



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Grandview

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

Published September 30, 2021

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

September 30, 2021

Mayor and City Council
City of Grandview
Grandview, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Grandview January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
21.019	COVID-19 – Coronavirus Relief Fund

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Grandview January 1, 2020 through December 31, 2020

Mayor and City Council
City of Grandview
Grandview, 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 Grandview, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 22, 2021.

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

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown.

As discussed in Note 12 to the financial statements, during the year ended December 31, 2020, the City separated the Water/Sewer fund and reported the transfer of beginning fund balance as a special/extraordinary line item.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are

appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 22, 2021

INDEPENDENT AUDITOR'S REPORT

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

City of Grandview January 1, 2020 through December 31, 2020

Mayor and City Council
City of Grandview
Grandview, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

September 22, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

City of Grandview January 1, 2020 through December 31, 2020

Mayor and City Council
City of Grandview
Grandview, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Grandview, for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 15.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

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

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

Basis for Adverse Opinion on U.S. GAAP

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

Adverse Opinion on U.S. GAAP

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

Matter of Emphasis

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic’s direct or indirect financial impact on the City is unknown. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, during the year ended December 31, 2020, the City separated the Water/Sewer fund and reported the transfer of beginning fund balance as a special/extraordinary line item. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

September 22, 2021

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

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

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

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

		Total for All Funds (Memo Only)	001 Current Expense Fund	105 Emergency Medical Services	106 Yakima Cnty Law & Justice Tax
Beginning Cash and Investments					
308	Beginning Cash and Investments	17,867,058	1,360,778	176,403	233,409
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	5,911,871	4,678,485	131,944	330,833
320	Licenses and Permits	196,342	196,342	-	-
330	Intergovernmental Revenues	1,643,789	875,741	37,006	132
340	Charges for Goods and Services	8,989,443	137,557	-	-
350	Fines and Penalties	122,676	122,676	-	-
360	Miscellaneous Revenues	440,524	260,520	753	1,418
Total Revenues:		<u>17,304,645</u>	<u>6,271,321</u>	<u>169,703</u>	<u>332,383</u>
Expenditures					
510	General Government	1,341,183	1,341,183	-	-
520	Public Safety	4,281,884	3,732,976	286,306	262,602
530	Utilities	5,794,545	-	-	-
540	Transportation	1,037,276	-	-	-
550	Natural/Economic Environment	168,432	168,432	-	-
560	Social Services	15,242	15,242	-	-
570	Culture and Recreation	647,476	647,476	-	-
Total Expenditures:		<u>13,286,038</u>	<u>5,905,309</u>	<u>286,306</u>	<u>262,602</u>
Excess (Deficiency) Revenues over Expenditures:		4,018,607	366,012	(116,603)	69,781
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	863,222	-	-	-
397	Transfers-In	71,000	-	-	-
385	Special or Extraordinary Items	5,132,845	-	-	-
381, 382, 389, 395, 398	Other Resources	7,233	1,033	-	-
Total Other Increases in Fund Resources:		<u>6,074,300</u>	<u>1,033</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,113,887	239,202	7,515	23,937
591-593, 599	Debt Service	532,567	92,608	-	-
597	Transfers-Out	71,000	50,000	-	-
585	Special or Extraordinary Items	5,132,845	-	-	-
581, 582, 589	Other Uses	2,000	1,100	-	-
Total Other Decreases in Fund Resources:		<u>8,852,299</u>	<u>382,910</u>	<u>7,515</u>	<u>23,937</u>
Increase (Decrease) in Cash and Investments:		<u>1,240,608</u>	<u>(15,865)</u>	<u>(124,118)</u>	<u>45,844</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,309,677	-	52,285	279,254
50841	Committed	-	-	-	-
50851	Assigned	462,726	25,900	-	-
50891	Unassigned	17,335,264	1,319,010	-	-
Total Ending Cash and Investments		<u>19,107,667</u>	<u>1,344,910</u>	<u>52,285</u>	<u>279,254</u>

The accompanying notes are an integral part of this statement.

110 Street Fund	115 Transportation Benefit District	130 Cemetery Fund	205 SIED Loan - EWC Plaza Fund	210 SIED Loan - Euclid/WCR Fund	301 Capital Improvements Fund
395,166	245,164	135,760	8	2,309	173,726
-	-	-	-	-	-
285,645	190,881	76,904	-	-	217,179
-	-	-	-	-	-
487,247	-	297	-	-	-
-	-	149,244	-	-	-
-	-	-	-	-	-
8,871	1,671	9,466	58,670	-	1,338
<u>781,763</u>	<u>192,552</u>	<u>235,911</u>	<u>58,670</u>	<u>-</u>	<u>218,517</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	188,254	-	-	-
602,591	99,210	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>602,591</u>	<u>99,210</u>	<u>188,254</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>179,172</u>	<u>93,342</u>	<u>47,657</u>	<u>58,670</u>	<u>-</u>	<u>218,517</u>
-	-	-	-	-	-
50,000	-	-	-	21,000	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>-</u>
227,535	30,689	-	-	-	195
-	-	-	58,668	23,299	-
21,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>248,535</u>	<u>30,689</u>	<u>-</u>	<u>58,668</u>	<u>23,299</u>	<u>195</u>
(19,363)	62,653	47,657	2	(2,299)	218,322
-	-	-	-	-	-
100,000	307,816	-	11	11	-
-	-	-	-	-	-
-	-	68,000	-	-	-
275,802	-	115,418	-	-	392,048
<u>375,802</u>	<u>307,816</u>	<u>183,418</u>	<u>11</u>	<u>11</u>	<u>392,048</u>

The accompanying notes are an integral part of this statement.

410 Water Fund	415 Sewer Fund	420 Irrigation Fund	430 Solid Waste Fund	510 Equipment Rental Fund	710 Cemetery Endowment Fund
11,899,089	-	173,831	665,498	2,037,091	368,826
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,345	209,194	432	395	-	-
2,431,380	4,063,830	491,611	1,165,521	550,300	-
-	-	-	-	-	-
37,003	27,006	700	4,754	28,354	-
2,501,728	4,300,030	492,743	1,170,670	578,654	-
-	-	-	-	-	-
-	-	-	-	-	-
1,765,135	2,188,316	505,179	1,147,661	-	-
-	-	-	-	335,475	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,765,135	2,188,316	505,179	1,147,661	335,475	-
736,593	2,111,714	(12,436)	23,009	243,179	-
-	863,222	-	-	-	-
-	-	-	-	-	-
-	5,132,845	-	-	-	-
1,200	-	-	5,000	-	-
1,200	5,996,067	-	5,000	-	-
804,632	1,511,507	-	-	268,675	-
224,314	133,678	-	-	-	-
-	-	-	-	-	-
5,132,845	-	-	-	-	-
900	-	-	-	-	-
6,162,691	1,645,185	-	-	268,675	-
(5,424,898)	6,462,596	(12,436)	28,009	(25,496)	-
-	-	-	-	-	-
-	570,300	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	368,826
6,474,189	5,892,299	161,398	693,505	2,011,595	-
6,474,189	6,462,599	161,398	693,505	2,011,595	368,826

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Investment Trust	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	77,075	69,997	7,078	-
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	156,301	431	2,550	153,320
510-590	Deductions	150,697	581	2,134	147,982
	Net Increase (Decrease) in Cash and Investments:	5,604	(150)	416	5,338
508	Ending Cash and Investments	82,680	69,847	7,494	5,339

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grandview was incorporated on September 21, 1909 and operates under the laws of the State of Washington applicable to a Non-Charter Code City with a mayor-council form of government. The City is a general-purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services, and general administrative services. In addition, the City owns and operates water and sewer systems, an irrigation water system, refuse collection system, and cemetery.

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

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

A. Fund Accounting

Financial transactions of the City 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 are the fund types used by the city:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the City.

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 designated for the acquisition or construction of general government capital projects.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

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.

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting

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

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

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Cash and Investments

See Note 5, Deposits and Investments.

D. Capital Assets

Capital assets are long-lived assets of the city and are recorded as expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 20 days, plus one day for each year of service over 20 years. Upon resignation or termination of employment, unused accumulated vacation is payable to the employee.

Sick leave may accumulate up to 1,800 hours for all personnel, except Police Department Patrol/Sergeant Union. They can accumulate up to 1,920.60 hours. Upon separation or retirement, employees hired prior to 1/1/2007 receive payment for 50% of unused sick leave. Employees hired after 1/1/2007 receive 25% of unused sick leave. These amounts are paid out if the employee has accumulated a minimum of 360 hours.

F. Long-Term Debt

See Note 7, Long-Term Debt

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of \$1,392,357 and are reported in the following funds: Emergency Medical Service, Yakima County Law & Justice 3/10%, Street, Transportation Benefit District, SIED Loan – EWC Plaza, SIED Loan – Euclid/WCR, Sewer, Library Trust, Library Memorial Trust and State/Court Remittance.

NOTE 2 – BUDGET COMPLIANCE

The city adopts annual appropriated budgets for the following funds: Current Expense, Emergency Medical Services, Yakima County 3/10% Law & Justice Tax, Street, Transportation Benefit District, Cemetery, SIED Loan East Wine Country Plaza, SIED Loan Euclid/Wine Country Road, Capital Improvement, Water, Sewer, Irrigation, Solid Waste and Equipment Rental. These budgets are appropriated at the fund level. Annual appropriations for these funds lapse at the fiscal year end.

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

The City Administrator is authorized to transfer budgeted amounts between Departments within any fund/object classes within Departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

There have been no material violations of finance-related legal or contractual provisions.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$ 6,946,710	\$ 6,288,219	\$ 658,491
E.M.S.	\$ 334,360	\$ 293,821	\$ 40,539
Yakima Co. 3/10% L. & J. Tax	\$ 371,300	\$ 286,539	\$ 84,761
Street	\$ 1,151,490	\$ 851,126	\$ 300,364
Transportation Benefit District	\$ 147,375	\$ 129,899	\$ 17,476
Cemetery	\$ 233,250	\$ 188,254	\$ 44,996
SIED Loan – EWC Plaza Debt	\$ 58,670	\$ 58,668	\$ 2
SIED Loan – Euclid/WCR Debt	\$ 23,300	\$ 23,299	\$ 1
Capital Improvement	\$ 128,000	\$ 195	\$ 127,805
Water	\$ 7,926,735	\$ 7,927,826	\$ (1,091)
Sewer	\$ 7,836,280	\$ 3,833,501	\$ 4,002,779
Irrigation	\$ 564,640	\$ 505,179	\$ 59,461
Solid Waste	\$ 1,139,440	\$ 1,147,661	\$ (8,221)
Equipment Rental	\$ 988,090	\$ 604,150	\$ 383,940
Totals	\$ 27,849,640	\$ 22,138,337	\$ 5,711,303

The Water Fund exceeded the budget by \$1,091 due to new water meters and installation, while the Solid Waste Fund exceeded the budget by \$8,221 due to increased tipping fees.

NOTE 3 – COVID-19 PANDEMIC

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

The City anticipated that the closure of nonessential businesses at the time would result in a reduction of Sales Tax Revenue. Sales Tax revenue did decrease, but that was mostly due to relocation of businesses as well as most of the work on the new high school being completed the prior year. All other taxes stayed consistent. The City did see a reduction in our recreational programs at the Community Center and Municipal Pool as individuals were ordered to stay home for a length of time.

In the fall of 2020, the City began receiving funds from the CARES Act. These funds were used to reimburse any supplies or equipment that were purchased or employee time off due to the pandemic. Funds were also used to help small businesses within the community.

The City wanted to make sure communication lines were open. Meetings were held between Mayor, Council and Department Heads. Discussions that took place centered around the monitoring of revenues and expenditures by each department head. Weekly reports were sent to keep everyone informed of any issues within each department.

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

NOTE 4 – FINANCIAL CONDITION

As we head into 2021, revenues have slowly started to increase and department heads are doing what they can to keep expenditures down. Recreational programs have opened back up at the Community Center and we anticipate the Municipal Pool being open for a period of time in the summer. Management and staff remain cautiously optimistic that a return to normalcy will happen sooner rather than later and we will be conducting business as usual.

The city manager and department heads meet once a month to go over revenues and expenditures. Everyone knows where their services should be at that point and discussions take place for any variances. In the summer of 2021, the City should be receiving funds from the American Rescue Plan Act. At that time, additional meetings will be held with Mayor and Council to decide how to best utilize the new resources.

These planned actions are expected to enable the government to continue operating and meeting its obligations as they come due.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

Type of Investment	Balance
Local Government Investment Pool	\$ 9,676,072.36
Municipal Bonds	1,647,894.23
U.S. Government Securities	7,021,711.00
US Bank Certificate of Deposit	350,000.00
Total	\$ 18,695,677.59

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

The City is a voluntary participant in the Local Government Investment Pool (LGIP), 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.

The City's deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation and the Washington State Public Deposit Protection Commission.

The City's investments are insured, registered or held by the city or its agent in the city's name.

In 2020, with interest rates constantly changing, the City had some activity within its investment portfolio. One Federal Farm Credit Bond matured and another one was called. Two securities, a Federal Home Loan Mortgage Bond and a Federal Farm Credit Bank Bond were purchased and called six months later. Finally, the other investments purchased in 2020 and still on the books were two Federal Home Loan Bank Bonds, two Federal Farm Credit Bank Bonds and a Federal Home Loan Mortgage Corp Bond. All told, our investment totals increased approximately \$1.5 million.

NOTE 6 – INTERFUND LOANS

The city had no interfund loans during 2020.

NOTE 7 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the City and summarizes the City's debt transactions for year ended December 31, 2020.

In 2019, the City began receiving proceeds from Department of Ecology for a Sewer Trunk Main replacement. The proceeds are shown in Schedule 09. Repayment on the loan, however, will not begin until 2021.

The future debt service requirements for general obligation bonds, general obligation debt and revenue debt, including interest, are as follows:

Year	General Obligation Bonded Debt	General Obligation Other Debt	Revenue Bonded Debt	Revenue Other Debt	Total Debt
2021	35,508.00	137,665.83	0.00	355,909.97	529,083.80
2022	35,508.00	135,915.83	0.00	353,827.37	525,251.20
2023	35,508.00	139,165.83	0.00	351,744.77	526,418.60
2024	35,508.00	137,165.83	0.00	209,645.06	382,318.89
2025	35,508.00	135,365.58	0.00	208,962.64	379,836.22
2026-2030	177,540.00	333,466.93	0.00	1,034,576.68	1,545,583.61
2031-2035	177,540.00	57,200.00	0.00	1,017,515.93	1,252,255.93
2036-2040	166,870.73	0.00	0.00	822,567.90	989,438.63
2041-2045	0.00	0.00	0.00	776,390.00	776,390.00
2046-2050	0.00	0.00	0.00	753,664.37	753,664.37
2051-2055	0.00	0.00	0.00	668,390.00	668,390.00
2056-2060	0.00	0.00	0.00	0.00	0.00
Totals	699,490.73	1,075,945.83	0.00	6,553,194.69	8,328,631.25

Included on Schedule 09 in 2020 are the Long-Term Liabilities of Compensated Absences. Outstanding compensating absences are those amounts due to employees to buy-out vested leave balances if employment had been discontinued at fiscal year-end. Also included in the 2020 schedule is the city's liability to the Department of Retirement Systems and Social Security/Medicare. The City of Grandview has policies in

place that provide for buy-out of accrued and unused vacation and sick leave time. The liability to Government Funds on 12/31/2020 is \$512,061. The Proprietary Funds liability is \$302,350.

In 2015, the City guaranteed the Yakima County SIED loan of Scantlings, LLC, dba Grandview Lumber, a legal separate entity. If Grandview Lumber is unable to make a payment, the City will be required to meet the obligation. The total amount of outstanding debt subject of this guarantee at year end was \$331,696.89. That amount is being paid off in May 2021.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The city has a commitment to pay for post-employment benefits for retired employees that belong to LEOFF1. LEOFF1 is a closed single employer defined benefit plan administered by the City of Grandview per RCW 41.26. These benefits include medical, vision and long-term care. This is on a pay as you go basis and the plan pays 100% of eligible retiree's healthcare. Seven retirees received benefits during the year and \$47,583.43 was paid out for those benefits. The OPEB liability, which is included on Schedule 09, is \$3,438,427.

NOTE 9 – STATE SPONSORED PENSION PLANS

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

Public Employees' Retirement System (PERS)
Public Safety Employees' Retirement System (PSERS)
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

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

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

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

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

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

At June 30, 2020 (the measurement date of the plans), the City of Grandview's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$27,410.45	0.003782	\$133,525
PERS 1 UAAL	\$89,806.47	0.012391	\$437,469
PERS 2/3	\$144,545.52	0.015690	\$200,666
PSERS 2	\$4,437.03	0.010046	(\$1,382)
LEOFF 1		0.012834	(\$242,371)
LEOFF 2	\$100,743.93	0.051500	(\$1,050,525)
VFFRPF - Fire	\$630.00	0.324324	(\$114,292)
VFFRPF - Police	\$30.00	0.015443	(\$5,442)

LEOFF Plan 1

The LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

The City offers its employees two deferred compensation plans (DCP) created in accordance with Internal Revenue Codes. One plan is with ICMA Retirement Trust. The second plan offered is through the Washington State Department of Retirement Systems (DRS). The DRS administers the Washington State DCP and contracts with a third party (currently ING) for record keeping and other administrative services. The Washington State Investment Board selects and monitors the state DCP's investment options. These plans are available to all employees. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City of Grandview does not contribute to this plan.

NOTE 10 - PROPERTY TAXES

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

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

The City's regular levy for 2020 was \$2.664 per \$1,000 on an assessed valuation of \$602,679,202 for a total regular levy of \$1,605,303.

In addition to the regular levy, the City received Excess Levy property taxes from the County for Emergency Medical Services. The levy rate in 2020 was \$0.21308552 per \$1,000 on an assessed valuation of \$602,679,202 for a total E.M.S. excess levy of \$128,422.

NOTE 11 – RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 12 - OTHER DISCLOSURES

TRANSPORTATION BENEFIT DISTRICT

The City of Grandview created the Grandview Transportation Benefit District (TBD) in 2011 and collection of license tab fees began in 2012. The Grandview City Council acted as the board of directors of the Grandview TBD until December 31, 2015. Ordinance No. 2015-19 was passed, and the City of Grandview assumed all rights, powers, immunities, functions and obligations of the Grandview TBD, pursuant to the authority of Second Engrossed Substitute Senate Bill 5987 (2ESSB 5987), abolishing the Grandview TBD and repealing Section 2 of Ordinance No. 2011-9.

Total fees collected in 2020 were \$190,881. Revenues from the license tab fees will be used for planned and defined transportation system purposes.

SEWER TRUNK MAIN REPLACEMENT

In 2020, the City of Grandview began construction on a Sewer Trunk Main replacement. The project is expected to cost close to \$4.7 million with most of the funding coming from a Department of Ecology loan and a \$750,000 Community Block Development Grant. Repayment of debt obligation will begin in 2021.

SPECIAL OR EXTRAORDINARY ITEMS

The City previously entered into a loan agreement with USDA for Wastewater Facility Improvements. In the letter of conditions from USDA, there was a requirement for the City to separate the Water/Sewer Fund into their own individual funds by 2020. The City fulfilled this requirement in 2020 and used the Special or Extraordinary line item to transfer the Sewer beginning fund balance of \$5,132,845 from Fund 410 (Water) to a new Fund 415 (Sewer).

AWC HEALTH INSURANCE

The City of Grandview 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, 2020, 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 ASG Risk Management. 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.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.51	Wa.St.Treas. L.O.C.A.L	12/1/2031	515,000	-	35,000	480,000
263.81	Yakima County SIED Loan	6/1/2025	128,589	-	20,161	108,428
263.81	Yakima County SIED Loan	6/1/2026	373,354	-	49,558	323,796
251.11	USDA GO Bond - Fire Truck	9/7/2040	528,396	-	17,951	510,445
Total General Obligation Debt/Liabilities:			1,545,339	-	122,670	1,422,669
Revenue and Other (non G.O.) Debt/Liabilities						
263.82	D.W.St.R.F. Loan Well Rehab	10/1/2023	560,069	-	140,017	420,052
263.82	D.W.St.R.F. Loan OIE Water Imp.	10/1/2036	773,423	-	45,495	727,928
263.62	USDA Promisory Note - Water Improvements	11/16/2049	403,148	-	7,994	395,154
263.62	USDA Promisory Note - WWPF	2/13/2055	3,063,265	-	51,640	3,011,625
263.82	DOE SRF Loan 2019 - Sewer Trunk	1/1/2041	293,665	5,266	-	298,931
263.82	DOE SRF Forgivable Loan 2019 - Sewer Trunk	1/1/2041	293,665	5,266	-	298,931
263.82	DOE SRF Loan 2020- Sewer Trunk	1/1/2041	18,626	819,436	-	838,062
263.82	DOE SRF Forgivable Loan 2020 - Sewer Trunk	1/1/2041	-	33,254	-	33,254
264.30	Net Pension Liability		939,332	-	167,672	771,660
264.40	OPEB Liability		3,544,687	-	106,260	3,438,427
259.12	Compensated Absences		390,736	121,325	-	512,061
259.12	Compensated Absences		295,309	7,041	-	302,350
Total Revenue and Other (non G.O.) Debt/Liabilities:			10,575,925	991,588	519,078	11,048,435
Total Liabilities:			12,121,264	991,588	641,748	12,471,104

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

Federal Agency (Pass-Through Agency)	Expenditures					Passed through to Subrecipients	Note
	Federal Program and Grants Cluster	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards		
Community Facilities Loans and Grants Cluster							
RURAL HOUSING SERVICE, AGRICULTURE, DEPARTMENT OF	Community Facilities Loans and Grants	10.766	N/A	-	88,500	88,500	1,3
	Total Community Facilities Loans and Grants Cluster:			-	88,500		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA State Department of Commerce)	Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii	14.228	18-62210-024	341,532	-	341,532	1,3
US Department of Justice (via Yakima County Sheriff's Office)	Domestic Cannabis Eradication/Suppression	16.U01	K16093	7,229	-	7,229	1,3
Highway Planning and Construction Cluster							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUS- 8052(003)	4,504	-	4,504	1,3
	Total Highway Planning and Construction Cluster:			4,504		4,504	
Highway Safety Cluster							
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Traffic Safety Commission)	National Priority Safety Programs	20.616	N/A	6,052	-	6,052	1,3
	Total Highway Safety Cluster:			6,052		6,052	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA State Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	20-6541C-192	500,120	-	500,120	1,3
EXECUTIVE OFFICE OF THE PRESIDENT, EXECUTIVE OFFICE OF THE PRESIDENT (via Northwest HIDTAYakima County Sheriff's Office)	High Intensity Drug Trafficking Areas Program	95.001	G20NW0006A	6,666	-	6,666	1,3
	Total Federal Awards Expended:			866,103	88,500	954,603	

YAKIMA COUNTY, WASHINGTON
CITY OF GRANDVIEW

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the single-entry, cash basis form of accounting. In governmental and fiduciary funds, revenues are recognized only when received in cash, rather than when measurable and available, and expenditures are recognized when checks are issued rather than when the expenditures are incurred. Purchases of fixed assets are expensed during the year acquired, but no general fixed assets account group is established. This prescribed accounting system also permits the City to account for certain enterprise funds on the cash basis of accounting rather than on the full accrual basis, which is a departure from generally accepted accounting principles. For such funds, this results in no capitalization of fixed assets, no allocation of depreciation expense and inventory is expensed when purchased rather than consumed.

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 - PROGRAM COSTS

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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