

**City of White Salmon**  
**MCAG #0481**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

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

The City of White Salmon was incorporated on June 3, 1907 and operates under the laws of the state of Washington applicable to class three, non-charter code city with a Mayor-Council form of government. The city is a general purpose local government and provides public safety, fire prevention, street improvement, parks and recreation, water, wastewater collection, and general administrative services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see *Notes to 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 different from the ending net position classifications in GAAP.

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

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Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

FIDUCIARY FUND TYPES:

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

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 5 - *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 one year. Capital assets and inventory are recorded as capital expenditures when purchased.

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E. Compensated Absences

Vacation leave may be accumulated without limitation, however the amount of accumulated leave that can be carried over into the succeeding calendar year will be limited to 80 hours and is payable upon separation, death or retirement. Sick leave may be accumulated up to 1000 hours. Upon death or retirement union employees receive payment for 25% of accumulated unused sick leave (including Washington Paid Sick Leave). Upon retirement or death, non-union employees receive payment for 25% of accumulated unused sick leave (including Washington Paid Sick Leave). Payments are recognized as expenditures when paid. The total cost for Compensated Absences as of December 31, 2022 is \$81,269.

F. Long-Term Debt

See Note 7 – *Debt Service Requirements*.

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 city's finance policies or ordinances. 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 for 2021 consist of:

<b>Fund Name</b>	<b>Portion of Ending Balance Restricted</b>	<b>Portion of Ending Balance Committed</b>	<b>Combined</b>	<b>Reason for Restriction or Commitment</b>
<b>001 - Current Expense</b>				
Current Expense	375,961.00	0.00	375,961.00	ARPA Funds
New Pool Fund	2,563.96	0.00	2,563.96	Restricted by external parties (Donation)
<b>Total 001 - Current Expense</b>	<b>378,524.96</b>	<b>0.00</b>	<b>378,524.96</b>	
<b>301 - Municipal Capital Improvements Funds</b>	<b>416,336.04</b>	<b>0.00</b>	<b>416,336.04</b>	Restricted by RCW 82.46.030
<b>303 - Hotel/Motel Taxes</b>	<b>117,447.14</b>	<b>0.00</b>	<b>117,447.14</b>	Restricted by RCW 67.28.180
<b>401 - Water Fund</b>				
Water Rights Acquisition Fund	0.00	332,553.02	332,553.02	Committed by WSMC 3.24.220 (debt)
Water Bond Redemption Fund	0.00	64,175.38	64,175.38	Committed by external parties (Revenue Bonds)

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Water Bond Reserve	86,158.23	0.00	86,158.23	Restricted by external parties (Revenue Bonds)
Water Short Lived Asset Reserve	184,936.72	0.00	184,936.72	Restricted by external parties (Revenue Bonds)
<b>Total 401 - Water fund</b>	<b>271,094.95</b>	<b>396,728.40</b>	<b>667,823.35</b>	
<b>402 - Wastewater Collection Fund</b>				
Wastewater Bond Redemption Fund	0.00	11,447.74	11,447.74	Committed by external parties (Revenue Bonds)
Wastewater Bond Reserve	74,583.61	0.00	74,583.61	Restricted by external parties (Revenue Bonds)
Treatment Plant Reserve Fund	604,292.05	0.00	604,292.05	Restricted by WSMC 3.24.170 (Interlocal Agreement)
<b>Total 402 - Wastewater Collection Fund</b>	<b>678,875.66</b>	<b>11,447.74</b>	<b>690,323.40</b>	
<b>Total Restricted &amp; Committed Ending Balances</b>	<b>1,862,278.75</b>	<b>408,176.14</b>	<b>2,270,454.89</b>	

**Note 2 - Budget Compliance**

The city adopts annual appropriated budgets for general, special revenue, capital projects, agency and enterprise funds. These budgets are appropriated at the fund level except the general (current expense) fund, where budget is adopted at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

The appropriated and actual expenditures for the legally adopted budgets for 2021 were as follow:

<b>Fund/Department</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenses</b>	<b>Variance</b>
<b>001 - Current Expense</b>			
Finance	504,903.00	482,119.78	22,783.22
Central Services	71,472.00	70,139.68	1,332.32
General Government Services	267,445.00	227,166.57	40,278.43
Law Enforcement	1,057,164.00	948,546.22	108,617.78
Fire Control	136,043.00	93,571.44	42,471.56

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Building	135,306.00	127,012.63	8,293.37
Community Services	96,650.00	52,306.74	44,343.26
Planning & Community Devel	283,777.00	240,616.54	43,160.46
Park Facilities	290,357.00	216,153.60	74,203.40
Current Expense	2,843,117.00	2,457,633.20	385,483.80
Pool Fund	0.00	0.00	0.00
Fire Reserve Fund	0.00	0.00	0.00
General Fund Reserve	0.00	0.00	0.00
Police Vehicle Reserve Fund	60,000.00	58,186.04	1,813.96
<b>Total 001 - Current Expense</b>	<b>2,903,117.00</b>	<b>2,515,819.24</b>	<b>387,297.76</b>
<b>101 - Street Fund</b>			
Street Fund	589,076.00	387,021.03	202,054.97
Street Construction Fund	0.00	0.00	0.00
<b>Total 101 - Street Fund</b>	<b>589,076.00</b>	<b>387,021.03</b>	<b>202,054.97</b>
<b>200 - Unlimited Go Bond Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>301 - Municipal Capital Improvement Fund</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>303 - Hotel/Motel Taxes</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>401 - Water Fund</b>			
Water Fund	2,443,055.00	2,196,420.41	246,634.59
Water Reserve Fund	322,076.00	243,679.58	78,396.42
Water Rights Acquisition Fund	123,985.00	123,984.24	0.76
Water Bond Redemption Fund	118,102.00	118,100.51	1.49
Water Short Lived Asset Reserve Fund	150,000.00	84,656.32	65,343.68
Water Construction Fund	0.00	0.00	0.00
USDA Rural Development - Jewett Water	2,951,643.70	2,951,643.70	0.00
<b>Total 401 - Water Fund</b>	<b>6,108,861.70</b>	<b>5,718,484.76</b>	<b>390,376.94</b>
<b>402 - Wastewater Collection Fund</b>			
Wastewater Collection Fund	1,017,926.00	1,009,679.02	8,246.98
Wastewater Reserve Fund	0.00	0.00	0.00
Wastewater Bond Redemption Fund	15,172.00	15,170.49	1.51
Treatment Plant Reserve Fund	117,116.00	0.00	117,116.00
<b>Total 402 - Wastewater Collection Fund</b>	<b>1,150,214.00</b>	<b>1,024,849.51</b>	<b>125,364.49</b>
<b>630 - Court Remittances</b>	<b>4,981.00</b>	<b>4,921.97</b>	<b>59.03</b>

Budgeted amounts are authorized to be transferred 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's legislative body.

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For reporting purposes, the following funds were rolled up: Pool, Fire Reserve, and Police Vehicle Reserve were rolled up into the General/Current Expense Fund; Street Construction was rolled into the Street Fund; Water Rights Acquisition, Water Bond Redemption, Water Bond Reserve, Water Short Lived Asset Reserve, Water Construction and USDA Rural Development – Jewett Water Main Improvements were rolled up into the Water Fund; Treatment Plant Reserve, Wastewater Bond Reserve, and Wastewater Bond Redemption were rolled into the Wastewater Collection Fund.

Interfund activity between managerial funds for transactions such as transfers and loans has been eliminated in the consolidation for the financials.

**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 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 measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

On March 3, 2020, the Klickitat County Emergency Operations Center was activated to Level-2 (partial activation and began working to ensure that all local stakeholders had access to relevant information related to COVID-19. On March 13, 2020, Mayor Marla Keethler issued Emergency Proclamation 2020-01 declaring the COVID-19 pandemic to be an emergency in the City of White Salmon pursuant to Section 38.52.070 RCW and other relevant provisions of state and federal law. The Mayor’s Emergency Proclamation and subsequent Resolutions put into place temporary procedures for the city’s response and operations, budget, single-use carryout bag requirements and communication. City officers were closed beginning March 16, 2020 until further notice with city hall staff working from home and public works employees split into two crews performing essential duties only. The Proclamation and subsequent Resolutions ratified the provision that the city will not issue late fees, penalties, etc. nor shut off water due to late or unpaid payments with utility billing continuing as usual. It should be noted that the city had, and currently has, a payment plan process in place – White Salmon Delinquent Account Policy (adopted by Resolution 2015-03-404). Employees were notified by the Mayor (action ratified by Resolutions 2020-04-501 and Resolution 2020-04-502) that employees would not be required to use any form of paid leave in the event employees were directed to be self-quarantined, quantized, sent home with symptoms, stay home sick or unable to work due to scheduling or office closures.

On March 9, 2021, staff returned to City Hall. City Hall reopened to the public in May, 2021. City council and planning commissions continued via teleconference through 2021. Meetings began in a hybrid format in April 2022. Regular utility billing procedures were resumed in October 2021 upon the Governor rescinding the proclamation related to utility billing.

As of April 2022, the Mayor has not rescinded the emergency proclamation related to COVID-19.

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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 – Deposits and Investments**

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

<b>Type of Deposit or Investment</b>	<b>White Salmon's own deposits &amp; investments</b>	<b>Deposits &amp; investments held by the City of White Salmon as custodian for other local governments, individuals, or private organizations.</b>	<b>Combined</b>
Bank Deposits	2,135,973.13	0.00	2,135,973.13
Local Government Investment Pool	3,505,512.34	0.00	3,505,512.34
Cash on Hand	325.00	0.00	325.00
<b>Totals</b>	<b>5,641,810.47</b>	<b>0.00</b>	<b>5,641,810.47</b>

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

Investments in the State Local Government Investment Pool (LGIP)

The city is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city’s deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the city or its agent in the government’s name.

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**Note 5 – Environmental and Certain Asset Retirement Obligations**

The city owned a facility, city pool, that is located on property owned by the White Salmon Valley School District. An agreement for the use of that property required the facility to be removed by 2021. This facility is scheduled for demolition and restoration of the property in 2021. The cost for demolition was estimated to be \$73,000 based on information provided by public works staff and construction contractors. The pool was removed in 2021 at a cost of \$68,048.09.

The city owns 4 water wells located on city-owned property. The life of these wells is perpetual due to the city's aquifer recharge system permit. There are no decommissioning requirements at this time.

**Note 6 - Interfund Loans**

The City had no interfund loan activity in 2021.

**Note 7 – Joint Ventures, Component Unit(s), and Related Parties**

The City of White Salmon and the City of Bingen participate together in a number of interlocal agreements for which funding is provided from one city to another. The interlocal agreements are listed below:

Law Enforcement Services – The City of White Salmon provides law enforcement services to the City of Bingen which is regulated by an interlocal agreement.

Water Sales – The City of White Salmon provides water to the City of Bingen which is regulated by an interlocal agreement.

Wastewater Treatment Services – The City of Bingen provides wastewater treatment services to the City of White Salmon which is regulated by an interlocal agreement.

**Note 8 – Long-Term Debt** *(formerly Debt Service Requirements)*

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

The debt service requirements for general obligation bonds, revenue bonds, promissory notes and public works loans are as follows:

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Year	Principal	Interest	Total Debt Service
<b>2021</b>	224,053.75	95,114.77	319,168.52
<b>2022</b>	203,299.33	105,548.47	308,847.80
<b>2023</b>	193,636.76	100,521.34	294,158.10
<b>2024</b>	197,200.16	96.342/81	293,542.87
<b>2025</b>	201,160.44	91,767.19	292,927.63
<b>2026-2030</b>	1,066,582.78	388,826.91	1,455,409.69
<b>2031-2035</b>	1,043,599.14	262,540.15	1,306,139.29
<b>2036-2040</b>	459,064.71	191,256.19	650,320.90
<b>2041-2045</b>	412,129.37	151,568.70	563,698.07
<b>2046-2050</b>	452,799.97	111,370.19	564,170.16
<b>2051-2055</b>	444,739.76	68,636.81	513,376.57
<b>2056-2060</b>	452,834.28	30,210.93	483,045.21
<b>2061</b>	21,858.28	1,277.56	23,135.84
<b>Totals</b>	<b>5,372,958.73</b>	<b>1,694,981.92</b>	<b>7,067,940.65</b>

In 2019, the City applied for a Public Works Trust Fund loan for pre-construction engineering of its 14-Inch Water Main Replacement project in the amount of \$750,000. The City was approved. The City took draws of \$82,240.80 in 2020 and \$307,045.47 in 2021 with \$360,713.73 remaining available to the city to draw on.

In 2019, the City applied for a USDA Rural Development loan for construction of the Jewett Water Main Improvements Project in the amount of \$3,193,000 and was approved. Reimbursable expenditures for the project began in 2019 through 2021. Draws were taken on the loan (via interim bank financing) beginning in 2020 through 2021. The project was closed with interim bank financing closed (in the amount of \$2,566,812) and the USDA Rural Development loan finalized in the amount of \$2,731,000.

In June 2021, the City applied for a USDA Rural Development loan for the replacement of the City's 14-inch main water line. A funding package of \$2,333,000 loan for 40 years with an interest rate of 1.75%, and a grant in the amount of \$999,000 with a city match of \$150,500 was accepted by the City. This project will begin in 2022.

**Note 9 – Other Post-Employment Benefits (OPEB) Plans**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit plan administered by the Klickitat County LEOFF Board. The plan pays for 100% of eligible retiree's healthcare costs on a pay-as-you-go-basis. As of December 31, 2021, the plan had two members, all retirees. As of December 31, 2021, the city's total OPEB liability was \$1,139,627, as calculated using the alternative method. For the year ended December 31, 2021, the city paid \$53,705 in benefits.

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**Note 10 – Pension Plans**

State Sponsored Pension Plans

Substantially all the city’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: Public Employees’ Retirement System (PERS) and Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF).

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (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](http://www.drs.wa.gov).

The city 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](http://www.ofm.wa.gov).

At June 30, 2021 (the measurement date of the plans), the city’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	<b>Employer Contributions</b>	<b>Allocation %</b>	<b>Liability (Asset)</b>
PERS 1	47,381.00	0.006361%	77,683
PERS 2/3	77,422.00	0.008173%	(814,162)
LEOFF 1	0.00	0.003630%	(124,348)
LOEFF 2	25,075.96	0.012579%	(730,640)
VFFRPF	420.00	0.220000%	47,512

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**LEOFF Plan 1**

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

**LEOFF Plan 2**

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

**Note 11 - 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 city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The city's regular levy for the year 2021 was \$0.95073438 per \$1,000 on an assessed valuation of \$434,932,512 for a total regular levy of \$413,505.29.

**Note 12 – Risk Management**

The City of White Salmon 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, 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,

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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 13 – Health & Welfare**

The City of White Salmon 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.

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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 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

**City of White Salmon**  
**MCAG #0481**  
**Notes to the Financial Statements**  
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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.