Increases in Fund Resources:		16,270	72,500	3,974,023	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	4,014,045	-
591-593, 599	Debt Service	203,974	245,300	-	-
597	Transfers-Out	-	-	-	72,500
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	3,169	-
Total Other Decreases in Fund Resources:		203,974	245,300	4,017,214	72,500
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(187,704)</b>	<b>(172,800)</b>	<b>565,442</b>	<b>1,946,412</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	340,079	5,885,804
50841	Committed	-	-	-	-
50851	Assigned	-	-	774,588	-
50891	Unassigned	(187,705)	(172,800)	-	-
<b>Total Ending Cash and Investments</b>		<b>(187,705)</b>	<b>(172,800)</b>	<b>1,114,667</b>	<b>5,885,804</b>

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

**City of North Bend**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>401 Water Operations</b>	<b>402 Sewer Operations</b>	<b>404 Storm &amp; FLOOD Operations</b>	<b>405 Solid Waste &amp; Recycling Operations</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,555,019	34,069,711	2,775,778	497,313
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	2,156	95,274
330	Intergovernmental Revenues	-	-	-	10,362
340	Charges for Goods and Services	2,405,443	4,000,609	924,035	-
350	Fines and Penalties	-	5,627	-	-
360	Miscellaneous Revenues	737,104	2,861,037	443,369	5,938
Total Revenues:		3,142,547	6,867,273	1,369,560	111,574
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	2,484,652	2,476,423	1,006,625	71,262
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,484,652	2,476,423	1,006,625	71,262
Excess (Deficiency) Revenues over Expenditures:		657,895	4,390,850	362,935	40,312
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	1,172,000	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	8,668	-
Total Other Increases in Fund Resources:		-	1,172,000	8,668	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	76,937	11,709,370	91,458	-
591-593, 599	Debt Service	215,896	2,721,586	100,569	-
597	Transfers-Out	656,919	-	363,232	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		949,752	14,430,956	555,259	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(291,857)</b>	<b>(8,868,106)</b>	<b>(183,656)</b>	<b>40,312</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	9,165,569	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,263,164	16,036,037	2,592,122	537,625
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>2,263,164</b>	<b>25,201,606</b>	<b>2,592,122</b>	<b>537,625</b>

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

**City of North Bend**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>501 Equipment Operations</b>	<b>502 Equipment Reserve</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	-	1,430,500
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	492,825	276,572
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	2,211	18,441
Total Revenues:		495,036	295,013
<b>Expenditures</b>			
510	General Government	195,814	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	290,271	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		486,085	-
Excess (Deficiency) Revenues over Expenditures:		8,951	295,013
<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	5,860	15,148
591-593, 599	Debt Service	879	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		6,739	15,148
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,212</b>	<b>279,865</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	2,211	1,710,365
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>2,211</b>	<b>1,710,365</b>

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

**City of North Bend**  
**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 Capital Streets</b>	<b>103 Streets Overlay</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	33,657,338	3,256,057	81,412	733,051
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	11,009,691	8,446,820	-	-
320	Licenses and Permits	900,793	807,082	-	-
330	Intergovernmental Revenues	1,956,275	384,087	45,329	-
340	Charges for Goods and Services	14,777,427	555,210	-	-
350	Fines and Penalties	58,985	51,113	-	-
360	Miscellaneous Revenues	4,450,106	23,028	-	-
Total Revenues:		33,153,277	10,267,340	45,329	-
<b>Expenditures</b>					
510	General Government	3,392,738	1,736,578	-	-
520	Public Safety	4,202,074	4,202,074	-	-
530	Utilities	5,430,617	-	-	-
540	Transportation	1,174,727	800,673	112,675	-
550	Natural/Economic Environment	1,482,306	968,286	-	-
560	Social Services	42,824	42,824	-	-
570	Culture and Recreation	1,038,925	599,990	-	-
Total Expenditures:		16,764,211	8,350,425	112,675	-
Excess (Deficiency) Revenues over Expenditures:		16,389,066	1,916,915	(67,346)	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	30,952,750	-	-	-
397	Transfers-In	2,923,933	336,506	180,597	378,189
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	33,675	18,995	-	-
Total Other Increases in Fund Resources:		33,910,358	355,501	180,597	378,189
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	6,606,826	131,774	-	251,894
591-593, 599	Debt Service	9,897,099	-	-	-
597	Transfers-Out	2,923,933	502,836	144,228	18,447
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	284,019	717	-	10,223
Total Other Decreases in Fund Resources:		19,711,877	635,327	144,228	280,564
<b>Increase (Decrease) in Cash and Investments:</b>		<b>30,587,547</b>	<b>1,637,089</b>	<b>(30,977)</b>	<b>97,625</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	38,064,409	338,505	-	6,258
50841	Committed	379,431	-	50,435	328,996
50851	Assigned	22,086,097	837,032	-	495,422
50891	Unassigned	3,714,948	3,717,609	-	-
<b>Total Ending Cash and Investments</b>		<b>64,244,885</b>	<b>4,893,146</b>	<b>50,435</b>	<b>830,676</b>

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

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

		<b>106 Impact Fees &amp; Mitigation</b>	<b>107 Hotel/Motel Tax</b>	<b>116 Park Capital Improvement</b>	<b>125 Development Projects (CED)</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	5,887,001	15,325	188,517	577,816
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	20,378	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	136,033	-
340	Charges for Goods and Services	5,372,790	-	-	914,947
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	7,564	-	253	-
Total Revenues:		5,380,354	20,378	136,286	914,947
<b>Expenditures</b>					
510	General Government	1,484,877	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	2,473	-	-	-
550	Natural/Economic Environment	-	-	-	514,020
560	Social Services	-	-	-	-
570	Culture and Recreation	438,935	-	-	-
Total Expenditures:		1,926,285	-	-	514,020
Excess (Deficiency) Revenues over Expenditures:		3,454,069	20,378	136,286	400,927
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	1,676	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	1,676	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	16,828	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	669,418	-	-	336,506
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		669,418	-	16,828	336,506
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,784,651</b>	<b>20,378</b>	<b>121,134</b>	<b>64,421</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,328,224	35,703	309,651	642,237
50841	Committed	-	-	-	-
50851	Assigned	343,428	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>8,671,652</b>	<b>35,703</b>	<b>309,651</b>	<b>642,237</b>

The accompanying notes are an integral part of this statement.

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

		<b>130 ARPA Fiscal Recovery Fund</b>	<b>190 Transportation Benefit District</b>	<b>216 2011 Fire Station Bond Redempt</b>	<b>217 2012 LTGO (TBD) Bond Redempt</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	-	1,756,830	189,710	-
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	745,976	179,385	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,037,070	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	1,955	212	-
Total Revenues:		1,037,070	747,931	179,597	-
<b>Expenditures</b>					
510	General Government	1,068	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,068	-	-	-
Excess (Deficiency) Revenues over Expenditures:		1,036,002	747,931	179,597	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	409,268	152,045
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	409,268	152,045
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	21,869	-	-	-
591-593, 599	Debt Service	-	-	769,831	149,476
597	Transfers-Out	-	535,757	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		21,869	535,757	769,831	149,476
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,014,133</b>	<b>212,174</b>	<b>(180,966)</b>	<b>2,569</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,014,133	1,969,004	8,744	2,569
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,014,133</b>	<b>1,969,004</b>	<b>8,744</b>	<b>2,569</b>

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

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

		<b>218 2015 LTGO Bond Redemption</b>	<b>220 2018 LTGO Bond Redemption</b>	<b>310 Municipal Projects</b>	<b>320 Capital Improvement (REET)</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	-	-	529,643	2,818,650
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	1,617,132
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	267,875	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	433	3,478
Total Revenues:		-	-	268,308	1,620,610
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	-	268,308	1,620,610
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	191,502	249,300	1,024,850	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	11,486	-
Total Other Increases in Fund Resources:		191,502	249,300	1,036,336	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	982,614	-
591-593, 599	Debt Service	191,502	249,300	-	-
597	Transfers-Out	-	-	55,943	499,869
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	246,507	-
Total Other Decreases in Fund Resources:		191,502	249,300	1,285,064	499,869
<b>Increase (Decrease) in Cash and Investments:</b>		-	-	<b>19,580</b>	<b>1,120,741</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	184,411	3,939,391
50841	Committed	-	-	-	-
50851	Assigned	-	-	367,473	-
50891	Unassigned	-	-	(2,661)	-
<b>Total Ending Cash and Investments</b>		-	-	<b>549,223</b>	<b>3,939,391</b>

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



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

		<b>401 Water Operations</b>	<b>402 Sewer Operations</b>	<b>404 Storm &amp; FLOOD Operations</b>	<b>405 Solid Waste &amp; Recycling Operations</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,558,144	11,403,146	1,890,257	445,053
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	3,774	89,937
330	Intergovernmental Revenues	58,750	-	-	27,131
340	Charges for Goods and Services	2,406,655	3,955,651	930,609	-
350	Fines and Penalties	-	7,872	-	-
360	Miscellaneous Revenues	164,353	3,191,182	1,055,813	465
Total Revenues:		2,629,758	7,154,705	1,990,196	117,533
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	2,273,425	2,241,935	849,984	65,273
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,273,425	2,241,935	849,984	65,273
Excess (Deficiency) Revenues over Expenditures:		356,333	4,912,770	1,140,212	52,260
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	30,663,804	288,946	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	2,669	-	-	-
Total Other Increases in Fund Resources:		2,669	30,663,804	288,946	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	45,568	5,045,714	-	-
591-593, 599	Debt Service	213,547	7,863,695	459,748	-
597	Transfers-Out	77,040	-	83,889	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	25,972	600	-	-
Total Other Decreases in Fund Resources:		362,127	12,910,009	543,637	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(3,125)</b>	<b>22,666,565</b>	<b>885,521</b>	<b>52,260</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	21,285,579	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,555,019	12,784,132	2,775,778	497,313
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>2,555,019</b>	<b>34,069,711</b>	<b>2,775,778</b>	<b>497,313</b>

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

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

		<b>501 Equipment Operations</b>	<b>502 Equipment Reserve</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	787	1,325,939
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	428,426	213,139
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	-	1,370
Total Revenues:		428,426	214,509
<b>Expenditures</b>			
510	General Government	170,215	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	258,906	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		429,121	-
Excess (Deficiency) Revenues over Expenditures:		(695)	214,509
<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	525	-
Total Other Increases in Fund Resources:		525	-
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	617	109,948
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		617	109,948
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(787)</b>	<b>104,561</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	-	1,430,500
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>-</b>	<b>1,430,500</b>

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

**City of North Bend**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Custodial</b>
308	Beginning Cash and Investments	3,143
388 & 588	Net Adjustments	-
310-390	Additions	1,844
510-590	Deductions	3,143
	Net Increase (Decrease) in Cash and Investments:	(1,299)
508	Ending Cash and Investments	1,843

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

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

		<u>Custodial</u>
308	Beginning Cash and Investments	711
388 & 588	Net Adjustments	-
310-390	Additions	2,432
510-590	Deductions	<u>-</u>
	Net Increase (Decrease) in Cash and Investments:	2,432
508	Ending Cash and Investments	3,143

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

**CITY OF NORTH BEND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

The City of North Bend was incorporated on March 12, 1909 and operates under the laws of the State of Washington applicable to a Code City with a Mayor-Council form of government. The City is a general-purpose government and provides a broad range of general governmental services including planning and community development, street maintenance and improvements, parks and recreation, public works, solid waste and recycling, and general administrative services. The City contracts for police services with the City of Snoqualmie. Fire services are provided through a partnership with Eastside Fire and Rescue. In addition, the City owns and operates water, sewer and storm water utility systems.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see Note 9 – *Component Unit(s), Joint Ventures, and Related Parties*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using the classifications that are similar to the ending balance classification in GAAP.

**A. Fund Accounting**

Financial transactions of the City of North Bend 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 City'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 by the City of North Bend:

## **GOVERNMENTAL FUND TYPES:**

### **General Fund**

This fund is the primary operating fund of the City of North Bend. It accounts for all financial resources except those required or elected to be accounted for in another fund.

### **Special Revenue Funds**

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of North Bend.

### **Debt Service Funds**

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

### **Capital Projects Funds**

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

## **PROPRIETARY FUND TYPES:**

### **Enterprise Funds**

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

### **Internal Service Funds**

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

## **FIDUCIARY FUND TYPES:**

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

### **Custodial Funds**

These funds are used to account for assets that the City of North Bend holds on behalf of others in a custodial capacity.

## **B. Basis of Accounting and Measurement Focus**

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

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

**C. Cash and Investments**

See Note 3 - *Deposits and Investments*.

**D. Capital Assets**

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

**E. Compensated Absences**

The amount of vacation leave that may be accumulated depends on bargaining unit contracts or if an employee is non-represented. All accumulated vacation leave is payable upon separation or retirement up to the maximum limit. Additional hours may be allowed with City Administrator approval.

1. Non-represented employees may accumulate up to one year's vacation leave based on their years of service up to a maximum of 200 hours.
2. Employees represented by a bargaining unit may accumulate up to one year's vacation leave based on their years of service up to a maximum of 160 hours.

Sick leave may be accumulated up to a maximum of 960 hours. Upon separation of employment, employees shall be compensated for any accrued sick leave at 25% of the accrued sick leave value based on the final rate of pay of the employee, except for Public Works employees represented by Teamsters Local Union No. 763 who will be compensated for any accrued sick leave at 25% of the accrued sick leave value up to a maximum of 160 hours.

Compensatory hours accrued by non-exempt employees will be paid at the overtime rate of 1.5 times the employee's regular rate of pay upon separation of employment.

All leave payments are recognized as expenditures when paid.

**F. Long-Term Debt**

See Note 5 – *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 ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the City of North Bend intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of **\$30,146,762** as of December 31, 2022:

### **General Fund - \$300**

Restricted for petty cash.

### **General Fund - \$52,321**

The Affordable Housing Sales Tax Credit is restricted by RCW 82.14.540 to local government investments in affordable and supportive housing. City Council adopted Ordinance 1721 on May 19, 2020, imposing the sales and use tax, allowing the City to receive a 0.0073% credit against the 6.5% state sales tax.

### **General Fund - \$721,024**

The Housing & Related Services Sales tax is restricted by RCW 82.14.530 and must be used for affordable housing, behavioral health, and related services. City Council adopted Resolution 1955 on October 12, 2020, imposing this 0.1% sales and use tax with an effective date of January 1, 2021.

### **Capital Streets Fund - \$62,783**

City Council adopted Ordinance 1249 in June 2006 allocating a portion of Business & Occupation (B&O) Tax revenues for the City's most current Six Year Transportation Improvement Program, Street Capital Improvement Program, reconstruction of side streets, or the City's Pavement Management Program.

### **Streets Overlay Fund - \$225,651**

City Council adopted Ordinance 1421 In April 2011 to establish a Streets Overlay Fund to segregate appropriations to the City's Streets Overlay Maintenance Program. In May 2016, the City Council adopted Ordinance 1587 enacting a Square Footage B&O Tax to generate revenue to be used to maintain, repair and operate the City's existing transportation network. Square Footage B&O taxes are appropriated in the Streets Overlay Fund for this purpose.

### **Transportation Impact Fees - \$4,961,005**

Transportation impact fees are restricted by RCW 82.02.050 to mitigate the impacts of new development on infrastructure and capital facilities. Transportation impact fees must be used for system improvements to public streets, roads, and street right-of-way.

### **Park Impact Fees - \$3,271,506**

Park impact fees are restricted by RCW 82.02.050 for the development of parks, open space, passive recreation parks, linear trail parks, and recreational facilities to serve new growth and development in North Bend.

### **Fire Impact Fees - \$132,236**

Fire impact fees are restricted by RCW 82.02.050 and must be used to mitigate the demand on fire protection facilities resulting from new growth and development.



**School Impact Fees - \$10,550**

School impact fees are collected by the City and passed through to the Snoqualmie Valley School District (SVSD). In 2022, January impact fees of \$10,550 was collected but inadvertently not passed through to the SVSD. This oversight was discovered during internal reconciliation and will be corrected and passed through to the SVSD.

**Hotel/Motel Tax - \$59,111**

Hotel/Motel taxes are legislatively restricted for tourism activities or tourism-related facilities.

**Park Capital Improvement (KC Million Trees Grant) - \$19,467**

The City received grant funds from King County's Million Trees Grant Program for tree planting by the South Fork of the Snoqualmie River and to plant native trees adjacent to an unnamed tributary along the southern edge of the Mt. Si Golf Course.

**Park Capital Improvement (KC Parks Levy) - \$414,205**

The City receives park levy proceeds from King County from the 2020-2025 parks property tax levy lid lift approved by voters in 2019. These proceeds can be used for park capital improvement projects and park system operations that are consistent with King County Ordinance 18890.

**Development Projects Fund - \$647,207**

A deposit of funds is required from landowners or developers to pay for costs incurred by the City associated with the development project. Unused deposits are refunded at the end of the project.

**ARPA Fiscal Recovery Fund - \$1,968,397**

The federal American Rescue Plan Act (ARPA) was signed into law on March 11, 2021. The first tranche of Local Fiscal Recovery Funds (LFRF) was disbursed to local governments in 2021. These funds can only be used to address the COVID-19 pandemic impacts on the community, in accordance with rules established by the US Treasury Department.

**Transportation Benefit District - \$2,166,947**

In November 2011 voters approved a 0.2% Transportation Benefit District (TBD) sales tax to fund transportation improvements. This sales tax was renewed by voters in November 2021. These funds are restricted for transportation projects and the repayment of associated debt.

**Fire Station Bond Redemption Fund - \$40,757**

Voters approved an unlimited tax general obligation bond issue in February 2011 to construct a new fire station in North Bend. The excess property tax levy proceeds associated with the bond issue are restricted for debt service purposes.

**Municipal Capital Projects - \$183,392**

Restricted for retainage withheld from contractors during capital construction projects.

**Recreation & Conservation (RCO) Grant - \$151,126**

The City was awarded a Land & Water Conservation grant by the WA State Recreation & Conservation Funding Board for the North Bend Partnering for a Park project. This project is a multi-agency partnership between the City, Si View Metropolitan Park District and King County. The RCO grant funds are part of the Municipal Capital Projects Fund balance.

**Si View Park District Interlocal Agreement - \$5,561**

The City executed an Interlocal Agreement (“ILA”) with Si View Metropolitan Park District (“District”) in June 2019 for the Tollgate Farm Park to Downtown Trail project. Per the terms of the ILA, the District will transfer funds from their Parks bond measure proceeds for the design and construction of this project. The ILA funds are part of the Municipal Capital Projects Fund balance.

**Capital Improvements (REET) - \$5,885,804**

Real Estate Excise Tax 1 and Real Estate Excise Tax 2 (REET 1 & REET 2) revenues are restricted by RCW 82.43.010. REET 1 must be used to finance capital projects that are listed in the City’s capital facilities plan (“CFP”) element of the comprehensive plan or for housing relocation assistance under RCW 59.18.440 and 59.18.450. REET 2 funds are more specifically restricted to infrastructure and parks capital projects.

**Sewer Utility Fund - \$8,468,466**

The City issued Water/Sewer Revenue Bonds in October 2019 and August 2021 to finance the construction of Wastewater Treatment Plant High Priority Improvements Phase I and Phase II. The bond proceeds are restricted funds per the bond ordinance.

**ULID Assessments - \$697,103**

The City issued Water/Sewer Revenue Bonds to pay for improvements to the sewer system constructed by Utility Local Improvement District (ULID) No. 6. ULID assessments are collected from property owners and used to make debt service payments. The ULID assessments are restricted funds that are part of the Sewer Utility Fund balance.

**Treasurers Trust Fund - \$1,843**

The State of Washington requires the City to collect a fee on all residential and commercial building permits issued and remit this State Building Code Surcharge back to the State. These funds are considered custodial and are therefore restricted.

## NOTE 2 – BUDGET COMPLIANCE

The City of North Bend adopts biennial appropriated budgets for all governmental funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. The biennial budget is implemented as two, one-year financial plans, therefore all appropriations for these funds lapse at the fiscal year end.

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

2022 was the second year of the 2021-2022 Biennium. The budget amounts shown in the financial statements reflect that portion of the total appropriation that was authorized for fiscal year 2022. The appropriated and actual expenditures for the legally adopted budgets were as follows:

	<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001	General Fund	11,162,698	9,505,959	1,656,739
101	Street	1,130,968	999,787	131,181
102	Capital Streets	510,539	244,008	266,531
103	Streets Overlay	951,049	371,194	579,855
106	Impact Fees & Mitigation	3,643,665	2,827,218	816,447
108	Economic Development	288,058	144,949	143,109
116	Park Capital Improvement	235,401	22,952	212,449
125	Development Projects	970,230	583,579	386,651
130	ARPA Fiscal Recovery Fund	2,050,191	82,806	1,967,385
190	Transportation Benefit District (TBD)	1,071,257	654,325	416,932
216	2011 Fire Station Bond Redemption	200,160	149,960	50,200
217	2012 LTGO TBD Bond Redemption	52,569	2,569	50,000
218	2015 LTGO Bond Redemption	241,769	203,975	37,794
220	2018 LTGO Bond Redemption	270,500	245,300	25,200
310	Municipal Projects	8,791,247	4,017,212	4,774,035
320	Capital Improvement (REET)	1,546,377	72,500	1,473,877
401	Water Operations & Capital	5,413,995	3,434,402	1,979,593
402	Sewer Operations & Capital	27,478,318	15,973,288	11,505,030
404	Storm Operations & Capital	1,725,039	1,236,894	488,145
404	Flood Operations	382,326	324,991	57,335
405	Solid Waste & Recycling Operations	86,834	71,261	15,573
451	ULID #6 Revenue Bond Redemption	1,038,552	934,090	104,462
501	Equipment Operations	542,189	291,150	251,039
501	Technology Operations	322,593	201,675	120,918
502	Equipment Reserve	346,000	-	346,000
502	Technology Reserve	81,600	15,148	66,452
635	Treasurers Trust	-	3,142	(3,142)
		<b>70,534,124</b>	<b>42,614,332</b>	<b>27,919,792</b>

Budgeted amounts are authorized to be transferred between departments within any fund; 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 of North Bend's legislative body. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by ordinance by a majority vote of the City Council.

### NOTE 3 – DEPOSITS AND INVESTMENTS

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

Type of Deposit or Investment	City's own deposits & investments	Deposits & investments help by the City as custodian for others	Total Deposits & Investments
Bank Deposits	\$ 29,885,445		\$ 29,885,445
Certificates of Deposits	\$ 983		\$ 983
Local Government Investment Pool (LGIP)	\$ 14,042,461		\$ 14,042,461
US Government Securities	\$ 15,776,764		\$ 15,776,764
Pacific Premier Bank Publis Interest Accounts	\$ 181,300		\$ 181,300
<b>TOTAL</b>	<b>\$ 59,886,954</b>	<b>\$ -</b>	<b>\$ 59,886,954</b>

It is the City of North Bend's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds, except for certain Special Revenue Funds, in accordance with the City's Financial Policies.

#### Investments in the State Local Government Investment Pool (LGIP)

The City of North Bend 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, or 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 of North Bend would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by Federal Deposit 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 of North Bend or its agent in the City of North Bend's name.

#### **NOTE 4 - PROPERTY TAX**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. While collections are distributed after the end of each month, the majority of property taxes are distributed following the April and October county due dates for payment of property taxes.

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

The City of North Bend's regular levy for the year 2022 was \$\$1.08952 per \$1,000 on an assessed valuation of **\$2,244,297,473** for a total regular levy of \$2,431,107.

## NOTE 5 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of North Bend and summarizes the City's debt transactions for the year ended December 31, 2022.

The debt service requirements for general obligation bonds, revenue bonds, Public Works Trust Fund loans and State Revolving Fund loans, including both principal and interest, are as follows:

	Interest	Principal	Total
2022	\$ 1,443,861.09	\$ 1,639,785.43	\$ 3,083,646.52
2023	\$ 1,412,898.06	\$ 1,634,785.43	\$ 3,047,683.49
2024	\$ 1,362,779.63	\$ 1,649,785.45	\$ 3,012,565.08
2025	\$ 1,311,906.21	\$ 1,554,785.44	\$ 2,866,691.65
2026-2030	\$ 6,057,850.76	\$ 5,808,029.72	\$ 11,865,880.48
2031-2035	\$ 4,800,574.67	\$ 5,591,622.15	\$ 10,392,196.82
2036-2040	\$ 3,743,925.00	\$ 6,655,000.00	\$ 10,398,925.00
2041-2045	\$ 2,541,600.00	\$ 7,355,000.00	\$ 9,896,600.00
2046-2050	\$ 1,113,650.00	\$ 7,585,000.00	\$ 8,698,650.00
2051	\$ 52,400.00	\$ 1,310,000.00	\$ 3,083,646.52
	<b>\$ 23,841,445.42</b>	<b>\$ 40,783,793.62</b>	<b>\$ 66,346,485.56</b>

#### **NOTE 6 - PENSION PLANS**

Substantially all City full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS) administered by the Washington State Department of Retirement Systems (DRS), 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 that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

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

At June 30, 2022 (*the measurement dates of the plans*), the City of North Bend's proportionate share of the collective net pension liabilities, as reported on Schedule 09, was as follows:

	<b>Employer Contributions</b>	<b>Allocation %</b>	<b>Liability (Asset)</b>
PERS 1	\$172,493	0.028145%	\$783,660
PERS 2/3	\$329,302 (PERS2) \$295,703 (PERS3)	0.036808%	\$(1,365,128)

#### **Deferred Compensation Plans**

The City of North Bend offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. Plans are available with MissionSquare Retirement, the Washington State Department of Retirement Systems Deferred Compensation Plan and Empower Retirement. The plans are available to all employees and enable them to defer a portion of their compensation until future years. The City matches employee contributions to these plans up to \$200 per month. Compensation deferred is not available to employees until termination, retirement, death, or certain unforeseeable emergencies. Total City contributions to all three deferred compensation plans in 2022 were \$38,875.00



## **NOTE 7 – RISK MANAGEMENT**

The City of North Bend is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2022, 106 entities participate in the AWC RMSA pool.

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

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$500,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$500,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from National League of Cities Mutual Insurance Company (NLC MIC). The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC and excess property coverage is purchased through AIG Specialty Insurance Company and CHUBB. In 2022, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides the remaining limits up to a total of \$250 million. All commercial policies have been purchased through the pool's Broker of Record, Aon.

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

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

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

## **NOTE 8 – HEALTH & WELFARE**

The City of North Bend 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, 2022, 262 cities/towns/non-city entities participate and have enrollment 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 Trustees 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, Willamette Dental Group, 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 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. 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 AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust 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 9 – COMPONENT UNIT(S), JOINT VENTURES, AND RELATED PARTIES

Eastside Fire and Rescue: In 1999, through an Interlocal agreement as provided by RCW 39.34, the consolidation of several agencies created a new Fire and Emergency Medical Services agency called Eastside Fire and Rescue (EF&R). The agencies (partners/parties) joining in this consolidation were King County Fire Protection Districts 10 and 38, and the Cities of Issaquah and North Bend, with the City of Sammamish joining in January 2001. In October 2020, the EF&R Board of Directors approved the formation of Eastside Fire & Rescue into a Washington nonprofit corporation under RCW 24.03. Each governing body of each partner agency then approved the nonprofit formation by adopting a new Interlocal Agreement, Articles of Incorporation, and By-Laws. The new Interlocal Agreement extends the operation of EF&R through December 31, 2031. Any party may withdraw at the end of any ten-year term by filing with the other parties a notice of withdrawal in January of the eighth year.

EF&R is a joint venture partnership. The entities retain an equity interest in EF&R based on their support of EF&R operations. As of December 31, 2022, the equity percentage was as follows:

• Fire District No. 10	3,478,552	35.6045%
• Fire District No. 38	647,444	6.6269%
• City of Issaquah	2,412,111	24.6890%
• City of North Bend	441,314	4.5170%
• City of Sammamish	2,790,546	28.5652%
Total	9,769,967	100.00%

EF&R is governed by a Joint Board of Directors which consists of eight Directors appointed from each of the partner's elected officials. The City of Issaquah, City of Sammamish and Fire District 10 are allotted two Board members each; the City of North Bend and Fire District 38 are allotted one Board member each.

The amount of annual contribution for each partner is determined by a funding model agreed upon by all partners and outlined in Exhibit A of the Interlocal Agreement. The funding model utilizes calls for service by first due area of response for each fire station, assessed valuations, and weighted incident types (Fire or EMS), to establish each partner's cost which collectively funds the overall operation. The incident weighting portion of the funding model, which was a revision from the previous funding model, is being phased in gradually over the years 2015 to 2021. Funding formula ratios were recalculated based upon updated information for the years 2019-2021. Subsequent updates to the formula will occur before May 30<sup>th</sup> of every second year, beginning in 2022.

Each partner retains ownership of any real and personal property acquired prior to becoming a member of EF&R. All property acquired jointly by two or more parties after becoming members of EF&R is the joint property of those parties. Property acquired separately by a party remains the separate property of that party. If a partner withdraws from EF&R, all separate real and personal property will be returned to them along with the fair market value of all joint real and personal property.

Each partner makes monthly payments for their annual operating contribution and an annual payment for their portion of the equipment replacement fund and facilities maintenance fund.

In response to revenue losses incurred by several partner entities due to COVID-19, EF&R eliminated the equipment replacement fund and facilities maintenance fund payments for 2020 and 2021. These payments are expected to be reinstated in 2022.

Eastside Fire & Rescue's 2021-2022 adjusted operating biennium budget was \$86.4 million and total biennium budget was \$90.5 million. The City of North Bend's net partner annual contribution was \$1,254,929 in 2022.

Complete audited financial statements for Eastside Fire & Rescue can be obtained at 175 Newport Way NW, Issaquah, WA 98027.

## **NOTE 10 – COVID-19 PANDEMIC**

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

On March 11, 2020, an emergency proclamation was signed by the Mayor of North Bend and an emergency response plan was enacted. City Hall was closed beginning March 17, 2020, most non-essential work was suspended, and most City Hall employees began to work remotely. Many public services were transitioned to on-line, and all meetings transitioned from in-person to on-line meetings. City staff reached out to the local business community to provide information on resources and assistance opportunities. City Council considered budget implications and adopted expense reductions to address the estimated loss in revenue.

Mandates from federal, state, and local authorities have resulted in an overall decline in economic activity. Businesses have suffered significant adverse economic impacts because of COVID-19, and most are still operating in a limited capacity. City Council used a significant amount of the Coronavirus Aid, Relief, and Economic Security Act (CARES) funds to provide emergency grants to small, locally owned businesses and certain community groups. Development continued to move forward once restrictions were lifted on construction activities. Financial impacts related to COVID-19 are not completely known at this time. The City continued to monitor revenue projections throughout 2020 and made adjustments as needed. While the City was not immune to the effect of COVID-19 on our resources, due to healthy reserves, prudent spending policies, and solid financial forecasting, coupled with strong online sales and healthy construction activity the City was able to minimize the impacts on the City's budget reserves and operations. The City experienced a decline in sales tax for the first few months of the pandemic restrictions but ended the year 13% above our original conservative sales tax projections and only 8% below 2019's record high sales tax collections. Other revenues impacted were business & occupation taxes, interest earnings, and late fees.

The City Council adopted a conservative budget in 2022 pending any longer-term impacts from reductions to state shared revenues and retail businesses located in North Bend. The City is continuing to explore all options to bolster revenues, support local businesses, and streamline operations as we prepare to reopen City Hall. We are cautiously optimistic moving forward as our sales tax collections, real estate sales, and development activity has continued to remain strong in 2021.

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

## NOTE 11 – LEASES

During the year ended 2022, the City adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities. The City maintains several leases (both as a lessee and a lessor).

### Leases (City acting as the Lessee)

As a lessee, leased assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract. The lease agreements represent the City's obligation to make lease payments to the owner of the asset as specified in the contract.

- Leased Asset: Canon Copiers. The City leases three Canon copiers under a master sales and services agreement effective September 20, 2021. Two copiers are located at City Hall and the third copier is located in the Public Works maintenance facility. The lease term is for four years at a monthly cost of \$599.44.
- Leased Asset: Mitel VoIP phones. The City leases 53 Mitel Voice over Internet Protocol (VoIP) enabled desk phones from Peak CMS, LLC under a master sales and services agreement effective June 4, 2019. The lease term is for five years at a monthly cost of \$764.00.
- Leased Asset: Pitney Bowes mail system. The City leases a Pitney Bowes SendPro C mail system and Relay 4500 folder inserter system under a master sales and services agreement effective April 20, 2022. The lease term is for five years at a monthly cost of \$443.09.

The total amount paid for the aforementioned leases in the current reporting period was \$17,820.94. The table below shows the lease payments for the five years through 2026 and in five year increments thereafter.

Year ended December 31	Cannon Copiers	Mitel IP Phones	Pitney Bowes Mail System	Total
2022	\$5,994.40	\$9,168.00	\$2,658.54	\$17,820.94
2023	\$7,193.28	\$9,168.00	\$5,317.08	\$21,678.36
2024	\$7,193.28	\$4,584.00	\$5,317.08	\$17,094.36
2025	\$5,394.96	\$0.00	\$5,317.08	\$10,712.04
2026	\$0.00	\$0.00	\$5,317.08	\$5,317.08
2027-2031	\$0.00	\$0.00	\$6,646.35	\$6,646.35
2032-2036	\$0.00	\$0.00	\$0.00	\$0.00
2037-2041	\$0.00	\$0.00	\$0.00	\$0.00
2042-2046	\$0.00	\$0.00	\$0.00	\$0.00
2047-2051	\$0.00	\$0.00	\$0.00	\$0.00



### Leases (City acting as the Lessor)

As a lessor, City owned assets are leased to another party and provides, through a lease agreement, that party control of the right to use the City's asset for the lease term, as specified in the contract. The lease agreement represent the party's obligation to make lease payments to the City as specified in the contract.

- City Hall Annex – 126 E. Fourth Street, North Bend, WA 98045. The City leases to the Washington State Department of Fish and Wildlife a 162 square foot portion of the City's Community Economic Development Annex located at 126 E. Fourth Street. The initial lease term covers a two year period May 1, 2021 through April 30, 2023. The montly lease rate during the initial term is \$679.17. The initial lease term covers a two year period May 1, 2021 through April 30, 2023. The monthly lease rate during the initial term is \$679.17. This initial lease term was subsequently amended to cover the period July 1, 2023 through June 30, 2024. The monthly lease rate during the amended term is \$1,333.33.
- City property – 411 Main Ave. S, North Bend, WA 98045. The City leases property to the Mount Si Senior Center for the purposes of siting of a multipurpose senior center. The lease term is for 50 years starting June 1, 1993 through May 31, 2043. The annual lease rate is \$10.00 (ten dollars) per year.
- North Bend Railroad Depot – 205 McClellan Street, North Bend, WA 98045. The City leases the North Bend Railroad Depot Meeting Room to the North Bend Downtown Foundation for use as office space from which to conduct day-to-day operations. The lease term is month-to-month starting July 1, 2023. The monthly lease rate is \$1.00 (one dollar) per month.
- Farm Shed property and parking lot – 320 Bendigo Blvd, North Bend, WA 98045. The City leases property, commonly referred to as the Farm Shed, to the Snoqualmie Valley Historical Society for the purposes as a museum. The Farm Shed property includes a house and parking lot. The lease term is for a period of 10 years starting July 21, 2023 through December 31, 2033. The monthly lease rate is \$10.00 (ten dollars) per year.

The total amount received for the aforementioned leases in the current reporting period was \$8,160.00. The table below shows the lease payments for the five years through 2026 and in five year increments thereafter.

Year ended December 31	WA St Dept Fish/Wildlife	Mt Si Sr Center	Train Depot	Historical Museum	Total
2022	\$8,150.04	\$10.00	\$0.00	\$0.00	\$8,160.04
2023	\$10,716.66	\$10.00	\$6.00	\$5.00	\$10,737.66
2024	\$7,999.98	\$10.00	\$12.00	\$10.00	\$8,031.98
2025	\$0.00	\$10.00	\$12.00	\$10.00	\$32.00
2026	\$0.00	\$10.00	\$12.00	\$10.00	\$32.00
2027-2031	\$0.00	\$50.00	\$60.00	\$50.00	\$160.00
2032-2036	\$0.00	\$50.00	\$60.00	\$30.00	\$140.00
2037-2041	\$0.00	\$50.00	\$60.00	\$0.00	\$110.00
2042-2046	\$0.00	\$24.17	\$60.00	\$0.00	\$84.17
2047-2051	\$0.00	\$0.00	\$60.00	\$0.00	\$60.00

## NOTE 12 - OTHER DISCLOSURES

- A. Wastewater Treatment Plant Upgrades: The City began systematic repairs and upgrades to the Wastewater Treatment Plant (WWTP) in late 2014. In 2017 the City completed a wastewater system facilities plan for the WWTP and sewer collection and conveyance system that included evaluating possible options for the future WWTP. Options included retrofitting the existing WWTP, building a new WWTP elsewhere in the City, and regionalization by conveying City sewer to the City of Snoqualmie's WWTP down one of several corridors and building major capacity upgrades at the Snoqualmie WWTP. Due to financial constraints the City chose to retrofit the existing WWTP.

Improvements to the WWTP that were constructed in 2018 included replacing one of two ultraviolet disinfection (UV) systems, oxidation ditch rotor repairs, and main influent pump station improvements. These pump station improvements consisted of installing facilities to remove large objects from the influent flow to protect the pumps and lead to a longer service life. Additionally, provisions were installed to allow for emergency bypass pumping of the station in the event of a total system failure. Short-term financing for these improvements was obtained in 2016 with the issuance of an LTGO Bond in the form of a revolving line of credit (LOC). The LOC was repaid from proceeds from revenue bonds issued in October 2019.

High Priority Capital Improvements – Phase I is currently under construction and is anticipated to be completed in mid 2021. This phase includes the addition of a new secondary clarifier, rehabilitation of the existing secondary clarifier, construction of a new building to house the UV system, and for the replacement of the older of the two existing UV systems. Additionally, a new third UV system will be included in the replacement package that will provide additional capacity and required redundancy. Construction of the entire UV system and additional clarifier began in May 2019. Substantial electrical, control panel and worker safety improvements are also included in the project scope. Phase I construction is funded by revenue bonds issued in October 2019.

The City received a Public Works Trust Fund Loan in 2019 for the design of the WWTP High Priority Improvements – Phase II project. The City chose to design and construct this project using the Washington State Department of Enterprise Services (DES) Energy Savings Performance Contracting (ESPC) method. Trane NW, Inc. was selected as the Energy Service Company (ESCO) to develop the project. Design was completed to 50% during the Investment Grade Audit phase, at which time Trane advertised the project for bids. The City, Trane, and DES recently completed negotiations on the project scope and costs and on May 18, 2021 the City Council unanimously approved entering into a contract to finalize the design and to construct the project. Construction is anticipated to begin in August 2021. Funding will be provided by the issuance of revenue bonds in late summer 2021.

- B. Sewer Rate Study: The City completed an updated Sewer Rate Study in 2021 which reevaluated sewer rates and General Facilities Charges (GFCs) to ensure that the utility continues to collect adequate revenues to fund and operate the ongoing projects in the Wastewater Treatment Plant (WWTP) and wastewater system, including Phase II of the WWTP High Priority Improvements capital project. The City Council adopted the updated sewer rates in March 2021, which become effective on January 1, 2022. The City Council also

adopted updated General Facilities Charges (GFCs) to ensure that new customers are paying their fair share of the existing and future infrastructure costs. The updated GFCs became effective as of April 1, 2021.

- C. Water Rate Study: The City completed a Water Rate Study in 2021 which evaluated water rates and General Facilities Charges (GFCs) to ensure that the utility is charging current and future customers the appropriate rates to fund current operations and future growth. The City's recently adopted Water System Plan contains a comprehensive list of capital projects needed to improve reliability to customers, ensure safe drinking water quality, increase and diversify mitigation sources and capacity, lower distribution system leakage, and increase fire flow capabilities for the utility. A primary focus of the rate study was the ability to meet future debt issuance obligations for capital improvements. The City Council adopted the water rates in May 2021, which become effective on January 1, 2022. The City Council also adopted updated General Facilities Charges (GFCs) to ensure that new customers are paying their fair share of the existing and future infrastructure costs. The updated GFCs become effective as of June 1, 2021.
- D. Contingencies and Litigations:
1. Friends of Snoqualmie Valley Trail and River v. Department of Health and North Bend: A neighborhood group filed a petition under the Administrative Procedures Act challenging the approval of the City's Water System Plan by the Department of Health. The petition also challenges the City's SEPA decisions related to issuance of the Water System Plan. No monetary damages are sought against the City.
  2. Lowe v. Polygon and North Bend: Polygon is a national builder that constructed a plat in North Bend. Lowe is the owner of a property adjoining the Polygon plat. Upon completion of the plat, the City accepted the dedication from Polygon of public street and utility improvements. Lowe alleges that a portion of one of the utility improvements is actually on her property. Pursuant to a requirement of the City's plat approval, Polygon is obligated to fully defend and indemnify the City against Lowe's claims. Polygon has accepted the City's tender of defense.
- E. GASB 54 Compliance: Per the provisions of GASB 54, Special Revenue Funds are only allowed to be reported if they are used to account for activities that are substantially funded (20% or more) by a restricted or committed revenue sources. Special Revenue Funds that do not meet this requirement are rolled-up into the General Fund for reporting purposes. For 2022, Fund 101 (Streets Operations), Fund 108 (Economic Development), and Fund 117 (Park Maintenance Reserve) are rolled-up into the General Fund (001) totals. Additionally, Fund 451 (ULID #6 Bond Redemption) and Fund 452 (ULID #6 Bond Reserve) were rolled-up into Fund 402 (Sewer Operations).
- F. Water & Sewer Revenue Bonds: The City Council adopted Ordinance No. 1746 on May 4, 2021 authorizing the issuance and sale of Water and Sewer Revenue Bonds to fund the construction of Wastewater Treatment Plant (WWTP) High Priority Capital Improvements –

Phase II. The same ordinance also authorizes the City to refinance the remaining \$6.2 million balance of the 2015 Water & Sewer Refunding Bonds to achieve savings to the City and its ratepayers. Proceeds from these revenue bonds were received in 2021 and totaled \$20,675,000 and were carried forward and spent in 2022.

- G. Asset Retirement Obligation: The City of North Bend provides water, sewer and surface water services to the citizens of North Bend. As a provider of these services, the City owns, operates and maintains two groundwater wells and a Wastewater Treatment Plant (WWTP). The City is continually maintaining and upgrading these assets ensuring that they remain in good service and continually extending the life of the assets.

As of December 31, 2022, the City owns, operates and maintains two groundwater wells having an average estimated useful life remaining of 100 years. The City does not foresee decommissioning these assets in the foreseeable future; however, in the unlikely event that the City were to decommission these wells there are specific decommissioning requirements within the Washington Administrative Code (WAC). Because there are no plans to decommission the wells in the foreseeable future, and due to the inability to estimate the dates and cost of the decommissioning of the wells so far into the future, the City cannot estimate the related liability of one-time decommissioning costs associated with these wells.

Within the next year, the City will demolish or decommission several assets at the WWTP. These include demolition of the former Youth Activity Center, the former headworks and control building, the upper floor of the former pump house building, and the existing headworks. The City will also be decommissioning and removing the existing sludge dryer and the existing dewatering centrifuge. The City cost for the decommissioning and demolition of these assets is \$508,000. Both the Youth Activity Center and former headworks and control building are known to contain asbestos and costs to remediate are included in the estimated cost. This work will be occurring as part of the WWTP High Priority Improvements - Phase II and will be paid for from project funds. The \$508,000 is a firm price that is included in the guaranteed maximum contract with Trane NW, Inc., the project developer. The liability is reported on the Schedule of Liabilities.

Construction Commitments: The City two active construction projects as of December 31, 2022. At year-end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
WWTP High Priority Improvements – Phase I	9,256,182	279,063
WWTP High Priority Improvements – Phase II	10,962,155	12,601,250

- Wastewater Treatment Plant Improvements: These improvements are being financed by City utility funds and Revenue Bonds issued in October 2019. Proceeds from a Line of Credit (LOC) GO Bond were also used for these improvements. The LOC was paid back by the 2019 Revenue Bonds. Phase I projects are anticipated to be completed in 2021.

- H. Affordable Housing Sales Tax Credit: On May 19, 2020 the City Council adopted Ordinance 1721 adopting legislation to authorize a sales & use tax for affordable and supportive housing in accordance with Substitute House Bill 1406 (SHB 1406). This ordinance authorized the City to impose a tax of 0.073% to be used for affordable housing. The tax is a credit against the State sales tax rate of 6.5%, so it will not increase the tax rate for City consumers. The tax may remain in effect for 20 years. The City's annual share of this tax in 2022 was \$22,744. The City received its first distribution in September 2020.
  
- I. Local Sales & Use Tax for Affordable & Supportive Housing: On October 12, 2020 the City Council adopted Resolution 1955 adopting legislation to authorize a sales & use tax to fund affordable housing, mental health and related services in accordance with House Bill 1590. The additional 0.1% sales & use tax is anticipated to generate approximately \$300,000 annually to be used for affordable housing and other authorized purposes. This sales tax increase became effective January 1, 2021.

**CITY OF NORTH BEND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

The City of North Bend was incorporated on March 12, 1909 and operates under the laws of the State of Washington applicable to a Code City with a Mayor-Council form of government. The City is a general-purpose government and provides a broad range of general governmental services including planning and community development, street maintenance and improvements, parks and recreation, public works, solid waste and recycling, and general administrative services. The City contracts for police services with the City of Snoqualmie. Fire services are provided through a partnership with Eastside Fire and Rescue. In addition, the City owns and operates water, sewer and storm water utility systems.

The City of North Bend reports financial activity in accordance with the *Cash Basis Budgeting, Accounting, and Reporting System* (BARS) Manual prescribed by the State Auditor’s Office under the authority of Washington State law, Chapter [43.09](#) RCW. This manual prescribes a financial reporting framework that differs from Generally Accepted Accounting Principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see Note 9 – *Component Unit(s), Joint Ventures, and Related Parties*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

Financial transactions of the City of North Bend 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 City’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 by the City of North Bend:

## **GOVERNMENTAL FUND TYPES:**

### **General Fund**

This fund is the primary operating fund of the City of North Bend. It accounts for all financial resources except those required or elected to be accounted for in another fund.

### **Special Revenue Funds**

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City of North Bend.

### **Debt Service Funds**

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

### **Capital Projects Funds**

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

## **PROPRIETARY FUND TYPES:**

### **Enterprise Funds**

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

### **Internal Service Funds**

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

## **FIDUCIARY FUND TYPES:**

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

### **Custodial Funds**

These funds are used to account for assets that the City of North Bend holds on behalf of others in a custodial capacity.

## **B. Basis of Accounting and Measurement Focus**

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

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

**C. Cash and Investments**

See Note 3 - *Deposits and Investments*.

**D. Capital Assets**

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

**E. Compensated Absences**

The amount of vacation leave that may be accumulated depends on bargaining unit contracts or if an employee is non-represented. All accumulated vacation leave is payable upon separation or retirement up to the maximum limit. Additional hours may be allowed with City Administrator approval.

1. Non-represented employees may accumulate up to one year's vacation leave based on their years of service up to a maximum of 200 hours.
2. Employees represented by a bargaining unit may accumulate up to one year's vacation leave based on their years of service up to a maximum of 160 hours.

Sick leave may be accumulated up to a maximum of 960 hours. Upon separation of employment, employees shall be compensated for any accrued sick leave at 25% of the accrued sick leave value based on the final rate of pay of the employee, except for Public Works employees represented by Local Union No. 763 who will be compensated for any accrued sick leave at 25% of the accrued sick leave value up to a maximum of 160 hours.

Compensatory hours accrued by non-exempt employees will be paid at the overtime rate of 1.5 times the employee's regular rate of pay upon separation of employment.

All leave payments are recognized as expenditures when paid.

**F. Long-Term Debt**

See Note 5 – *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 ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of **\$38,443,840** as of December 31, 2021:

**General Fund - \$300**

Restricted for petty cash.



**General Fund - \$27,577**

The Affordable Housing Sales Tax Credit is restricted by RCW 82.14.540 to local government investments in affordable and supportive housing. City Council adopted Ordinance 1721 on May 19, 2020, imposing the sales and use tax, allowing the City to receive a 0.0073% credit against the 6.5% state sales tax.

**General Fund - \$310,628**

The Housing & Related Services Sales tax is restricted by RCW 82.14.530 and must be used for affordable housing, behavioral health, and related services. City Council adopted Resolution 1955 on October 12, 2020, imposing this 0.1% sales and use tax with an effective date of January 1, 2021.

**Capital Streets Fund - \$50,435**

City Council adopted Ordinance 1249 in June 2006 allocating a portion of Business & Occupation (B&O) Tax revenues for the City's most current Six Year Transportation Improvement Program, Street Capital Improvement Program, reconstruction of side streets, or the City's Pavement Management Program.

**Streets Overlay Fund - \$6,258**

Restricted for retainage withheld from contractors during capital construction projects.

**Streets Overlay Fund - \$328,996**

City Council adopted Ordinance 1421 In April 2011 to establish a Streets Overlay Fund to segregate appropriations to the City's Streets Overlay Maintenance Program. In May 2016, the City Council adopted Ordinance 1587 enacting a Square Footage B&O Tax to generate revenue to be used to maintain, repair and operate the City's existing transportation network. Square Footage B&O taxes are appropriated in the Streets Overlay Fund for this purpose.

**Transportation Impact Fees - \$5,939,695**

Transportation impact fees are restricted by RCW 82.02.050 to mitigate the impacts of new development on infrastructure and capital facilities. Transportation impact fees must be used for system improvements to public streets, roads, and street right-of-way.

**Park Impact Fees - \$2,387,045**

Park impact fees are restricted by RCW 82.02.050 for the development of parks, open space, passive recreation parks, linear trail parks, and recreational facilities to serve new growth and development in North Bend.

**Fire Impact Fees - \$1,484**

Fire impact fees are restricted by RCW 82.02.050 and must be used to mitigate the demand on fire protection facilities resulting from new growth and development.

**Hotel/Motel Tax - \$35,703**

Hotel/Motel taxes are legislatively restricted for tourism activities or tourism-related facilities.

**Park Capital Improvement - \$17,724**

The City received grant funds from King County's Million Trees Grant Program for tree planting by the South Fork of the Snoqualmie River and to plant native trees adjacent to an unnamed tributary along the southern edge of the Mt. Si Golf Course.

**Park Capital Improvement - \$291,927**

The City receives park levy proceeds from King County from the 2020-2025 parks property tax levy lid lift approved by voters in 2019. These proceeds can be used for park capital improvement projects and park system operations that are consistent with King County Ordinance 18890.

**Development Projects Fund - \$642,237**

A deposit of funds is required from landowners or developers to pay for costs incurred by the City associated with the development project. Unused deposits are refunded at the end of the project.

**ARPA Fiscal Recovery Fund - \$1,014,133**

The federal American Rescue Plan Act (ARPA) was signed into law on March 11, 2021. The first tranche of Local Fiscal Recovery Funds (LFRF) was disbursed to local governments in 2021. These funds can only be used to address the COVID-19 pandemic impacts on the community, in accordance with rules established by the US Treasury Department.

**Transportation Benefit District - \$1,969,004**

In November 2011 voters approved a 0.2% Transportation Benefit District (TBD) sales tax to fund transportation improvements. This sales tax was renewed by voters in November 2021. These funds are restricted for transportation projects and the repayment of associated debt.

**Fire Station Bond Redemption Fund - \$8,744**

Voters approved an unlimited tax general obligation bond issue in February 2011 to construct a new fire station in North Bend. The excess property tax levy proceeds associated with the bond issue are restricted for debt service purposes.

**Transportation Benefit District Bond Redemption Fund - \$2,569**

City Council approved a limited tax general obligation bond issue in June 2012 to finance transportation improvements included within the City's Six-Year Transportation Improvement Program. The remaining proceeds associated with the bond issue are restricted for debt service and transportation purposes.

**Municipal Capital Projects - \$3,169**

Restricted for retainage withheld from contractors during capital construction projects.

**Recreation & Conservation (RCO) Grant - \$150,552**

The City was awarded a Land & Water Conservation grant by the WA State Recreation & Conservation Funding Board for the North Bend Partnering for a Park project. This project is a multi-agency partnership between the City, Si View Metropolitan Park District and King County. The RCO grant funds are part of the Municipal Capital Projects Fund balance.

**Community Development Block Grant (CDBG) - \$25,159**

The City was awarded a Community Development Block Grant from King County Housing & Community Development for the North Bend Pedestrian Connection project. The CDBG grant funds are part of the Municipal Capital Projects Fund balance.

**Si View Park District Interlocal Agreement - \$5,531**

The City executed an Interlocal Agreement ("ILA") with Si View Metropolitan Park District ("District") in June 2019 for the Tollgate Farm Park to Downtown Trail project. Per the terms of the ILA, the District will transfer funds from their Parks bond measure proceeds for the design and construction of this project. The ILA funds are part of the Municipal Capital Projects Fund balance.

**Capital Improvements (REET) - \$3,939,391**

Real Estate Excise Tax 1 and Real Estate Excise Tax 2 (REET 1 & REET 2) revenues are restricted by RCW 82.43.010. REET 1 must be used to finance capital projects that are listed in the City's capital facilities plan ("CFP") element of the comprehensive plan or for housing relocation assistance under RCW 59.18.440 and 59.18.450. REET 2 funds are more specifically restricted to infrastructure and parks capital projects.

**Sewer Utility Fund - \$20,540,475**

The City issued Water/Sewer Revenue Bonds in October 2019 and August 2021 to finance the construction of Wastewater Treatment Plant High Priority Improvements Phase I and Phase II. The bond proceeds are restricted funds per the bond ordinance.

**ULID Assessments - \$745,104**

The City issued Water/Sewer Revenue Bonds to pay for improvements to the sewer system constructed by Utility Local Improvement District (ULID) No. 6. ULID assessments are collected from property owners and used to make debt service payments. The ULID assessments are restricted funds that are part of the Sewer Utility Fund balance.

**Treasurers Trust Fund - \$3,142**

The State of Washington requires the City to collect a fee on all residential and commercial building permits issued and remit this State Building Code Surcharge back to the State. These funds are considered custodial and are therefore restricted.

**NOTE 2 – BUDGET COMPLIANCE**

The City of North Bend adopts biennial appropriated budgets for all governmental funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. The biennial budget is implemented as two, one-year financial plans, therefore all appropriations for these funds lapse at the fiscal year end.

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

2021 was the first year of the 2021-2022 Biennium. The budget amounts shown in the financial statements reflect that portion of the total appropriation that was authorized for fiscal year 2021. The appropriated and actual expenditures for the legally adopted budgets were as follows:

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
General Fund	\$9,707,251	\$8,800,981	\$906,270
Street Operations Fund	901,440	857,851	43,589
Capital Streets Fund	296,373	256,903	39,470
Streets Overlay Fund	319,112	280,564	38,548
Impact Fees & Mitigation Fund	3,495,918	2,595,703	900,215
Economic Development Fund	212,598	199,678	12,920
Park Capital Improvement Fund	37,229	16,828	20,401
Development Projects Fund	995,730	850,526	145,204
ARPA Fiscal Recovery Fund	1,036,058	22,937	1,013,121

Transportation Benefit District	547,092	535,758	11,334
2011 Fire Station Bond Redemption Fund	775,531	769,830	5,701
2012 LTGO (TBD) Bond Redemption Fund	149,850	149,477	373
2015 LTGO Bond Redemption Fund	191,722	191,502	220
2018 LTGO Bond Redemption Fund	249,500	249,300	200
Municipal Projects Fund	2,929,435	1,285,064	1,644,371
Capital Improvement Fund	542,141	499,870	42,271
Water Operations & Capital Fund	3,506,182	2,635,551	870,631
Sewer Operations & Capital Fund	22,762,114	8,119,577	14,642,537
Storm Operations & Capital Fund	1,258,558	1,170,559	87,999
Flood Operations Fund	274,020	223,062	50,958
Solid Waste & Recycling Operations Fund	75,245	65,273	9,972
ULID #6 Revenue Bond Redemption Fund	6,135,296	6,128,465	6,831
ULID #6 Revenue Bond Reserve Fund	904,116	904,116	0
Equipment Operations Fund	297,255	258,905	38,350
Technology Operations Fund	208,457	170,833	37,624
Equipment Reserve Fund	106,772	104,673	2,099
Technology Reserve Fund	8,276	5,275	3,001
<b>Total All Funds</b>	<b>\$57,923,271</b>	<b>\$37,349,061</b>	<b>\$20,574,210</b>

Budgeted amounts are authorized to be transferred between departments within any fund; 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 of North Bend's legislative body. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year by ordinance by a majority vote of the City Council.

### NOTE 3 – DEPOSITS AND INVESTMENTS

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

<u>Type of Deposit or Investment</u>	City's own deposits and investments	Deposits and investments held by the City as custodian for other local governments, individuals or private organizations	Total Deposits and Investments
Bank Deposits	\$24,658,412	\$3,142	\$24,661,554
Certificates of Deposit	528,979		528,979
Local Government Investment Pool (L.G.I.P.)	27,919,709		27,919,709
U.S. Government Securities	1,985,505		1,985,505
Pacific Premier Bank Public Interest Accounts	10,669,129		10,669,129
<b>Total</b>	<b>\$65,761,734</b>	<b>\$3,142</b>	<b>\$65,764,876</b>

It is the City of North Bend's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds, except for certain Special Revenue Funds, in accordance with the City's Financial Policies.

#### Investments in the State Local Government Investment Pool (LGIP)

The City of North Bend 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, or 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 of North Bend would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by Federal Deposit 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 of North Bend or its agent in the City of North Bend's name.

#### **NOTE 4 - PROPERTY TAX**

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

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

The City of North Bend's regular levy for the year 2021 was \$1.10409 per \$1,000 on an assessed valuation of \$1,872,100,728 for a total regular levy of \$2,056,813.

In 2021, the City of North Bend also levied \$0.09647 per \$1,000 for construction of a new Fire Station for a total additional levy of \$178,869.

#### **NOTE 5 – LONG-TERM DEBT**

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

The debt service requirements for general obligation bonds, revenue bonds, Public Works Trust Fund loans and State Revolving Fund loans are as follows:

	Principal	Interest	Total
2022	\$2,155,255	\$1,458,904	\$3,614,159
2023	2,152,998	1,422,795	3,575,793
2024	2,130,702	1,367,242	3,497,945
2025	1,554,785	1,311,906	2,866,692
2026	1,569,785	1,254,578	2,824,363
2027 – 2031	5,076,555	5,571,006	10,647,561
2032 – 2036	5,793,311	4,596,692	10,390,003
2037 – 2041	6,870,000	3,529,265	10,399,265
2042 – 2046	7,390,000	2,260,525	9,650,525
2047 – 2051	7,400,000	827,800	8,227,800
<b>TOTALS</b>	<b>\$42,093,393</b>	<b>\$23,600,713</b>	<b>\$65,694,106</b>

The City of North Bend issued \$4,775,000 of revenue refunding bonds to retire \$6,200,000 of existing 2015 Water/Sewer Refunding bonds. This refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,848,710. The financial statements reflect other financing sources of \$5,284,359 and other financing uses of \$6,237,553 pertaining to this transaction.

## **NOTE 6 - PENSION PLANS**

### **State Sponsored Pension Plans**

Substantially all City full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS) administered by the Washington State Department of Retirement Systems (DRS), 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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

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

At June 30, 2021 (*the measurement dates of the plans*), the City of North Bend's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	<b>Employer Contributions</b>	<b>Allocation %</b>	<b>Liability (Asset)</b>
PERS 1	\$212,876	0.028578%	\$349,004
PERS 2/3	347,472	0.036681%	(3,654,018)

### **Deferred Compensation Plans**

The City of North Bend offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. Plans are available with MissionSquare Retirement, the Washington State Department of Retirement Systems Deferred Compensation Plan and Empower Retirement. The plans are available to all employees and enable them to defer a portion of their compensation until future years. The City matches employee contributions to these plans up to \$150 per month. Compensation deferred is not available to employees until termination, retirement, death, or certain unforeseeable emergencies. Total City contributions to all three deferred compensation plans in 2021 were \$23,800.

### **NOTE 7 – RISK MANAGEMENT**

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

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

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits.

For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by National League of Cities Mutual Insurance Company (NLC MIC) for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Hallmark Specialty Insurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The reinsurance coverage is purchased through NLC MIC, and excess property coverage is purchased through AIG Specialty Insurance Company, and CHUBB in 2021, AWC RMSA carried a retention of \$200,000, NLC MIC reinsures up to \$3 million, AIG Specialty Insurance Company provides excess insurance up to \$50 million, and CHUBB provides limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

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

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

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

#### **NOTE 8 – HEALTH & WELFARE**

The City of North Bend 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 Trustees 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 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 AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust 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 9 – JOINT VENTURES, COMPONENT UNIT(S), AND RELATED PARTIES**

Eastside Fire and Rescue: In 1999, through an Interlocal agreement as provided by RCW 39.34, the consolidation of several agencies created a new Fire and Emergency Medical Services agency

called Eastside Fire and Rescue (EF&R). The agencies (partners/parties) joining in this consolidation were King County Fire Protection Districts 10 and 38, and the Cities of Issaquah and North Bend, with the City of Sammamish joining in January 2001. In October 2020, the EF&R Board of Directors approved the formation of Eastside Fire & Rescue into a Washington nonprofit corporation under RCW 24.03. Each governing body of each partner agency then approved the nonprofit formation by adopting a new Interlocal Agreement, Articles of Incorporation, and By-Laws. The new Interlocal Agreement extends the operation of EF&R through December 31, 2031. Any party may withdraw at the end of any ten-year term by filing with the other parties a notice of withdrawal in January of the eighth year.

EF&R is a joint venture partnership. The entities retain an equity interest in EF&R based on their support of EF&R operations. As of December 31, 2021, the equity percentage was as follows:

• Fire District No. 10	\$4,743,914	36.52%
• Fire District No. 38	855,788	6.59%
• City of Issaquah	3,132,895	24.11%
• City of North Bend	578,689	4.45%
• City of Sammamish	3,680,202	28.33%
Total	<hr/> \$12,991,488	100.00%

EF&R is governed by a Joint Board of Directors which consists of eight Directors appointed from each of the partner's elected officials. The City of Issaquah, City of Sammamish and Fire District 10 are allotted two Board members each; the City of North Bend and Fire District 38 are allotted one Board member each.

The amount of annual contribution for each partner is determined by a funding model agreed upon by all partners and outlined in Exhibit A of the Interlocal Agreement. The funding model utilizes calls for service by first due area of response for each fire station, assessed valuations, and weighted incident types (Fire or EMS), to establish each partner's cost which collectively funds the overall operation. The incident weighting portion of the funding model, which was a revision from the previous funding model, is being phased in gradually over the years 2015 to 2021. Funding formula ratios were recalculated based upon updated information for the years 2019-2021. Subsequent updates to the formula will occur before May 30<sup>th</sup> of every second year, beginning in 2022.

Each partner retains ownership of any real and personal property acquired prior to becoming a member of EF&R. All property acquired jointly by two or more parties after becoming members of EF&R is the joint property of those parties. Property acquired separately by a party remains the separate property of that party. If a partner withdraws from EF&R, all separate real and personal property will be returned to them along with the fair market value of all joint real and personal property.

Each partner makes monthly payments for their annual operating contribution and an annual payment for their portion of the equipment replacement fund and facilities maintenance fund. In response to revenue losses incurred by several partner entities due to COVID-19, EF&R eliminated the equipment replacement fund and facilities maintenance fund payments for 2020, 2021 and 2022. These payments are expected to be reinstated in 2023.

Eastside Fire & Rescue's 2021 adjusted operating budget was \$36.7 million and total budget was \$38.1 million. The City of North Bend's net partner contribution was \$1,738,311.

Complete audited financial statements for Eastside Fire & Rescue can be obtained at 175 Newport Way NW, Issaquah, WA 98027.

#### **NOTE 10 – 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 facilities were closed to the public for over a year, many city employees worked remotely, and new procedures have been put in place. While some activities have been limited or temporarily curtailed, the City continues to operate all major functions and meet its public mandates. City offices reopened to the public in March 2022.

The City has remained economically stable with sales tax collections, real estate sales, and development activity remaining strong in 2021. The City continues to monitor the situation and is ready to adapt to the changing conditions as needed.

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

#### **NOTE 11 – ENVIRONMENTAL AND CERTAIN ASSET RETIREMENT LIABILITIES**

Asset Retirement Obligation: The City of North Bend provides water, sewer and surface water services to the citizens of North Bend. As a provider of these services, the City owns, operates and maintains two groundwater wells and a Wastewater Treatment Plant (WWTP). The City is continually maintaining and upgrading these assets ensuring that they remain in good service and continually extending the life of the assets.

As of December 31, 2021, the City owns, operates and maintains two groundwater wells having an average estimated useful life remaining of 100 years. The City does not foresee decommissioning these assets in the foreseeable future; however, in the unlikely event that the City were to decommission these wells there are specific decommissioning requirements within the Washington Administrative Code (WAC). Because there are no plans to decommission the wells in the foreseeable future, and due to the inability to estimate the dates and cost of the decommissioning of the wells so far into the future, the City cannot estimate the related liability of one-time decommissioning costs associated with these wells.

In 2021 the City demolished the former Youth Activity Center building near the WWTP. The Youth Activity Center contained asbestos and was remediated prior to demolition. Within the next two years the City will be demolishing the former headworks and control building, the upper floor of the former pump house building, and the existing (current) headworks. The City will also be decommissioning and removing the existing sludge dryer and the existing dewatering centrifuge. The former headworks and control building is also known to contain asbestos. Costs to remediate both buildings are included in the cost of demolition. This work is occurring as part of the WWTP

High Priority Improvements - Phase II and is being paid for from project funds. The City cost for the decommissioning and demolition of these assets is \$508,000. The \$508,000 is a firm price that is included in the guaranteed maximum contract with Trane NW, Inc., the project developer. \$52,894 of this cost was incurred in 2021 for the Youth Activity Center building remediation and demolition. The liability is reported on the Schedule of Liabilities.

#### **NOTE 12 – INTERFUND LOANS**

On April 19, 2022, the City Council approved an Interfund Loan from the Capital Improvement (REET) Fund to the Water Utility Fund to provide interim funding for water capital projects. The Interfund Loan has a maximum authorized amount of \$1,200,000 per Ordinance #1776 and will be repaid on or before December 31, 2025.

#### **NOTE 13 - OTHER DISCLOSURES**

- A. Wastewater Treatment Plant Upgrades: The City began systematic repairs and upgrades to the Wastewater Treatment Plant (WWTP) in late 2014. In 2017 the City completed a wastewater system facilities plan for the WWTP and sewer collection and conveyance system that included evaluating possible options for the future WWTP. Options included retrofitting the existing WWTP, building a new WWTP elsewhere in the City, and regionalization by conveying City sewer to the City of Snoqualmie's WWTP down one of several corridors and building major capacity upgrades at the Snoqualmie WWTP. Due to financial constraints the City chose to retrofit the existing WWTP.

Improvements to the WWTP that were constructed in 2018 included replacing one of two ultraviolet disinfection (UV) systems, oxidation ditch rotor repairs, and main influent pump station improvements. These pump station improvements consisted of installing facilities to remove large objects from the influent flow to protect the pumps and lead to a longer service life. Additionally, provisions were installed to allow for emergency bypass pumping of the station in the event of a total system failure. Short-term financing for these improvements was obtained in 2016 with the issuance of an LTGO Bond in the form of a revolving line of credit (LOC). The LOC was repaid from proceeds from revenue bonds issued in October 2019.

Construction of the High Priority Capital Improvements – Phase I project is nearly complete with only punch-list items remaining. This phase included the addition of a new secondary clarifier, rehabilitation of the existing secondary clarifier, construction of a new building to house the UV system, and for the replacement of the older of the two existing UV systems. Additionally, a new third UV system was included in the replacement package that will provide additional capacity and required redundancy. Substantial electrical, control panel and worker safety improvements were also included in the project scope. Construction of the Phase 1 project began in May 2019. Phase I construction is funded by revenue bonds issued in October 2019.

The City received a Public Works Trust Fund Loan in 2019 for the design of the WWTP High Priority Improvements – Phase II project. This project will include the demolition of three existing structures, construction of a new headworks, two new oxidation ditches, a new electrical/blower building, conversion of the existing oxidation ditch to aerobic digesters, replacement of the existing dewatering centrifuge with a dewatering screw press, and several

mechanical and electrical improvements. The project is intended to further increase worker safety, reliability, redundancy, and capacity of the wastewater treatment plant. The City chose to design and construct this project using the Washington State Department of Enterprise Services (DES) Energy Savings Performance Contracting (ESPC) method. Trane NW, Inc. was selected as the Energy Service Company (ESCO) to develop the project. Design was completed to 50% during the Investment Grade Audit phase, at which time Trane advertised the project for bids. The City, Trane, and DES completed negotiations on the project scope and costs and on May 18, 2021, the City Council unanimously approved entering into a contract to finalize the design and to construct the project. Construction began in October 2021 and is anticipated to be completed by November 2023. Phase II construction is funded by revenue bonds issued in August 2021.

- B. Sewer Rate Study: The City completed an updated Sewer Rate Study in 2021 which reevaluated sewer rates and General Facilities Charges (GFCs) to ensure that the utility continues to collect adequate revenues to fund and operate the ongoing projects in the Wastewater Treatment Plant (WWTP) and wastewater system, including Phase II of the WWTP High Priority Improvements capital project. The City Council adopted the updated sewer rates in March 2021, which become effective on January 1, 2022. The City Council also adopted updated General Facilities Charges (GFCs) to ensure that new customers are paying their fair share of the existing and future infrastructure costs. The updated GFCs became effective as of April 1, 2021.
- C. Water Rate Study: The City completed a Water Rate Study in 2021 which evaluated water rates and General Facilities Charges (GFCs) to ensure that the utility is charging current and future customers the appropriate rates to fund current operations and future growth. The City's recently adopted Water System Plan contains a comprehensive list of capital projects needed to improve reliability to customers, ensure safe drinking water quality, increase and diversify mitigation sources and capacity, lower distribution system leakage, and increase fire flow capabilities for the utility. A primary focus of the rate study was the ability to meet future debt issuance obligations for capital improvements. The City Council adopted the water rates in May 2021, which become effective on January 1, 2022. The City Council also adopted updated General Facilities Charges (GFCs) to ensure that new customers are paying their fair share of the existing and future infrastructure costs. The updated GFCs become effective as of June 1, 2021.
- D. Meadowbrook Sewer ULID: In 2021, the City received petitions to form a Sewer Utility Local Improvement District (ULID) to extend sewer service to the Meadowbrook area that currently lacks public sewer service. The City does not have the financial capacity to extend sewer service facilities without some form of assistance such as the formation of a ULID. The formation of a Sewer ULID would allow the City to design and build public sewer to benefit this specific community. Following a special benefits study conducted in March 2021, the City conducted a virtual Town Hall meeting in July 2021 to receive public comment about the potential Meadowbrook Sewer ULID. Subsequently, more than 50% of the private property owners by area in the Meadowbrook community signed formal petitions in favor of the ULID and the City Council authorized City-owned parcels to be included within the ULID. On April 5, 2022 the City Council unanimously accepted the petitions and set a public hearing date for May 17, 2022.

If the ULID moves forward, the City will issue bonds to pay for the pre-formation, engineering and construction costs associated with the project. Property owners will be able to pay their sewer ULID assessments over 15-20 years. Specific improvements would include a sanitary sewer collection system, sewer conveyance system, sewer lift station(s), a forcemain crossing over or under South Fork Snoqualmie River, and a discharge to the City's existing wastewater treatment plant.

E. Contingencies and Litigations:

1. Friends of Snoqualmie Valley Trail and River v. Department of Health and North Bend: A neighborhood group filed a petition under the Administrative Procedures Act challenging the approval of the City's Water System Plan by the Department of Health. The petition also challenged the City's SEPA decisions related to issuance of the Water System Plan. No monetary damages were sought against the City. This matter was dismissed on summary judgment on October 18, 2021. The matter is now closed.
2. Lowe v. Polygon and North Bend: Polygon is a national builder that constructed a plat in North Bend. Lowe is the owner of a property adjoining the Polygon plat. Upon completion of the plat, the City accepted the dedication from Polygon of public street and utility improvements. Lowe alleges that a portion of one of the utility improvements is actually on her property. Pursuant to a requirement of the City's plat approval, Polygon is obligated to fully defend and indemnify the City against Lowe's claims. Polygon has accepted the City's tender of defense. The parties are working toward a global settlement which is likely to be approved by the parties, thereby resulting in the dismissal by plaintiffs.
3. North Bend Associates, LLC v. North Bend and River Run Ventures: On March 28, 2022, plaintiff North Bend Associates, LLC served the City with a Summons and Complaint in *North Bend Associates, LLC v. City of North Bend & River Run Ventures* alleging tortious interference with a business expectancy; breach of contract; breach of duty of good faith and fair dealing; negligence; negligent misrepresentation, taking; and substantive due process (violation). The City's insurer, Association of Washington Risk Management Service Agency, is defending under a reservation of rights allegations within the City's coverage document (taking, negligence, and negligent misrepresentation). The cause of action arises from North Bend Associates ("NBA") allegation that the City represented to NBA that its development would qualify for the State of Washington's multi-family tax exemption program ("MFTE"), RCW 84.14, and that NBA relied to its detriment on the alleged representation. In fact, the City could not have made such representation because the City of North Bend did not qualify for the MFTE program under RCW 84.14 on the date of the alleged loss due to the City's population of less than 10,000. The City and plaintiff have entered settlement discussions and this matter is unlikely to proceed to trial or result in any financial loss related to litigation, claims and assessments (including due to unasserted or threatened claims that are probable of assertion).

- F. GASB 54 Compliance: Per the provisions of GASB 54, Special Revenue Funds are only allowed to be reported if they are used to account for activities that are substantially funded (20% or more) by a restricted or committed revenue sources. Special Revenue Funds that do not meet this requirement are rolled-up into the General Fund for reporting purposes. For 2021, Fund 101 (Streets Operations), Fund 108 (Economic Development), and Fund 117 (Park

Maintenance Reserve) are rolled-up into the General Fund (001) totals. Additionally, Fund 451 (ULID #6 Bond Redemption) and Fund 452 (ULID #6 Bond Reserve) were rolled-up into Fund 402 (Sewer Operations).

- G. Bond Rating Update: On June 30, 2021, the City received a bond rating from Standard & Poors of AA- with a stable outlook on the 2021 Water and Sewer Revenue Bond issued to fully refund the City's 2015 Water and Sewer Revenue Bonds for to finance Wastewater Treatment Plant High Priority Improvements – Phase II. This rating reflects S&P's opinion that the City has a strong economy, combined utility rates that are considered affordable in the context of the service area's very strong income level, good financial and operational management, good budget flexibility, continued growth in the service area, and very strong liquidity to meet financial commitments. At the same time, S&P affirmed the AA- long-term rating on the City's outstanding 2015 and 2019 Water and Sewer Revenue Bonds.
- H. Water & Sewer Revenue Bonds: The City Council adopted Ordinance No. 1746 on May 4, 2021, authorizing the issuance and sale of Water and Sewer Revenue Bonds to fund the construction of Wastewater Treatment Plant (WWTP) High Priority Capital Improvements – Phase II. The same ordinance also authorized the City to refinance the remaining \$6.2 million balance of the 2015 Water & Sewer Refunding Bonds to achieve savings to the City and its ratepayers. Revenue bonds in the amount of \$25,450,000 were issued in November 2021.
- I. City Hall Project: On May 15, 2018, the City Council authorized the execution of a contract for the new City Hall construction project. The contract was awarded to Skyward Construction, the lowest responsible bidder, in the amount of \$6,736,650. The project was financed by a combination of fund balance savings reserved over the last few years, excess Real Estate Excise Tax (REET) funds, sale of surplus real property, impact fees, utility funds, traffic impact fees for improvements along Cedar Falls Way, and proceeds of \$3,740,000 from LTGO (limited tax general obligation) bonds issued in September 2018.

The contractor failed to deliver the project within the time period specified in the construction contract (June 2019) and failed to complete certain work consistent with the plans and specifications. A dispute arose between the contractor and the City regarding the City's retention of the retainage deposit for the project to cover the City's liquidated damages and to cover the City's costs in completing a portion of the work. The dispute was mediated in September 2020 and as a result of the mediation, a settlement agreement was executed and approved by the City Council in October 2020. Under the terms of the settlement agreement, \$220,000 of the withheld retainage was returned to the contractor in March 2021 and the City retained the remaining \$124,803 of the contract amount.

- J. Transportation Benefit District Sales Tax: On November 2, 2021, North Bend voters approved Proposition 1 authorizing the renewal and continued imposition of a sales and use tax of two-tenths of one percent (0.2%) to be used for transportation improvement projects identified in the City's Six-year Capital Improvements Plan, Transportation Improvement Program, and sidewalk and street repairs and improvements. The tax was originally approved by voters in November 2011 for a ten-year period and became effective on April 1, 2012. RCW 36.74 allows this tax to be renewed for a ten-year extension upon voter approval. This tax will expire on March 31, 2032.

- K. Asset Retirement Obligation: The City of North Bend provides water, sewer and surface water services to the citizens of North Bend. As a provider of these services, the City owns, operates and maintains two groundwater wells and a Wastewater Treatment Plant (WWTP). The City is continually maintaining and upgrading these assets ensuring that they remain in good service and continually extending the life of the assets.

As of December 31, 2021, the City owns, operates and maintains two groundwater wells having an average estimated useful life remaining of 100 years. The City does not foresee decommissioning these assets in the foreseeable future; however, in the unlikely event that the City were to decommission these wells there are specific decommissioning requirements within the Washington Administrative Code (WAC). Because there are no plans to decommission the wells in the foreseeable future, and due to the inability to estimate the dates and cost of the decommissioning of the wells so far into the future, the City cannot estimate the related liability of one-time decommissioning costs associated with these wells.

In 2021 the City demolished the former Youth Activity Center building near the WWTP. Within the next two years the City will demolishing the former headworks and control building, the upper floor of the former pump house building, and the existing (current) headworks. The City will also be decommissioning and removing the existing sludge dryer and the existing dewatering centrifuge. The City cost for the decommissioning and demolition of these assets is \$508,000. The Youth Activity Center contained asbestos and was remediated prior to demolition. The former headworks and control building is also known to contain asbestos. Costs to remediate both buildings are included in the cost of demolition. This work is occurring as part of the WWTP High Priority Improvements - Phase II and will be paid for from project funds. The \$508,000 is a firm price that is included in the guaranteed maximum contract with Trane NW, Inc., the project developer. The liability is reported on the Schedule of Liabilities.

- L. Construction Commitments: The City has two active construction projects as of December 31, 2021 - Wastewater Treatment Plant (WWTP) High Priority improvements Phase I and Phase II.

At year-end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
WWTP High Priority Improvements – Phase I	9,255,674	279,571
WWTP High Priority Improvements – Phase II	1,244,076	22,319,329
<b>Total</b>	<b>\$10,499,750</b>	<b>\$22,598,900</b>

The Wastewater Treatment Plant improvements are being financed by City utility funds and Revenue Bonds issued in October 2019 and August 2021. Proceeds from a Line of Credit (LOC) GO Bond were also used for these improvements. The LOC was paid back by the 2019 Revenue Bonds. The Phase I project is complete other than punch-list items and Phase II project is anticipated to be completed in November 2023.



M. Local Sales & Use Tax for Affordable & Supportive Housing: On October 12, 2020 the City Council adopted Resolution 1955 adopting legislation to authorize a sales & use tax to fund affordable housing, mental health and related services in accordance with House Bill 1590. The additional 0.1% sales & use tax is anticipated to generate approximately \$300,000 annually to be used for affordable housing and other authorized purposes. This sales tax increase became effective January 1, 2021.

**City of North Bend  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

<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	GO Refunding Bonds - 2015 LTGO	12/1/2026	935,000	-	170,000	765,000
251.11	2018 Non-Voted LTGO Bond (City Hall)	12/1/2043	3,490,000	-	100,000	3,390,000
251.22	2011 Voted UTGO Bonds (Fire Station)	12/1/2027	685,000	-	120,000	565,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>5,110,000</b>	<b>-</b>	<b>390,000</b>	<b>4,720,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	Revenue Bonds - 2019 Water & Sewer Bonds	8/1/2049	8,615,000	-	180,000	8,435,000
252.11	Revenue Bonds - 2021 Water & Sewer Revenue & Refunding Bonds	8/1/2051	25,450,000	-	865,000	24,585,000
259.12	Compensated Absences		414,458	66,921	-	481,379
263.82	SRF - DOE - I&I Project - Phase II	1/1/2024	78,386	-	38,900	39,486
263.82	DOE - CCWF - WWTP Phase 2 (A,B & C)	1/1/2024	436,439	-	143,311	293,128
263.82	SRF Loan - Drinking H2O - CT Piping	9/1/2026	59,752	1	11,951	47,802
263.93	Environmental Liabilities - Asset Retirement Obligations		455,106	-	-	455,106
264.30	Net Pension Liability		349,004	434,656	-	783,660
263.88	PWTF Loan - Water Source Development	9/1/2026	647,618	-	129,524	518,094
263.88	PWTF Loan - 415th Ave SE - Water Main Replacement	6/1/2032	696,422	-	63,311	633,111
263.88	PWTF Loan - WWTP Priority Improvements	6/1/2024	999,774	-	333,258	666,516
263.57	Canon Solutions (copy machine lease)		28,773	-	5,994	22,779
263.57	Great American Financial Services (phone system lease)		22,156	-	9,168	12,988
263.57	Pitney Bowes (mail machine lease)		26,585	-	2,659	23,926
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>38,279,473</b>	<b>501,578</b>	<b>1,783,076</b>	<b>36,997,975</b>
<b>Total Liabilities:</b>			<b>43,389,473</b>	<b>501,578</b>	<b>2,173,076</b>	<b>41,717,975</b>

**City of North Bend  
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	2012 Non-Voted LTGO Bonds (TBD)	12/1/2021	145,000	-	145,000	-
251.11	GO Refunding Bonds - 2015 LTGO	12/1/2026	1,100,000	-	165,000	935,000
251.11	2018 Non-Voted LTGO Bond (City Hall)	12/1/2043	3,590,000	-	100,000	3,490,000
251.22	2011 Voted UTGO Bonds (Fire Station)	12/1/2027	1,390,000	-	705,000	685,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>6,225,000</b>	<b>-</b>	<b>1,115,000</b>	<b>5,110,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	Revenue Bonds - 2015 Storm Capital Projects Refunding	8/1/2032	440,000	-	440,000	-
252.11	Revenue Bonds - 2015 Refunding (2012 ULID #6)	8/1/2032	6,720,000	-	6,720,000	-
252.11	Revenue Bonds - 2019 Water & Sewer Bonds	8/1/2049	8,790,000	-	175,000	8,615,000
252.11	Revenue Bonds - 2021 Water & Sewer Revenue & Refunding Bonds	8/1/2051	-	25,450,000	-	25,450,000
259.12	Compensated Absences		399,139	15,319	-	414,458
263.82	SRF - DOE - I&I Project - Phase II	1/1/2024	116,709	-	38,323	78,386
263.82	DOE - CCWF - WWTP Phase 2 (A,B & C)	1/1/2024	577,625	-	141,186	436,439
263.82	SRF Loan - Drinking H2O - CT Piping	9/1/2026	71,703	-	11,951	59,752
263.93	Environmental Liabilities - Asset Retirement Obligations		508,000	-	52,894	455,106
264.30	Net Pension Liability		1,426,163	-	1,077,159	349,004
263.88	PWTF Loan - Water Source Development	9/1/2026	777,142	-	129,524	647,618
263.88	PWTF Loan - 415th Ave SE - Water Main Replacement	6/1/2032	759,733	-	63,311	696,422
263.88	PWTF Loan - WWTP Priority Improvements	6/1/2024	-	999,774	-	999,774
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>20,586,214</b>	<b>26,465,093</b>	<b>8,849,348</b>	<b>38,201,959</b>
<b>Total Liabilities:</b>			<b>26,811,214</b>	<b>26,465,093</b>	<b>9,964,348</b>	<b>43,311,959</b>

## 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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